



# Board of Regents

December 2018

December 14, 2018

15 min following adjournment of GOV - 12:00 p.m.

Boardroom, McNamara Alumni Center

## BOR - DEC 2018

### 1. Introductions

Docket Item Summary - Page 3

### 2. Recognitions

Docket Item Summary - Page 4

### 3. Approval of Minutes - Action

Minutes - Page 5

### 4. Report of the President

Docket Item Summary - Page 33

### 5. Report of the Chair

Docket Item Summary - Page 34

### 6. Receive & File Reports

Docket Item Summary - Page 35

Quarterly Report of Grant and Contract Activity - Page 36

Annual Financial Report - Page 42

Annual Financial Report Presentation - Page 135

2018 Variance Analysis - Page 154

### 7. Consent Report - Review/Action

Docket Item Summary - Page 156

Gift Report - Page 157

### 8. 2018 University Performance and Accountability Report

Docket Item Summary - Page 177

Draft Report - Page 178

### 9. Report of the Committees

Docket Item Summary - Page 311

### 10. Interview Finalist for President of the University of Minnesota

Docket Item Summary - Page 312



## BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Board of Regents**

**December 14, 2018**

**AGENDA ITEM:** Introductions

☐

**Review**

☐

**Review + Action**

☐

**Action**

☒

**Discussion**

☐

*This is a report required by Board policy.*

**PRESENTERS:** President Eric W. Kaler

### **PURPOSE & KEY POINTS**

The purpose of this item is to introduce new members of the University's leadership community.

Chris Cramer has been appointed Vice President for Research, and will oversee the University's \$940 million research enterprise across all of its campuses and facilities, including the administration of sponsored projects, compliance and regulatory functions, and technology commercialization.

In 1992, Cramer became part of the faculty at the University of Minnesota's Department of Chemistry. Over the 26 years since, he has authored over 450 scholarly journal articles and his work has received about 46,000 citations. He also served for 15 years as editor-in-chief of the scholarly journal Theoretical Chemistry Accounts and for 20 years as an associate editor for the Journal of Physical Organic Chemistry.

In addition to conducting his own research, Cramer has experience working in research administration. He served as the College of Science and Engineering's associate dean for academic affairs starting in 2013, and transitioned to associate dean for research and planning earlier this year. In the latter role, he oversaw research and compliance activities related to CSE sponsored projects totaling around \$140 million per year.



# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Board of Regents**

**December 14, 2018**

**AGENDA ITEM:** Recognitions

☐

**Review**

☐

**Review + Action**

☐

**Action**

☒

**Discussion**

☐

*This is a report required by Board policy.*

**PRESENTERS:** President Eric W. Kaler

## **PURPOSE & KEY POINTS**

The purpose of this item is to recognize Al Levine, outgoing Vice President for Research. During his tenure, he oversaw the University's \$900 million research enterprise across all its campuses and facilities, including the administration of sponsored projects, research compliance and regulatory offices, and units dedicated to economic development and technology commercialization. Dr. Levine previously served as vice provost for faculty and academic affairs; dean of the College of Food, Agricultural, and Natural Resource Sciences; department head of Food Science and Nutrition; and associate director of research; and senior career scientist at the Minneapolis VA Medical Center. Dr. Levine is a professor in the Department of Food Science and Nutrition and holds an adjunct appointment in the Department of Psychiatry. In addition, he is a member of the Food Science and Nutrition Graduate Programs.



**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Finance & Operations Committee  
October 11, 2018**

A meeting of the Finance & Operations Committee of the Board of Regents was held on Thursday, October 11, 2018 at 7:45 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Thomas Anderson, presiding; Richard Beeson, Linda Cohen, Michael Hsu, Dean Johnson, Peggy Lucas, David McMillan, Kendall Powell, Darrin Rosha, Randy Simonson, and Steve Sviggum.

Staff present: President Eric Kaler; Chancellors Michelle Behr, Lendley Black, Lori Carrell, and Mary Holz-Clause; Senior Vice President Brian Burnett; Vice Presidents Michael Berthelsen, Kathryn Brown, Bernard Gulachek, Matt Kramer and Michael Goh; General Counsel Douglas Peterson; Executive Director Brian Steeves; Associate Vice Presidents Bill Paulus, Julie Tonneson, and Michael Volna.

Student Representatives present: Marta Dean and James Pathoulas.

The docket materials for this meeting are [available here](#).

**PRESIDENT'S RECOMMENDED FY 2020-2021 BIENNIAL BUDGET REQUEST**

Regent Anderson invited President Kaler, Senior Vice President Burnett, Associate Vice President Tonneson, and Vice President Kramer, to present for action the President's recommended FY 2020-2021 biennial budget request, as detailed in the docket.

The docket materials for this item begin on page 4. The closed captioned video of this item is [available here](#).

A motion was made and seconded, and the committee voted unanimously to recommend approval of the resolution related to the State Biennial Budget Request for FY 2020-21.

**PRESIDENT'S RECOMMENDED SIX-YEAR CAPITAL PLAN  
AND 2019 STATE CAPITAL REQUEST**

Regent Anderson invited President Kaler, Senior Vice President Burnett, and Vice President Berthelsen to present for action the President's recommended six-year capital plan and 2019 state capital request, as detailed in the docket.

The docket materials for this item begin on page 12. The closed captioned video of this item is [available here](#).

A motion was made and seconded, and the committee voted unanimously to recommend approval of the resolution related to the 2018 Six-Year Capital Plan and the resolution related to the 2019 State Capital Request.

### **TWIN CITIES UNDERGRADUATE NONRESIDENT/NON-RECIPROCITY TUITION UPDATE**

Regent Anderson invited President Kaler, Senior Vice President Burnett, Associate Vice President Tonneson, and Robert McMaster, Vice Provost, Undergraduate Education, to present an update on Twin Cities undergraduate nonresident/non-reciprocity tuition, as detailed in the docket.

The docket materials for this item begin on page 48. The closed captioned video of this item is [available here](#).

### **FY 2020 BUDGET VARIABLES AND LEVERS**

Regent Anderson invited President Kaler, Senior Vice President Burnett, and Associate Vice President Tonneson to present for discussion the FY 2020 budget variables and levers and for review the resolution related to FY 2020 Twin Cities undergraduate nonresident/non-reciprocity tuition rate, as detailed in the docket.

The docket materials for this item begin on page 71. The closed captioned video of this item is [available here](#).

### **COLLECTIVE BARGAINING AGREEMENT: LAW ENFORCEMENT LABOR SERVICES**

Regent Anderson invited Vice President Brown and Patti Dion, Senior Director, Office of Human Resources, to present for review and action a collective bargaining agreement with Law Enforcement Labor Services, as detailed in the docket.

The docket materials for this item begin on page 104. The closed captioned video of this item is [available here](#).

A motion was made and seconded, and the committee voted unanimously to recommend approval of the resolution related to the proposed labor agreement with Law Enforcement Labor Services.

### **COLLECTIVE BARGAINING AGREEMENT: INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL 292**

Regent Anderson invited Vice President Brown and Patti Dion, Senior Director, Office of Human Resources, to present for review and action a collective bargaining agreement with International Brotherhood of Electrical Workers Local 292, as detailed in the docket.

The docket materials for this item begin on page 107. The closed captioned video of this item is [available here](#).

A motion was made and seconded, and the committee voted unanimously to recommend approval of the resolution related to the proposed labor agreement with International Brotherhood of Electrical Workers Local 292.

#### **CAPITAL BUDGET AMENDMENT: ICE RINK REFRIGERANT AND HVAC REPLACEMENT, SPORTS AND HEALTH CENTER (DULUTH CAMPUS)**

Regent Anderson invited Marc Partridge, University Architect, to present for action an amendment to the FY 2019 Annual Capital Improvement Budget for the Ice Rink Refrigerant and HVAC Replacement, Sports and Health Center, Duluth campus, as detailed in the docket.

The docket materials for this item begin on page 110. The closed captioned video of this item is [available here](#).

A motion was made and seconded, and the committee voted unanimously to recommend approval of the amendment to the FY 2019 Annual Capital Improvement Budget for the Ice Rink Refrigerant and HVAC Replacement, Sports and Health Center, Duluth campus.

#### **REAL ESTATE TRANSACTIONS**

Regent Anderson invited Assistant Vice President Leslie Krueger to present for review the sale of 24.17 acres, Aurora Oregon Research Station, as detailed in the docket.

The docket materials for this item begin on page 113. The closed captioned video of this item is [available here](#).

Regent Rosha proposed moving the item from review to review and action. There was no objection.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the sale of 24.17 acres, Aurora Oregon Research Station.

#### **CONSENT REPORT**

President Kaler and Senior Vice President Burnett presented the revised version two Consent Report, as detailed in the docket.

The revised docket materials for this item begin on page 121. The closed captioned video of this item is [available here](#).

#### **General Contingency:**

- Spending approval for up to \$350,000 to support the University President search activities.

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

- To Blue Cross and Blue Shield of Minnesota (BCBSMN) for an estimated \$6,300,000 for administrative services and stop loss coverage for the partially self-funded Student Health Benefit Plan (SHBP), Graduate Assistant Health Plan (GAHP) and Resident Fellows and

Interns Health Plan (RFIHP) for eligible students, and their dependents, systemwide administered through Boynton Health Service for the period of July 1, 2019 through August 31, 2021 with possible contract extensions through August 31, 2025 for an estimated additional \$15,400,000. Total value of the contract if all options are exercised would be an estimated \$21,700,000. The programs have financial reserves to meet all obligations for the next two years of partial self-funding and provide the same level of coverage to eligible students for the upcoming year. The cost of the SHBP plan is borne entirely by students purchasing the plan. The cost of the GAHP and RFIHP is borne by departments in addition to students contributions for the coverage. Supplier was selected through a competitive process.

- To Egan, Nasseff, Northern Air Corporation, and Metropolitan Mechanical Contractors, Inc. for an estimated \$2,000,000 for providing contract mechanical and electrical maintenance support services and supplemental facilities management construction services as needed for Facilities Management for the period of November 1, 2018 through October 31, 2023. Contract mechanical and electrical maintenance support services and supplemental facilities management construction services is budgeted by a variety of organizations on the Twin Cities campus through their facilities budget. Suppliers were selected through a competitive process.
- To Fidelity Workplace Services LLC, a Delaware limited liability company (“Fidelity”) for an estimated \$7,100,000 over a six year period with an estimated start of May 1, 2019 and concluding April 30, 2025, for recordkeeping services supporting the University of Minnesota Faculty Retirement Plan, the University of Minnesota Optional Retirement Plan, the University of Minnesota Section 457 Deferred Compensation Plan, and the University of Minnesota 415 (m) Retirement Plan. Recordkeeper fees are paid by plan participants. Supplier was selected through a competitive process.

#### **Resolution Related to Settlement of CUHCC/DHS Arbitration:**

WHEREAS, on July 12, 2018, the Litigation Review Committee (LRC) of the Board of Regents (Board) approved the settlement of the arbitration between the State of Minnesota, Department of Health and Services (DHS) and the Community University Health Care Center (CUHCC), a unit of the University of Minnesota, (Settlement); and

WHEREAS, the Settlement required payment by DHS to CUHCC of one million, one hundred thousand dollars (\$1,100,000), and DHS subsequently made the payment to CUHCC; and

WHEREAS, DHS administers Minnesota’s Medicaid program, referred to as Medical Assistance (MA); and

WHEREAS, CUHCC operates a Federally Qualified Health Center (FQHC) in Minnesota that participates in the MA program and receives payments for its reasonable costs as described in 42 U.S.C. section 1396a(bb). This includes supplemental payments by DHS as described in 42 U.S.C section 1396a(bb)(5); and

WHEREAS, Minnesota law required CUHCC to identify no later than January 1, 2017 any issues relating to supplemental payments for services performed prior to January 1, 2015; and

WHEREAS, CUHCC electronically submitted a spreadsheet identifying sixteen issues and the parties resolved, prior to the Settlement, resolution of all but two of the issues, specifically reimbursement for non-covered Medicare services for dual eligible patients and incentive payments for completed Child & Teen Checkups under procedure code S0302; and

WHEREAS, pursuant to Minnesota Statutes section 256B.0625, subdivision 30(i) the parties submitted their dispute for the two remaining issues to arbitration; and

WHEREAS, the Settlement represented a full, final, and complete settlement of all disputes concerning the FQHC supplemental payments under Minnesota Statutes section 256B.0625, subdivision 30(i) at issue in the arbitration; and

WHEREAS, under the Settlement, DHS agreed to make a payment to CUHCC of a total sum of one million, one hundred thousand dollars (\$1,100,000) using the usual claims payment process in place for CUHCC via a gross adjustment; and

WHEREAS, CUHCC receives a bi-weekly warrant from DHS in the ordinary course of business. The warrant received on September 6, 2018, included the \$1.1 million payment relating to the Settlement. In the ordinary course, the proceeds of the warrant, were sent to the CUHCC lockbox at US Bank for processing, and deposited into the University's treasury funding bank account on September 7, 2018. The University, recognizing these monies as a legal settlement, has recorded the monies to the Central Reserves general ledger account; and

WHEREAS, in order to be consistent with both the Settlement and with federal regulations that require the University and CUHCC to use reimbursement payments, that are directly related to Medicaid services, to further the purposes of CUHCC as a federally funded FQHC, the monies need to be transferred to an appropriate CUHCC general ledger account.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby authorizes the transfer of the Settlement proceeds from the Central Reserves general ledger account to a CUHCC general ledger account.

### **Employment Agreements**

- Professor Christopher J. Cramer as Vice President for Research
- Amendment to employment agreement – Director of Intercollegiate Athletics, Twin Cities campus

Regent Rosha requested that the amendment to employment agreement – Director of Intercollegiate Athletics, Twin Cities campus be separated from the Consent Report.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the revised version two Consent Report, excluding the amendment to employment agreement – Director of Intercollegiate Athletics, Twin Cities campus.

A motion was made and seconded to recommend approval of the amendment to employment agreement – Director of Intercollegiate Athletics, Twin Cities campus.

Rosha moved to postpone the motion to the December committee meeting. There was a second. The committee voted 2-9 to postpone the motion. Regents Hsu and Rosha voted yes.

The committee voted 9-2 to recommend approval of the amendment to employment agreement – Director of Intercollegiate Athletics, Twin Cities campus. Regents Hsu and Rosha voted no.

### INFORMATION ITEMS

Senior Vice President Burnett referred the committee to the information items in the docket:

- FY 2018 Real Estate Report

The docket materials for this item begin on page 147. The closed captioned video of this item is [available here](#).

The meeting adjourned at 10:58 a.m.

A handwritten signature in black ink, reading "Brian R. Steeves". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

**BRIAN R. STEEVES**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Audit & Compliance Committee  
October 11, 2018**

A meeting of the Audit & Compliance Committee of the Board of Regents was held on Thursday, October 11, 2018 at 11:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Michael Hsu, Peggy Lucas, David McMillan, and Ken Powell.

Staff present: President Eric Kaler; Chancellors Michelle Behr, Lendley Black, Lori Carrell, and Mary Holz-Clause; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice Presidents Michael Berthelsen, Kathryn Brown, Bernard Gulachek, and Michael Goh; General Counsel Douglas Peterson; Executive Director Brian Steeves; Chief Auditor Gail Klatt; and Associate Vice President Michael Volna.

Student Representatives present: Anne Barnes and Alexandra Ulland.

The docket materials for this meeting are [available here](#).

**INTERNAL AUDIT UPDATE**

Regent Cohen invited Chief Auditor Klatt to present the Internal Audit update, as detailed in the docket.

The docket materials for this item begin on page 3. The closed captioned video of this item is [available here](#).

**INSTITUTIONAL RISK PROFILE**

Regent Cohen invited Michael Berthelsen, Vice President for University Services; Matt Kramer, Vice President for University Relations; and Chuck Tombarge, Chief Public Relations Officer, to discuss the institutional risk profile and mitigation plans for campus safety and crisis response, as detailed in the docket.

The docket materials for this item begin on page 61. The closed captioned video of this item is [available here](#).

**UPDATE ON EMPLOYMENT ELIGIBILITY VERIFICATION (I-9) AUDIT FINDINGS**

Regent Cohen invited Brian Burnett, Senior Vice President, and Kathryn Brown, Vice President of Human Resources, to provide an update on employment eligibility verification (I-9) audit findings, as detailed in the docket.

The docket materials for this item begin on page 27. The closed captioned video of this item is [available here](#).

The meeting adjourned at 12:28 p.m.

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

**BRIAN R. STEEVES**  
**Executive Director and**  
**Corporate Secretary**



**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Litigation Review Committee  
October 11, 2018**

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, October 11, 2018 at 11:00 a.m. in the Sixth Floor, West Committee Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; Thomas Anderson, Dean Johnson, Darrin Rosha, Randy Simonson, and Steven Sviggum.

Staff present: President Eric Kaler; General Counsel Douglas Peterson; and Executive Director Brian Steeves.

Others present: Sarah Dirksen, Timothy Pramas, Brian Slovut, and Jon Steadland.

The docket materials for this meeting are [available here](#).

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

The meeting convened in public session at 11:08 a.m. A motion was made and seconded that the following resolution be adopted:

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

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3 and 13D.05 Subd. 3(b), a non-public meeting of Litigation Review Committee be held on October 11, 2018 at 11:00 a.m. in the West Committee Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

- I. Potential litigation by former employee
- II. Potential litigation by student
- III. Claim against former employee

The committee voted unanimously to adopt the resolution and the public portion of the meeting ended at 11:09 a.m.

The meeting adjourned at 11:40.m.

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

**BRIAN R. STEEVES**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Mission Fulfillment Committee  
September 13, 2018**

A meeting of the Mission Fulfillment Committee of the Board of Regents was held on Thursday, October 11, 2018 at 1:30 p.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Peggy Lucas, presiding; Thomas Anderson, Richard Beeson, Linda Cohen, Michael Hsu, Dean Johnson, David McMillan, Ken Powell, Darrin Rosha, Randy Simonson, and Steve Sviggum.

Staff present: President Eric Kaler; Chancellors Michelle Behr, Lendley Black, Lori Carrell, and Mary Holz-Clause; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice Presidents Kathryn Brown and Michael Goh; General Counsel Douglas Peterson; Executive Director Brian Steeves; and Associate Vice President Julie Showers.

Student Representatives present: McKenzie Dice and Jael Kerandi.

The docket materials for this meeting are [available here](#).

**BOARD OF REGENTS POLICY: *RESEARH INVOLVING HUMAN SUBJECTS***

Regent Lucas invited Allen Levine, Vice President for Research, to review proposed changes to Board of Regents Policy: *Research Involving Human Subjects*, as detailed in the docket.

The docket materials for this item begin on page 3. The closed captioned video of this item is [available here](#).

**STUDENT EDUCATION RECORDS, DIRECTORY, AND DATA PRIVACY**

Regent Lucas invited Robert McMaster, Vice Provost and Dean of Undergraduate Education; Brent Benrud, Senior Associate General Counsel; and Stacey Tidball, Director for Continuity and Compliance, Academic Support Resources, to discuss student education records, as detailed in the docket.

The docket materials for this item begin on page 6. The closed captioned video of this item is [available here](#).

**DISABILITY SUPPORT SERVICES SYSTEMWIDE**

Regent Lucas invited Michael Goh, Vice President for Equity and Diversity; Julie Showers, Associate Vice President for Equity and Diversity; and Lisa Erwin, Vice Chancellor for Student Life, UMD, to discuss disability support services systemwide, as detailed in the docket.

The docket materials for this item begin on page 32. The closed captioned video of this item is [available here](#).

Lucas recessed the meeting at 3:09 p.m.

## **GRADUATE AND PROFESSIONAL EDUCATION, PART II: KEY ASPECTS AND CHALLENGES**

Regent Lucas reconvened the meeting at 3:20 p.m. and invited Provost Hanson; Scott Lanyon, Vice Provost and Dean of Graduate Education; Craig Hedberg, Professor, School of Public Health; Joseph Merighi, Associate Professor, College of Education and Human Development, UMTc; and Deborah Dillon, Associate Dean for Graduate and Professional Programs, College of Education and Human Development, UMTc, to discuss graduate and professional education, as detailed in the docket.

The docket materials for this item begin on page 76. The closed captioned video of this item is [available here](#).

## **CONSENT REPORT**

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

- **Request for Approval of New Academic Programs**
  - College of Biological Sciences (Twin Cities campus)—Create undergraduate minor in Computational Biology
  - College of Biological Sciences (Twin Cities campus)—Create undergraduate minor in Cellular and Molecular Neuroscience
  - Medical School (Twin Cities campus)—Create fellowship in Integrated Vascular Surgery
  - Medical School (Twin Cities campus)—Create fellowship in Pediatric Obesity Medicine
- **Request for Approval of Changed Academic Programs**
  - College of Biological Sciences (Twin Cities campus)—Change the name of the undergraduate minor in Neuroscience to Integrative Neuroscience
- **Request for Conferral of Tenure for Outside Hires**
  - Samuel Dudley, professor with tenure, Medicine, Medical School
  - John Hoffman, professor with tenure, Liberal Arts and Education, University of Minnesota Crookston
- **Correction to the September 2018 Tenured Hire Recommendations Request for Conferral of Tenure for Internal Hire**
  - Prakash Kara, professor with tenure, Neuroscience, Medical School

- **Request for Promotion in Rank**

- Gary Anderson, professor with tenure, Developmental and Surgical Sciences, School of Dentistry

The docket materials for this item begin on page 147. The closed captioned video of this item is [available here](#).

**INFORMATION ITEMS**

Provost Hanson referred the committee to the information items in the docket.

The docket materials for this item begin on page 153. The closed captioned video of this item is [available here](#).

The meeting adjourned at 4:38 p.m.



**BRIAN R. STEEVES**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Governance & Policy Committee  
October 12, 2018**

A meeting of the Governance & Policy Committee of the Board of Regents was held on Friday, October 12, 2018 at 7:45 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Darrin Rosha, presiding; Thomas Anderson, Richard Beeson, Linda Cohen, Michael Hsu, Dean Johnson, Peggy Lucas, David McMillan, Kendall Powell, Randy Simonson, and Steve Sviggum.

Staff present: President Eric Kaler; Chancellors Michelle Behr, Lendley Black, Lori Carrell, and Mary Holz-Clause; Senior Vice President Brian Burnett; Vice Presidents Michael Goh and Matt Kramer; General Counsel Douglas Peterson; Executive Director Brian Steeves.

The docket materials for this meeting are [available here](#).

**OVERVIEW OF BOARD MINUTES**

Regent Rosha invited Jason Langworthy, Board Associate, Policy & Committees, to discuss and demonstrate the new format for the Board's minutes, as detailed in the docket.

The docket materials for this item begin on page 20. The closed captioned video of this item is [available here](#).

**AMENDMENTS TO THE BYLAWS OF THE BOARD OF REGENTS**

Regent Rosha invited Jason Langworthy, Board Associate, Policy & Committees to review proposed amendments to the Bylaws of the Board of Regents, as detailed in the docket.

The docket materials for this item begin on page 3. The closed captioned video of this item is [available here](#).

A motion was made and seconded, and the committee voted unanimously to recommend approval of the following resolution:

WHEREAS, the Governance & Policy Committee reviewed proposed amendments to the Bylaws of the Board of Regents on September 14, 2018; and

WHEREAS, the Bylaws require that any proposed changes be sent to the Board 30 calendar days in advance of the date when amendments will be considered.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents hereby suspends pursuant to Article X of the Bylaws the 30 calendar day notification requirement of Article IX of the Bylaws.

BE IT FURTHER RESOLVED that the Board of Regents approves the proposed amendments to the Bylaws as presented to the Governance & Policy Committee on October 12, 2018.

**ETHICS AND RESPONSIBILITIES OF THE BOARD OF REGENTS**

Regent Rosha invited Executive Director Steeves and General Counsel Peterson to discuss the Code of Ethics and responsibilities of the Board and individual Regents, as detailed in the docket.

The docket materials for this item begin on page 35. The closed captioned video of this item is [available here](#).

The meeting adjourned at 9:14 a.m.

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

**BRIAN R. STEEVES**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Board of Regents  
October 12, 2018**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, October 12, 2018 at 9:36 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: David McMillan, presiding; Thomas Anderson, Richard Beeson, Linda Cohen, Michael Hsu, Dean Johnson, Peggy Lucas, Kendall Powell, Darrin Rosha, Randy Simonson, and Steve Sviggum. Regent Omari was unable to join by phone due to technical difficulties.

Staff present: President Eric Kaler; Chancellors Michelle Behr, Lendley Black, Lori Carrell, and Mary Holz-Clause; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice Presidents Michael Berthelsen, Kathryn Brown, Michael Goh, and Matt Kramer; General Counsel Douglas Peterson; Executive Director Brian Steeves; and Chief Auditor Gail Klatt.

The docket materials for this meeting are [available here](#).

**INTRODUCTIONS**

**Vice President, Equity and Diversity**

President Kaler introduced Michael Goh, Vice President for Equity and Diversity. The docket materials for this item begin on page 3. The closed captioned video of this item is [available here](#).

**APPROVAL OF MINUTES**

The Board voted unanimously to approve the following minutes as presented in the docket materials:

Mission Fulfillment Committee – September 13, 2018  
Audit & Compliance Committee – September 13, 2018  
Litigation Review Committee – September 13, 2018  
Finance & Operations Committee – September 13, 2018  
Governance & Policy Committee – September 14, 2018  
Board of Regents – September 14, 2018  
Board of Regents Special Meeting – September 28, 2018, 2018

The docket materials for this item begin on page 4. The closed captioned video of this item is [available here](#).



## **REPORT OF THE PRESIDENT**

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

The docket materials for this item begin on page 24. The closed captioned video of this item is [available here](#).

## **REPORT OF THE CHAIR**

Regent McMillan delivered the report of the Chair. A copy of the Report of the Chair is on file in the Board Office.

The docket materials for this item begin on page 25. The closed captioned video of this item is [available here](#).

## **CONSENT REPORT**

Regent McMillan presented for review and action the Consent Report as described in the docket materials, including:

- Gifts
- Report of the All-University Honors Committee
- Report of the Regents Award Nominating Committee
- Amendment to the Presidential Search Advisory Committee Charge
- Appointments to University of Minnesota Foundation Board of Trustees

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

The docket materials for this item begin on page 26. The closed captioned video of this item is [available here](#).

## **VISION AND PLANNING FOR EAST BANK DEVELOPMENT WITH UNIVERSITY OF MINNESOTA REAL ESTATE ADVISORS**

Regent McMillan invited Vice President Berthelsen and Sarah Harris, Managing Director, University of Minnesota Foundation Real Estate (UMFREA) to provide an update on the Vision and Planning for East Bank Development with UMFREA, as detailed in the docket.

The docket materials for this item begin on page 36. The closed captioned video of this item is [available here](#).

## **STRATEGIC PRIORITIES: SYSTEMWIDE COMMUNICATIONS**

Regent McMillan invited President Kaler and Vice President Kramer to discuss Strategic Priorities: Systemwide Communications, as detailed in the docket.

The docket materials for this item begin on page 55. The closed captioned video of this item is [available here](#).

## **REPORT OF THE FINANCE & OPERATIONS COMMITTEE**

Regent Anderson, chair of the committee, reported that the committee voted to recommend the following items.

The committee docket materials can be found [here](#). The closed captioned video of this item is [available here](#).

- 1) Approval of the President's recommended FY 2020-2021 Biennial Budget Request. The committee docket materials for this item can be found on page 4. A motion was made and seconded, and the Board voted 10-1 to approve the resolution, as follows. Regent Sviggum voted no.

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

WHEREAS, the University is committed to a continuous process of reevaluating priorities and increasing the efficiency and effectiveness of both direct mission and support activities, reinvesting budget savings into mission critical strategies ; and

WHEREAS, the University, in partnership with the State of Minnesota, can better support financial access and affordability to post-secondary education for Minnesota students and families; and

WHEREAS, the University's annual budget process, including participation from the Board of Regents, is designed to surface and act on the most pressing priorities each year, including competitive compensation, classroom and equipment maintenance, compliance with federal and state regulations, research and technology infrastructure, and maintenance of facilities ; and

WHEREAS, the University recognizes the many competing priorities for state general fund support.

NOW, THEREFORE, BE IT RESOLVED that the biennial budget request for the 2020-2021 biennium be adopted by the Board of Regents for presentation to the State of Minnesota. The request is for a general fund appropriation of \$678,636,000 in fiscal year 2020 and \$705,636,000 in fiscal year 2021 for a biennial total of \$1,384,272,000 in the form of general operations and maintenance and state special appropriations. The Board of Regents further requests continuation of fiscal year 2019 base funding levels for the Primary Care Education Initiatives totaling \$2,157,000, and for the Academic Health Center funding under Minnesota Statutes 297F.10 totaling \$22,250,000.

- 2) Approval of the President's Recommended Six-Year Capital Plan. The committee docket materials for this item can be found on page 12. A motion was made and seconded, and the Board voted unanimously to approve the resolution, as follows:

Board of Regents  
October 12, 2018

WHEREAS, preserving the University campuses through stewardship of public investments that have been made over 165 years is a commitment the Board has made to the State; and

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

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the 2018 Six-Year Capital Plan in order to create and maintain facilities that serve as tools in accomplishing the University's education, research, and outreach objectives

- 3) Approval of the proposed 2019 State Capital Request. The committee docket materials for this item can be found on page 12. A motion was made and seconded, and the Board voted unanimously to approve the resolution, as follows:

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

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

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

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the University's 2019 State Capital Request to the Minnesota Legislature in the amount of \$248,300,000 consisting of \$232,267,000 from the State of Minnesota and \$16,133,000 from the University of Minnesota.

- 4) Approval of the proposed Collective Bargaining Agreement with Law Enforcement Labor Services. The committee docket materials for this item can be found on page 104. A motion was made and seconded, and the Board voted unanimously to approve the resolution, as follows:

WHEREAS, the parties have met and negotiated and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit; and

WHEREAS, Law Enforcement Labor Services (LELS) has ratified acceptance of this agreement; and

WHEREAS, according to Board of Regents Policy: Reservation and Delegation of Authority, approval of labor agreements by the Board of Regents is required.

NOW, THEREFORE, BE IT RESOLVED that on the recommendation of the President, the Board of Regents approves this labor agreement as outlined in the docket for October 11, 2018.

- 5) Approval of the proposed Collective Bargaining Agreement with International Brotherhood of Electrical Workers Local 292. The committee docket materials for this item can be found on page 107. A motion was made and seconded, and the Board voted unanimously to approve the resolution, as follows:

WHEREAS, the parties have met and negotiated and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit; and

WHEREAS, The International Brotherhood of Electrical Workers Local 292 has ratified acceptance of this agreement; and

WHEREAS, according to Board of Regents Policy: Reservation and Delegation of Authority, approval of labor agreements by the Board of Regents is required.

NOW, THEREFORE, BE IT RESOLVED that on the recommendation of the President, the Board of Regents approves this labor agreement as outlined in the docket for October 11, 2018.

- 6) Approval of the proposed Capital Budget Amendment: Ice Rink Refrigerant and HVAC Replacement, Sports and Health Center (Duluth campus). The committee docket materials for this item can be found on page 110. A motion was made and seconded, and the Board voted unanimously to approve the motion.
- 7) Approval of the sale of 24.17 acres, Aurora Oregon Research Station (University of Minnesota Landscape Arboretum). The committee docket materials for this item can be found on page 113. A motion was made and seconded, and the Board voted unanimously to approve the motion.
- 8) Approval of Revised Version 2 of the Consent Report for the Finance & Operations Committee as presented to the committee and described in the October 11, 2018 committee minutes. The committee docket materials for this item can be found on page 121. The item on Amendment to Employment Agreement – Director of Intercollegiate Athletics, Twin Cities campus was separated from Revised Version 2 of the Consent Report. A motion was

made and seconded, and the Board voted unanimously to approve Revised Version 2 of the Consent Report.

- 9) Approval of the proposed Amendment to Employment Agreement – Director of Intercollegiate Athletics, Twin Cities campus. The committee docket materials for this item can be found on page 143. A motion was made and seconded, and the Board voted 9-2 to approve the motion. Regents Hsu and Rosha voted no.

#### **REPORT OF THE AUDIT & COMPLIANCE COMMITTEE**

Regent Cohen, chair of the committee, reported that the committee did not take action on any items this month.

The committee docket materials can be found [here](#). The closed captioned video of this item is [available here](#).

#### **REPORT OF THE LITIGATION REVIEW COMMITTEE**

Regent Beeson, chair of the committee, reported that pursuant to notice sent by the University, the Litigation Review Committee met on October 11, 2018. At this meeting, a resolution was considered and adopted that authorized the closing of the meeting. In the closed meeting, discussion was held on matters subject to the attorney-client privilege.

The committee docket materials can be found [here](#). The closed captioned video of this item is [available here](#).

#### **REPORT OF THE MISSION FULFILLMENT COMMITTEE**

Regent Lucas, vice chair of the committee, reported that the committee voted unanimously to recommend approval of the consent report.

The committee docket materials for the consent report can be found [here](#), on page 147. The closed captioned video of this item is [available here](#).

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

#### **REPORT OF THE GOVERNANCE & POLICY COMMITTEE**

Regent Rosha, chair of the committee, reported that the committee voted to recommend the following items.

The committee docket materials for Amendments to the Bylaws of the Board of Regents can be found [here](#), on page 3. The closed captioned video of this item is [available here](#).

- 1) Pursuant to Article X of the Bylaws, a motion was made and seconded, and the Board voted unanimously to suspend the 30-calendar day notification requirement, as stated in Article IX of the Bylaws.
- 2) Approval of the proposed amendments to the Bylaws as presented to the Governance & Policy Committee on October 12, 2018. A motion was made and seconded, and the Board voted unanimously to adopt the proposed amendments to the Bylaws, as follows:

## INTRODUCTION

The Board of Regents of the University of Minnesota was established by the University Charter passed by the Legislative Assembly of the Territory of Minnesota in the Territorial Laws 1851, Chapter 3; and this establishment was perpetuated by the Constitution of the State of Minnesota, Article XIII, Section 3.

## ARTICLE I. CORPORATE NAME AND SEAL

The name of the body corporate shall be *Regents of the University of Minnesota*. The corporation shall have a seal on which shall be inscribed the name of the corporation.

## ARTICLE II. AUTHORITY AND RESPONSIBILITY

The government of the University of Minnesota shall be vested in a Board of twelve Regents as provided in the University Charter as approved in 1851 by the Legislative Assembly of the Territory of Minnesota and affirmed in 1857 in the Constitution of the State of Minnesota, and as amended thereafter.

## ARTICLE III. OFFICERS OF THE BOARD OF REGENTS

### Section A. Officers

The officers of the Board of Regents shall consist of the Chancellor as ex officio President, Chair, Vice Chair, Secretary, and Treasurer. The Chair and Vice Chair shall be elected from members of the Board of Regents, but the Secretary and Treasurer need not be members of the Board of Regents.

### Section B. Term of Office

The officers of the Board of Regents, except the President, shall be elected for a two-year term which shall commence on July 1 of the odd-numbered year following the annual meeting or shall serve until their successors are elected. The Board of Regents shall have the power to remove any officer when in its judgement the interest of the University requires it.

### Section C. Duties and Responsibilities

1. *Chancellor*. The Board of Regents by formal action on June 12, 1943, resolved that the Chancellor shall also be known and designated as the President of the University of Minnesota. The President shall be ex officio, non-voting, President of the Board of Regents and shall perform such duties as set forth in these bylaws or otherwise required by the Board.

The President of the University shall be elected by the Board of Regents whenever there is a vacancy and shall hold office at the pleasure of the Board. If the President is unable to serve, as determined by the Board of Regents, the Board may designate an Acting President.

2. *Chair.* The Chair shall preside at the meetings of the Board of Regents. The Chair shall name and identify the duties and responsibilities of all committees, and shall fill committee vacancies arising from any cause whatsoever in the same manner. The Chair shall be empowered and authorized to execute such instruments and documents which would devolve upon the principal corporate officer.
3. *Vice Chair.* In the absence of the Chair, the Vice Chair shall perform the duties ordinarily performed by the Chair of the Board of Regents.
4. *Secretary.* It shall be the duty of the Secretary to record all of the proceedings of the Board of Regents and all committees of the Board of Regents and to carefully preserve all of its records. The Secretary shall be the custodian of the corporate seal of the Regents of the University of Minnesota and shall duly execute for and on behalf of the "Regents of the University of Minnesota" or the "University of Minnesota" such instruments and documents which would devolve upon a corporate officer and would be usual to that office. The Secretary shall cause all notices to be duly given in accordance with the Bylaws of the Board of Regents and shall perform such other duties as the Board of Regents may direct.
5. *Treasurer.* The Treasurer shall keep a true and faithful account of all moneys received and paid out and shall give such bonds for faithful performance as the duties of the Board of Regents may require.

#### Section D. Election of Officers

The election of the officers of the Board of Regents shall be conducted at the annual meeting in June of the odd-numbered year in accordance with the following procedure:

1. The Nominating Committee, as described in Article V, Section C, shall prepare a slate of at least one candidate for Chair, Vice Chair, Secretary, and Treasurer of the Board of Regents.
2. The report of the Nominating Committee shall be sent by electronic communication to each member of the Board of Regents at least ten calendar days prior to the annual meeting.
3. After the report of the Nominating Committee has been presented at the annual meeting, nominations may be received from the floor.
4. If there is only one nominee for each office, a member may move election of the nominated slate. The vote shall be by unanimous consent.
5. If there are two or more nominees, election of each officer shall be conducted separately by roll call. The first nominee receiving at least seven votes is elected.
6. If there are three or more nominees and no one is elected on the first four ballots, the nominee who received the least number of votes on the fourth ballot will be dropped. This procedure shall be used until two nominees remain or a nominee has been elected. In case of a tie for the least number of votes, balloting shall continue on all candidates until the tie is broken.

## Section E. Vacancy of an Office of the Board of Regents

In the event of a vacancy in the office of the Chair, the Vice Chair shall assume the position of Chair and shall serve out the Chair's term of office. In the event of a vacancy of any other office of the Board of Regents, including the position of Vice Chair when the Vice Chair assumes the office of the Chair, an election shall be held for the unexpired term at a subsequent meeting of the Board of Regents. Nominations may be made from the floor. Voting shall be conducted according to Section D.

Notice shall be sent to each member of the Board by electronic communication ten days prior to the date of the meeting at which the election shall be conducted.

## ARTICLE IV. MEETINGS OF THE BOARD OF REGENTS

### Section A. Annual Meeting

The annual meeting of the Board of Regents shall be held on the second Friday in June each year unless otherwise determined by the Board of Regents. Notice shall be sent via electronic communication ten calendar days prior to the annual meeting. The Board of Regents shall set its schedule of Regular Meetings for the ensuing year at the annual meeting. Election of officers of the Board of Regents shall be held at the annual meeting of the odd-numbered years. Standing committees of the Board of Regents shall be appointed by the Chair following the annual meeting of the odd-numbered years.

### Section B. Regular Meetings

Regular meetings of the Board of Regents shall be held in accordance with the schedule of meetings approved at the annual meeting. The Board of Regents may vote to change the date of any regular meeting. Notice of regular meetings shall be sent via electronic communication ten calendar days prior to the meeting.

The Order of Business at regular meetings of the Board of Regents shall include, but not be limited to, the following:

1. Approval of Minutes
2. Report of the President of the Board
3. Report of the Chair of the Board
4. Receive and File Reports
5. Reports of Committees
  - a) Standing Committees
  - b) Special Committees
6. Old Business
7. New Business

### Section C. Special Meetings

Special meetings of the Board of Regents or of its committees to consider specific items of business may be called by the Chair of the Board, and shall be called by the Chair at the written request of any five members thereof at such time and place, and in such form as the Chair may deem appropriate. A special meeting must be held within 30 calendar days of the Chair receiving the written request.



The Secretary shall provide reasonable public notice of special meetings, and the Chair may in special circumstances waive the requirement of notice provided that other appropriate public notice is given.

## ARTICLE V. COMMITTEES OF THE BOARD OF REGENTS

### Section A. Standing Committees

The Board of Regents shall name and identify the responsibilities of standing committees through Board of Regents Policy: *Board Operations and Agenda Guidelines*.

The Chair of the Board of Regents shall appoint the Regents to all standing committees and shall designate the Committee Chair and Vice Chair of each. The Chair of the Board of Regents may replace Committee Chairs or Vice Chairs at any time. Vacancies arising from any cause whatsoever shall be filled in the same manner.

Regular meetings of the standing committees shall occur prior to the regular meetings of the Board of Regents.

### Section B. Nominating Committee

The Chair of the Board of Regents shall appoint a Nominating Committee of three members of the Board and designate the Committee Chair at the regular May meeting of the odd-numbered years. The Nominating Committee shall conduct itself according to Article III, Section D.

### Section C. Special Committees

The Chair of the Board of Regents shall appoint the members, designate the Committee Chairs and identify the responsibilities of special committees.

## ARTICLE VI. RULES OF PROCEDURE FOR MEETINGS OF THE BOARD OF REGENTS AND ITS COMMITTEES

### Section A. Parliamentary Procedures

*Robert's Rules of Order*, in its most recent revised edition, shall guide the business of the Board of Regents for all meetings to the extent that they are consistent with law and these Bylaws. The University General Counsel shall rule on all disputed questions of procedure.

### Section B. Open Meetings

The Board of Regents adopts as its policy the Minnesota Open Meeting Law as set forth in Minnesota statute. A motion to hold a non-public meeting must be put to a vote at a public meeting of the Board.

### Section C. Quorum

A majority of the members of the Board of Regents, or of a committee, shall be necessary to constitute a quorum for meetings of the Board or meetings of a committee.

## Section D. Voting the Question

The decision of the majority voting on the question shall prevail. The Secretary shall record the vote of each Regent. A Regent may abstain from voting. Voting by proxy or by mail shall not be permitted.

Participation and voting by Regents via telephone or video conferencing is permissible, provided the Regent or Regents are available to participate in the items presented, discussed, and voted upon at that meeting, and they shall be counted towards determination of a quorum.

## Section E. Business Before the Board of Regents

The Chair of the Board, in consultation with the President and Vice Chair and consistent with the Board of Regents Policy: *Board Operation and Agenda Guidelines*, approves items of business and the agenda to be considered at meetings of the Board of Regents and the standing or special committees. Any Regent may suggest items for the agenda or move to have an item discussed at a meeting.

Items and supporting documentation to be included in the docket should be in the office of the Secretary at least ten calendar days before the meeting at which consideration is expected.

The Chair of the Board of Regents or one of the standing or special committees of the Board of Regents shall not ordinarily allow individuals who are not on the agenda to speak at meetings. The chairs of the various committees may allow such individuals to speak when they determine it is in the best interests of the University and will not unduly delay the matters before the particular committee.

A request to appear before a meeting of the Board of Regents or its standing or special committees shall be submitted in writing to the Secretary, in advance of the meeting. The Chair shall rule on all requests. If the request is to appear before a committee, the Chair may also consult with the Committee Chair.

The recommendations of Board committees shall be reported to and be subject to approval by the Board of Regents, unless otherwise provided for in Board policy.

## Section F. Protocol for Meetings of the Board of Regents

1. All those in attendance at meetings of the Board of Regents may be asked to identify themselves to the Secretary or a designee upon entry to the meeting.
2. Only members of the Board of Regents, the President, and those recognized by the Chair may address the Board.
3. If space is limited in the meeting room, those with business before the Board of Regents and the members of the press shall have priority over those who are visitors.
4. No flags, banners, signs, or similar displays shall be permitted in meetings of the Board of Regents.
5. No person shall cause any disturbance, delay, or interference, or cause any threats thereof at any meeting of the Board of Regents or its committees. Further, no person shall intentionally or through coercion, force, or intimidation, deny or interfere with the right of another to free access or egress from any meeting.
6. Visitors to meetings of the Board of Regents shall observe the reasonable requests of the Chair.

These rules and regulations are adopted for purposes of Minnesota Statute § 624.72.

#### Section G. Minutes of the Board of Regents Meetings

Approved minutes of the proceedings of the Board of Regents shall be kept by the Secretary, who shall cause them to be preserved and accessible to the members of the Board of Regents, members of the University community, and the public. All lengthy reports shall be included in the docket materials and referred to in the minutes. The minutes shall reflect the votes cast in Board of Regents meetings and in committee meetings on matters recommended to the Board of Regents for action. The Secretary shall ensure that the minutes, docket materials, and all video recordings are preserved by University Archives.

#### Section H. Telephone or Video Meetings

The Chair may decide that regular or special meetings of the Board or any of its committees and regular meetings may be held by telephone or video conferencing. For purposes of such a meeting, all Regents who are connected by telephone or video conference shall count toward a quorum and may participate and vote. The Secretary shall give reasonable public notice of such meetings and shall make arrangements for the public to hear the discussion, unless it is a non-public meeting.

### ARTICLE VII. DELEGATION OF AUTHORITY

#### Section A. President, Executive Officers, and Administrators

The Board of Regents may authorize appropriate executive officers to act on behalf of the University, consistent with Board of Regents Policy: *Reservation and Delegation of Authority* and other Board policies. As the highest authority that can act on behalf of the University, the Board of Regents shall be the University General Counsel's ultimate client, unless the Board directs otherwise.

#### Section B. President, University Senate, and Faculties

All matters relating to the education and administrative affairs of the University, consistent with actions or policies of the Regents of the University of Minnesota heretofore or hereafter taken or established and including those incident to the management of the student body are, for the purpose of effectuating the government of the University under and by the Regents, committed to the President, the University Senate, and the several faculties, as provided in the Senate Constitution and as amended from time to time.

### ARTICLE VIII. MISCELLANEOUS PROVISIONS

#### Section A. Code of Ethics and Conflict of Interest

The members of the Board of Regents shall be guided by the provisions set forth in Board of Regents Policy: *Code of Ethics for Members of the Board of Regents*.

#### Section B. Reimbursement for Expenses

Regents may be reimbursed for expenses incurred in the performance of official business in accord with the University's policy and procedures.

## Section C. Board Operations in Emergencies

In the event a quorum of the Board, as defined in Article VI, Section C, is unable to discharge the powers and duties of their office due to death or incapacity and it becomes necessary to convene a meeting of the Board of Regents to ensure the continuity of University Operations, the remaining Regents may convene a meeting and act as follows:

1. Designate an acting chair if the chair and vice chair are unable to serve.
2. Designate an acting president if the president is unable to serve.
3. Authorize necessary emergency funding.
4. Other actions necessary to ensure the continuity of University operations.

The remaining Regents may continue to act to ensure the continuity of University operations until a quorum of the Board is restored.

## ARTICLE IX. AMENDMENTS TO BYLAWS

The Bylaws may be amended by a two-thirds vote of the Board of Regents at any meeting, provided, however, that notice of any proposed changes shall be sent by electronic communication to the members of the Board of Regents 30 calendar days in advance of the meeting scheduled to consider such changes.

## ARTICLE X. SUSPENSION OF BYLAWS

Any provision of these Bylaws other than those contained in Article VIII, Section A, may be suspended in connection with the consideration of a matter before the Board of Regents by an affirmative vote of two-thirds of the Board of Regents.

## REVISION HISTORY

Adopted: December 10, 1889

Amended: June 15, 1929; May 9, 1939; June 12, 1954; June 10, 1967; February 9, 1968; September 10, 1971; July 14, 1972; June 8, 1973; February 13, 1976; March 11, 1977; July 10, 1981; January 10, 1986; November 10, 1994; December 12, 1997; February 12, 1999; May 14, 1999; February 11, 2000; July 12, 2001; October 12, 2018

The meeting adjourned at 11:25 a.m.



**BRIAN R. STEEVES**  
**Executive Director and**  
**Corporate Secretary**



# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Board of Regents**

**December 14, 2018**

**AGENDA ITEM:** Report of the President

☐

**Review**

☐

**Review + Action**

☐

**Action**

☒

**Discussion**

☐

*This is a report required by Board policy.*

**PRESENTERS:** President Eric W. Kaler

## **PURPOSE & KEY POINTS**

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



# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Board of Regents**

**December 14, 2018**

**AGENDA ITEM:** Report of the Chair

☐

**Review**

☐

**Review + Action**

☐

**Action**

☒

**Discussion**

☐

*This is a report required by Board policy.*

**PRESENTERS:** Regent David J. McMillan

## **PURPOSE & KEY POINTS**

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



# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Board of Regents**

**December 14, 2018**

**AGENDA ITEM:** Receive & File Reports

☐

**Review**

☐

**Review + Action**

☐

**Action**

☒

**Discussion**

☐

*This is a report required by Board policy.*

**PRESENTERS:** Regent David J. McMillan

## **PURPOSE & KEY POINTS**

The following items are included for receipt and filing:

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

The annual financial report presents the financial position and results of operations for the University of Minnesota for FY 2018, with comparative data for FY 2017. The accompanying presentation summarizes key financial activities:

- Highlights of assets, liabilities, and net position.
- A discussion of revenues and expenses for FY 2018 with comparative results for FY 2017.
- An overview of the statement of cash flows.
- A summary of component unit information.

This report is prepared annually and presented to the Board of Regents in conformance with Board of Regents Policy: *Board Operations and Agenda Guidelines*.



## *Meeting of the Board of Regents*



### *Quarterly Report of Grant/Contract Activity*

Fiscal Year 2019

First Quarter Data: July - September, 2018



**University of Minnesota**  
**Quarterly Report of Grant and Contract Activity**  
Fiscal Year 2019 First Quarter: July - September, 2018

## **Executive Summary**

Compared to first quarter in FY2018, the University experienced a slight (\$2.3M or 0.7%) decrease in sponsored research funding in the first quarter of FY2019. Within the \$317.9M total, private funding was up significantly, with more high-dollar awards from Foundations and Business and Industry sponsors than the previous year. Pushing the other direction were declines in funding from NSF and the State of Minnesota. In the latter category, much of the decline can be ascribed to the MN Partnership awards, which total around \$12 million annually, which are expected in quarter two this year but which were received in quarter one last year.

Comparing first quarter FY2019 to first quarter FY2018, funding for the Medical School increased by \$36.4M, driven in part by an increased budget and delayed funding cycle at NIH. NIH's agency FY2018 budget was up by nearly 9% compared to the previous year but the increase was not approved until March of 2018, six months into the federal fiscal year. Consequently, the agency had increased resources to award in the period corresponding to the University's first quarter. Offsetting the Medical School's success was a \$21.4M/63.4% decrease in awards funding to the "Other Health Sciences" category. High dollar awards (\$1M or more) made up most of the Medical School's increase in quarter one, and the "Other Health Science" group's decrease this year was due to high dollar awards being awarded in FY2018 quarter one but not repeated in FY2019.





















The annual status of research report to the Board in February will provide a more detailed analysis. The big takeaway for research funding in the first quarter of fiscal year 2019 is that, overall, research funding is flat compared to last year (0.7% decline).

**University of Minnesota**  
**Quarterly Report of Grant and Contract Activity**  
Fiscal Year 2019 First Quarter: July - September, 2018

### Quarter 1 Key Points

- Award count was up but award amount was down in Q1 FY2019 (15 and \$2.3M, respectively).
- The average award amount in Q1 FY2019 was \$3.5K lower than that of Q1 FY2018.
- The increase in funding is primarily due to more *NIH* and *Other Private* funding.
- Excluding \$1M+ awards, there was a \$9.0M increase in funding year-over-year and the average award amount was \$4.7K greater.
- There were 48 \$1M+ awards both years, but a total of \$11.2M more funding last year.
- The State of Minnesota funded five fewer high-dollar awards this year, resulting in \$18.3M less in high-dollar award funding. Excluding high-dollar awards from the analysis, *State & Local* funding increased by \$344K.
- Funding from *NSF* declined due to fewer high-dollar awards as well as fewer awards in general.
- *Other Private* sources of funding awarded four \$1M+ awards for a total of \$10.0M.
- The increase in *NIH* funding is due to a higher average award amount. The University received \$3.4M less in high-dollar awards this year compared to last.
- The \$36.4M (50.9%) increase in funding for the *Medical School* is primarily due to 14 more \$1M+ awards, resulting in a \$32.4M increase from high-dollar awards. Excluding these awards, funding increased by \$4.0M.
- The *Other Health Sciences* group received six \$1M+ awards last year for a total of \$20.0M and no high-dollar awards this year. This is the primary driver of the group's \$21.4M (63.4%) decrease.
- Most of *CLA*'s \$6.3M (55.7%) decline in funding was due to fewer \$1M+ awards this year. Excluding \$1M+ awards, funding for *CLA* was relatively flat with a decline of \$124K.

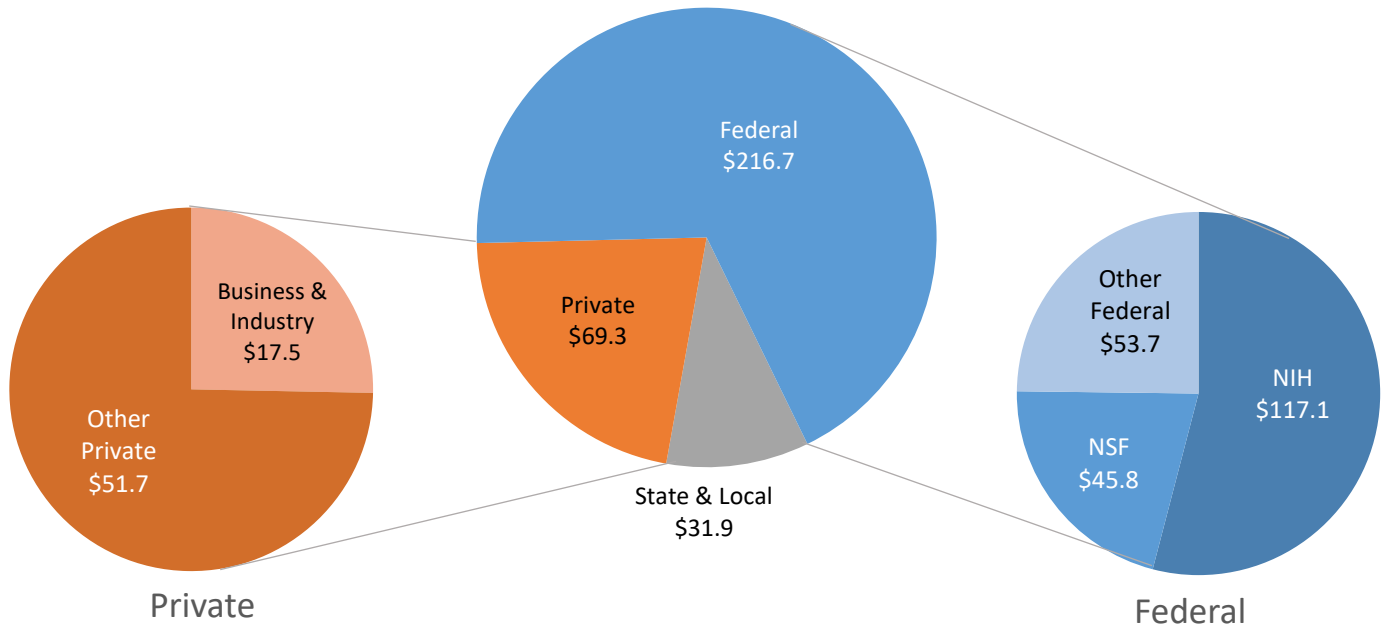
### Comparison of FY19 Q1 to FY18 Q1

by Source		FY18 Q1		FY19 Q1		\$ Change (Amount)	
Sponsor Group	Sponsor	Number	Amount	Number	Amount		
Federal	NIH	346	107.1	343	117.1		10.0
Federal	NSF	151	57.6	114	45.8		-11.8
Federal	Other Federal	192	55.6	175	53.7		-1.9
Private	Business & Industry	342	14.1	325	17.5		3.4
Private	Other Private	364	37.1	422	51.7		14.7
State & Local	State & Local	123	48.6	154	31.9		-16.7
<b>Total</b>		<b>1518</b>	<b>320.1</b>	<b>1533</b>	<b>317.9</b>		<b>-2.3</b>
by College/Campus		Number	Amount	Number	Amount		
Medical School		492	71.5	536	107.9		36.4
College of Science and Engineering		250	68.1	282	68.4		0.4
CFANS		122	27.3	125	31.9		4.6
Public Health		85	23.1	77	22.7		-0.4
Dentistry, Nursing, Pharmacy & Vet Med		91	21.6	103	21.8		0.3
CEHD		46	9.8	51	12.4		2.6
Other Health Sciences		187	33.7	143	12.3		-21.4
Other		36	13.2	40	11.8		-1.4
Other TC Provost		46	19.7	51	10.7		-9.0
CBS		70	14.5	49	8.5		-6.0
CLA		39	11.2	34	5.0		-6.3
UMC, UMD, UMM, UMR		54	6.5	42	4.4		-2.1
<b>Total</b>		<b>1518</b>	<b>320.1</b>	<b>1533</b>	<b>317.9</b>		<b>-2.3</b>

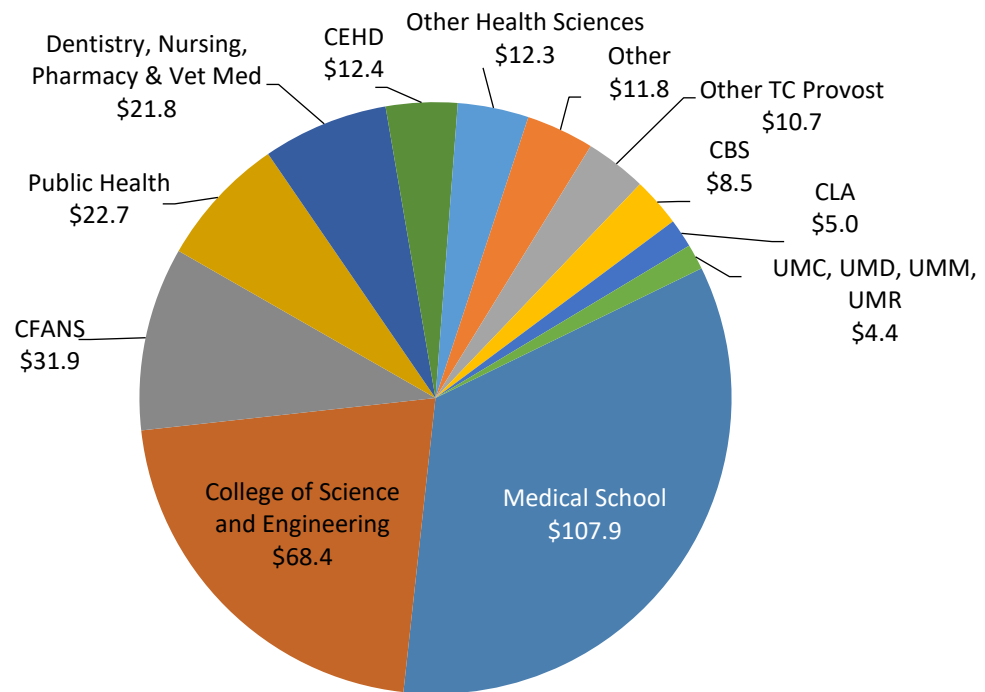
**NOTE:** Amounts are represented in millions, therefore details may not sum to totals due to rounding.

**University of Minnesota**  
**Quarterly Report of Grant and Contract Activity**  
 Fiscal Year 2019 First Quarter: July - September, 2018

**Figure 1: FY19 Q1 Award Dollars by Funding Source**



**Figure 2: FY19 Q1 Award Dollars by College-Campus**

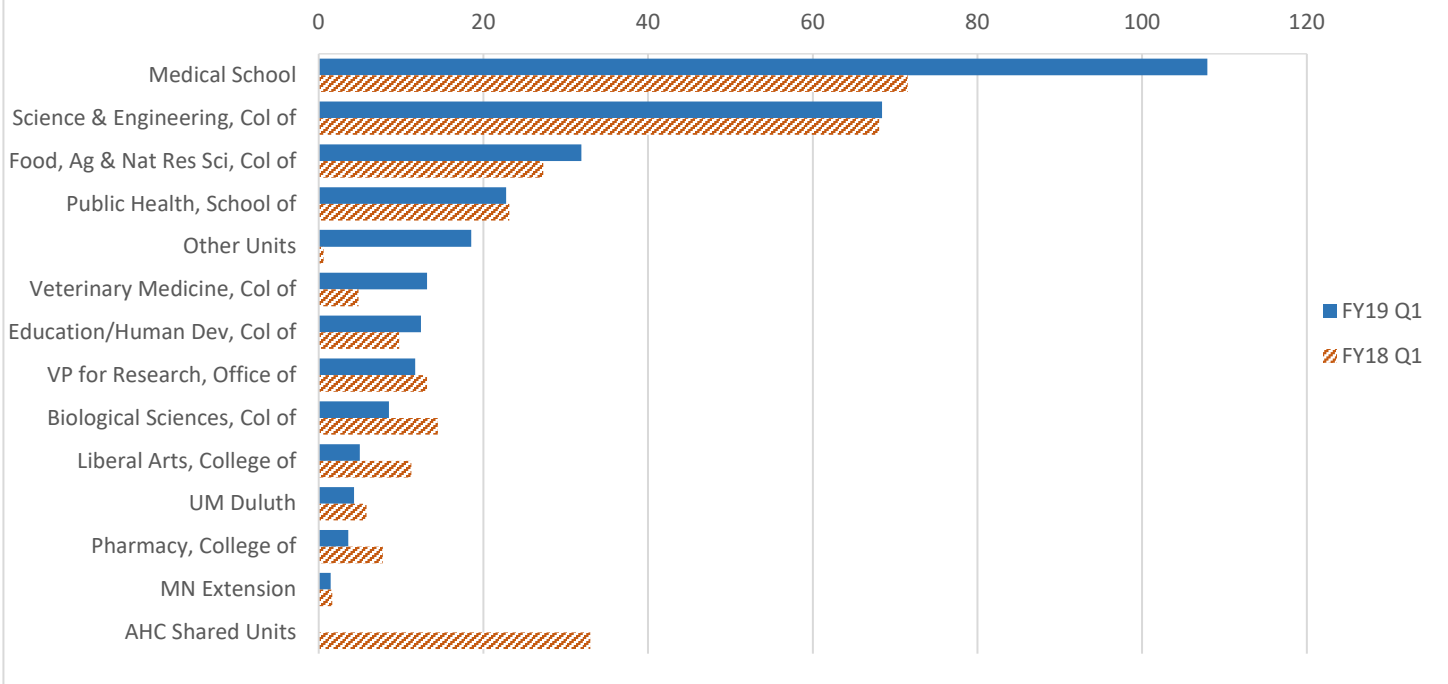


**NOTE:** Amounts are represented in millions, therefore details may not sum to totals due to rounding.

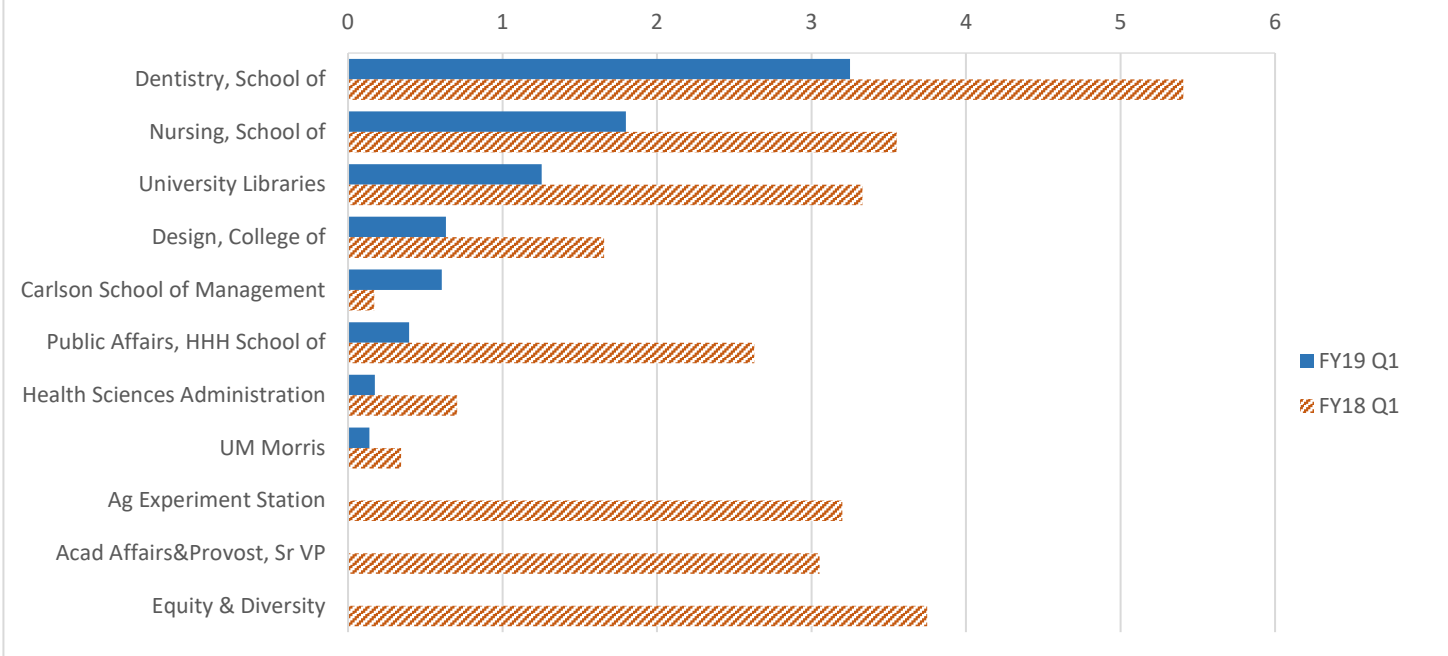
**University of Minnesota**  
**Quarterly Report of Grant and Contract Activity**  
 Fiscal Year 2019 First Quarter: July - September, 2018

**Quarter 1 Award Dollars by College/Campus**

**Figure 3: Units with Greater than \$10 Million Awarded Annually**



**Figure 4: Units with Less than \$10 Million Awarded Annually**



\*Other Units includes: Global Programs & Strategy, Law School, The Graduate School, UM Crookston, UM Rochester, Col of Continuing/Prof Studies, University Services, Office of Academic Clinical Affairs, Acad Affairs & Provost, Exec VP.  
 Amounts are in millions.

**University of Minnesota**  
**Quarterly Report of Grant and Contract Activity**  
Fiscal Year 2019 First Quarter: July - September, 2018

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

**Quarter 1 Award Dollars with ARRA**

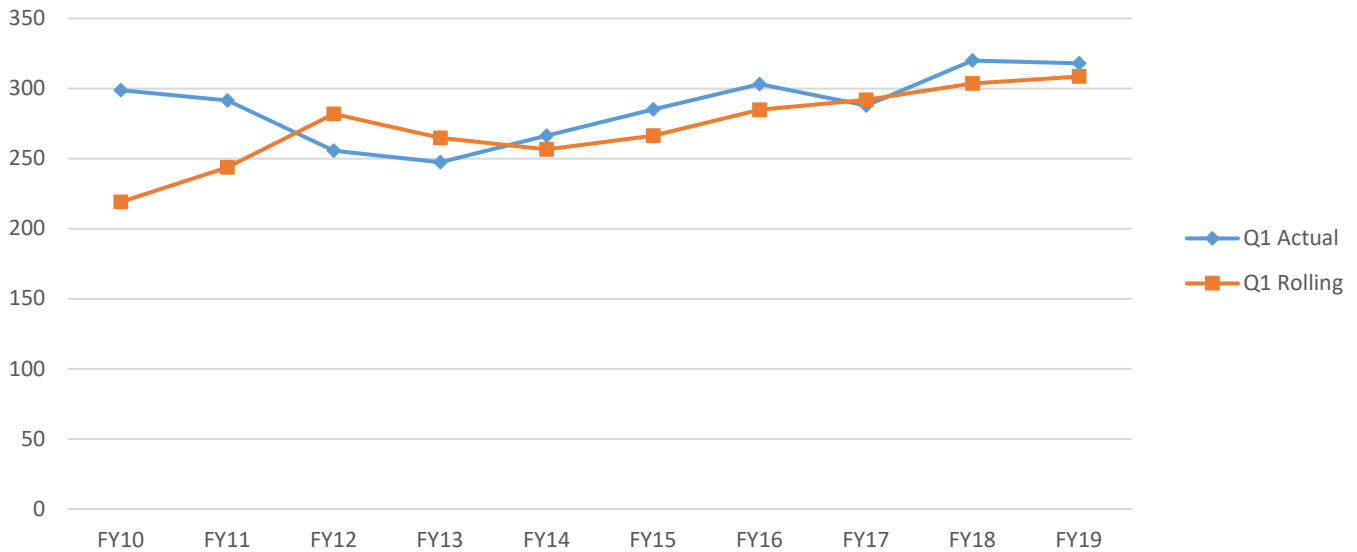
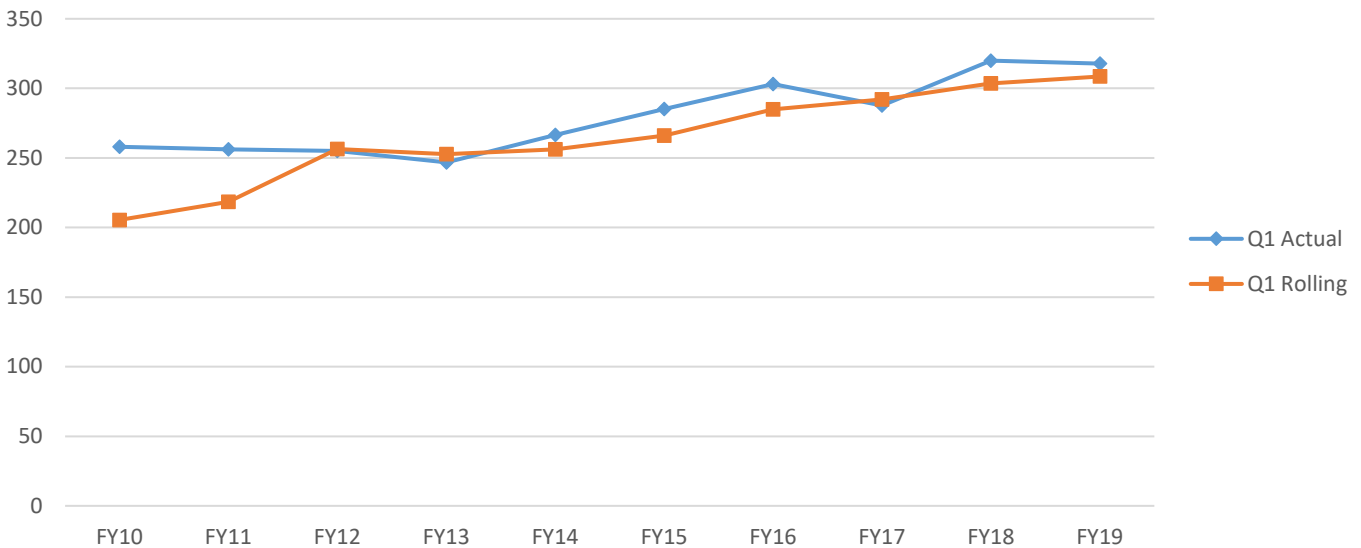


Figure 6: 10-year trend of first quarter award dollars.  
Showing actual amount and rolling 3-year average.  
Excludes ARRA awards.

**Quarter 1 Award Dollars without ARRA**



Amounts are in millions.



UNIVERSITY OF MINNESOTA  
**Driven to Discover<sup>SM</sup>**

2018 Annual Financial Report

## **Consolidated Financial Statements**

as of and for the Years Ended June 30, 2018 and 2017,

Independent Auditors' Report, and Management's Discussion and Analysis

3	Independent Auditors' Report
7	Management's Discussion and Analysis (Unaudited)
27	Consolidated Financial Statements as of and for the Years Ended June 30, 2018 and 2017
27	Consolidated Statements of Net Position (Excluding Component Units)
28	Component Units—Statements of Financial Position
29	Consolidated Statements of Revenues, Expenses, and Changes in Net Position (Excluding Component Units)
30	Component Units—Statements of Activities
32	Consolidated Statements of Cash Flows (Excluding Component Units)
34	Notes to Consolidated Financial Statements
83	Required Supplementary Information (Unaudited)
84	Schedule of Employer's Contributions for Other Postemployment Benefits
84	Schedule of Changes in Total Other Postemployment Benefits Liability
85	Schedules of the Employer's Share of Net Pension Liability
86	Schedules of Employer's Contributions for Pensions
88	Supplemental Schedules (Unaudited)
89	Independent Auditors' Report on Supplemental Schedules
90	Statements of Net Position by Campus
92	Statements of Revenues, Expenses, and Changes in Net Position by Campus

## INDEPENDENT AUDITORS' REPORT

The Board of Regents  
University of Minnesota  
Minneapolis, Minnesota

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of net position of the University of Minnesota (the "University") as of June 30, 2018 and 2017, the related consolidated statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the consolidated financial statements, which collectively comprise the University's basic 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of the discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 entity'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, 2018 and 2017, and the results of its operations and its cash flows for the years then ended and the financial statements of the discretely presented component units as of and for the years ended June 30, 2018 and 2017, 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 November 2, 2018 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

*Deloitte & Touche LLP*

November 2, 2018

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Regents  
University of Minnesota  
Minneapolis, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated statement of net position of the University of Minnesota (the "University") as of June 30, 2018, the related consolidated statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the consolidated financial statements, which collectively comprise the University's basic consolidated financial statements, and have issued our report thereon dated November 2, 2018. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in our report on the University's consolidated financial statements. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component units.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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*

November 2, 2018

## **Management's Discussion and Analysis**

(Unaudited)

This discussion and analysis of the University of Minnesota's (the University) consolidated financial statements provides an overview of the consolidated financial position and activities of the University for the years ended June 30, 2018, 2017, and 2016. The discussion has been prepared by management and should be read in conjunction with the consolidated financial statements and the accompanying notes.

### **Introduction**

The University of Minnesota is both the state's land-grant university, with a strong tradition of education and public service, and a major research institution, with faculty of national and international reputation. Its mission is to offer undergraduate, graduate, and professional instruction through the doctoral degree, and to be the primary state-supported academic institution for research and extension services.

The University of Minnesota, founded in 1851, has five campuses (Twin Cities, Duluth, Morris, Crookston, and Rochester), research and outreach centers, and extension service offices throughout the state.

The University 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 eight public research institutions nationally. The University is the state's major research institution with expenditures of approximately \$768.1 million, \$763.4 million, and \$688.2 million in fiscal years 2018, 2017, and 2016, respectively, for research under various programs funded by governmental and private sources.

The University's enrollment for all five campuses is approximately 67,900 students, with the Twin Cities campus having the largest student enrollment of approximately 51,800 students.

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 11,200 students.

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 1,600 students.

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 2,800 students.

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 500 students.

### **Mission**

The University of Minnesota's mission carried out on multiple campuses and throughout the state, is threefold: research and discovery, teaching and learning, and outreach and public service.

- **Research and Discovery**—To generate and preserve knowledge, understanding, and creativity by conducting high quality research, scholarship, and artistic activities that benefit students, scholars, and communities across the state, the nation, and the world.
- **Teaching and Learning**—To share that knowledge, understanding, and creativity by providing a broad range of educational programs in a strong and diverse community of learners and teachers, and to prepare graduate, professional, and undergraduate students, as well as non-degree-seeking students interested in continuing education and lifelong learning, for active roles in a multiracial and multicultural world.
- **Outreach and Public Service**—To extend, apply, and exchange knowledge between the University and society by applying scholarly expertise to community problems, by helping organizations and individuals respond to their changing environments, and by making the knowledge and resources created and preserved at the University accessible to the citizens of the state, the nation, and the world.

## Operations

The University of Minnesota conducts its mission activities at its campuses and other facilities throughout the state. Each year, the University of Minnesota:

- provides instruction for approximately 67,900 students;
- graduates approximately 15,800 students, 40 percent with graduate or first professional degrees on the Twin Cities campus;
- provides over 300 student exchange programs, ranking third nationally with learning abroad programs;
- conducts research sponsored by the National Institutes of Health, the National Science Foundation, other federal, state, and governmental agencies, and numerous private companies and foundations;
- reaches out to more than one million Minnesotans through various outreach and public service activities.

During fiscal year 2017, the University engaged Tripp Umbach, a consulting firm, to quantify the economic impacts generated by the University within the State of Minnesota. Tripp Umbach's report summarized the University's impacts within the State as follows:

- The University generates \$8.6 billion in combined economic impact annually for the State of Minnesota;
- The University is the fifth largest employer in Minnesota and supports 77,700 jobs throughout the State;
- For every dollar invested by the State into the University, \$13.83 is generated in the State's economy;
- University faculty, staff and students generate more than \$131.4 million annually in community impact through donations and volunteer time.

## Consolidated Financial Statements

The consolidated financial statements are prepared in accordance with generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB). The consolidated financial statements required under these reporting standards include the Consolidated Statements of Net Position; the Consolidated Statements of Revenues, Expenses, and Changes in Net Position; and the Consolidated Statements of Cash Flows. All are reported on a consolidated basis for the University as a whole. Also required are the financial results of the University's legally separate component units.

In fiscal year 2018, the University implemented GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 establishes new accounting and financial reporting requirements where University employees are provided with Other Postemployment Benefits (OPEB) and replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 75 requires the full OPEB liability be recognized immediately whereas GASB 45 allowed for gradual amortization. The University reported an OPEB liability of \$34.9 million, \$32.5 million and \$32.4 million in fiscal years 2018, 2017, and 2016, respectively.

GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB 68 and 71 require state and local government employers to recognize a net pension liability for defined benefit plans where the entity is a participant. The pension plans impacted by GASB 68 and 71, which the University participates in, are the State Employees' Retirement Fund (SERF and MSRS) and Public Employee Police and Fire Fund (PEPFF and PERA).

GASB 68 and 71 represent accounting and reporting standards only. The State of Minnesota has no law that requires the University to assume the liability, as a participant of the pension plans, in the event the retirement plans were discontinued. The required recording of the deferred outflows of resources, deferred inflows of resources and net pension liability 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.

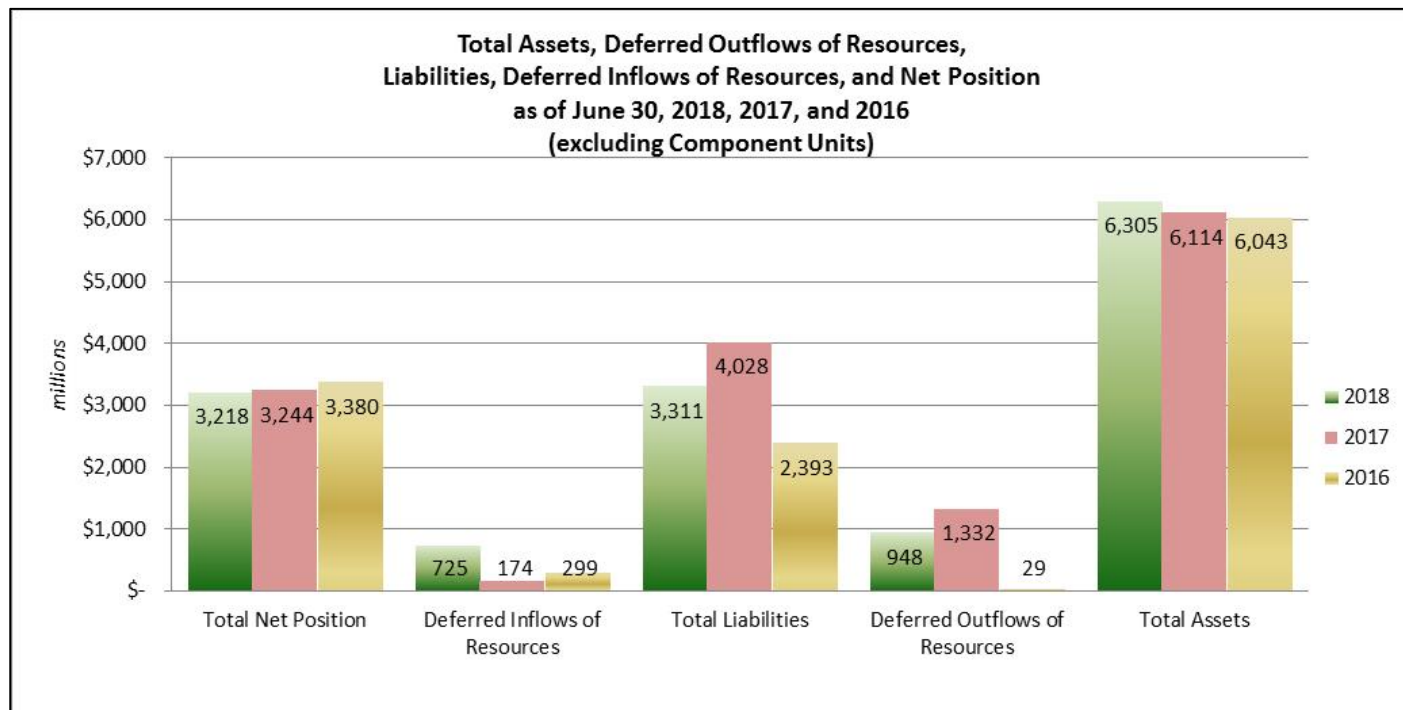
To illustrate the impact of GASB 68 and 71, the following chart summarizes the University's total assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position with and without the impact of GASB 68 and 71. The following chart is for illustration purposes only.

Condensed Statements of Net Position <u>with</u> GASB 68 and 71 (in thousands)				Condensed Statements of Net Position <u>without</u> GASB 68 and 71 (in thousands)			
	2018	2017	2016		2018	2017	2016
Total assets	6,304,508	6,113,743	6,043,112	Total assets	6,304,508	6,113,743	6,043,112
Deferred outflows of resources	948,273	1,332,540	29,292	Deferred outflows of resources	5,237	3,744	3,989
Total liabilities	3,310,582	4,027,694	2,393,151	Total liabilities	2,196,917	2,118,824	2,148,750
Deferred inflows of resources	724,632	174,265	298,892	Deferred inflows of resources	6,253	1,992	1,915
<b>Net position</b>				<b>Net position</b>			
Unrestricted	345,558	394,159	563,556	Unrestricted	1,032,588	976,704	963,723
Restricted—expendable	901,976	817,397	880,025	Restricted—expendable	1,103,954	987,199	995,933
Restricted—nonexpendable	309,407	313,885	304,669	Restricted—nonexpendable	309,407	313,885	304,669
Net investment in capital assets	1,660,626	1,718,883	1,632,111	Net investment in capital assets	1,660,626	1,718,883	1,632,111
<b>Total net position</b>	<b>\$ 3,217,567</b>	<b>\$ 3,244,324</b>	<b>\$ 3,380,361</b>	<b>Total net position</b>	<b>\$ 4,106,575</b>	<b>\$ 3,996,671</b>	<b>\$ 3,896,436</b>

## Financial Highlights

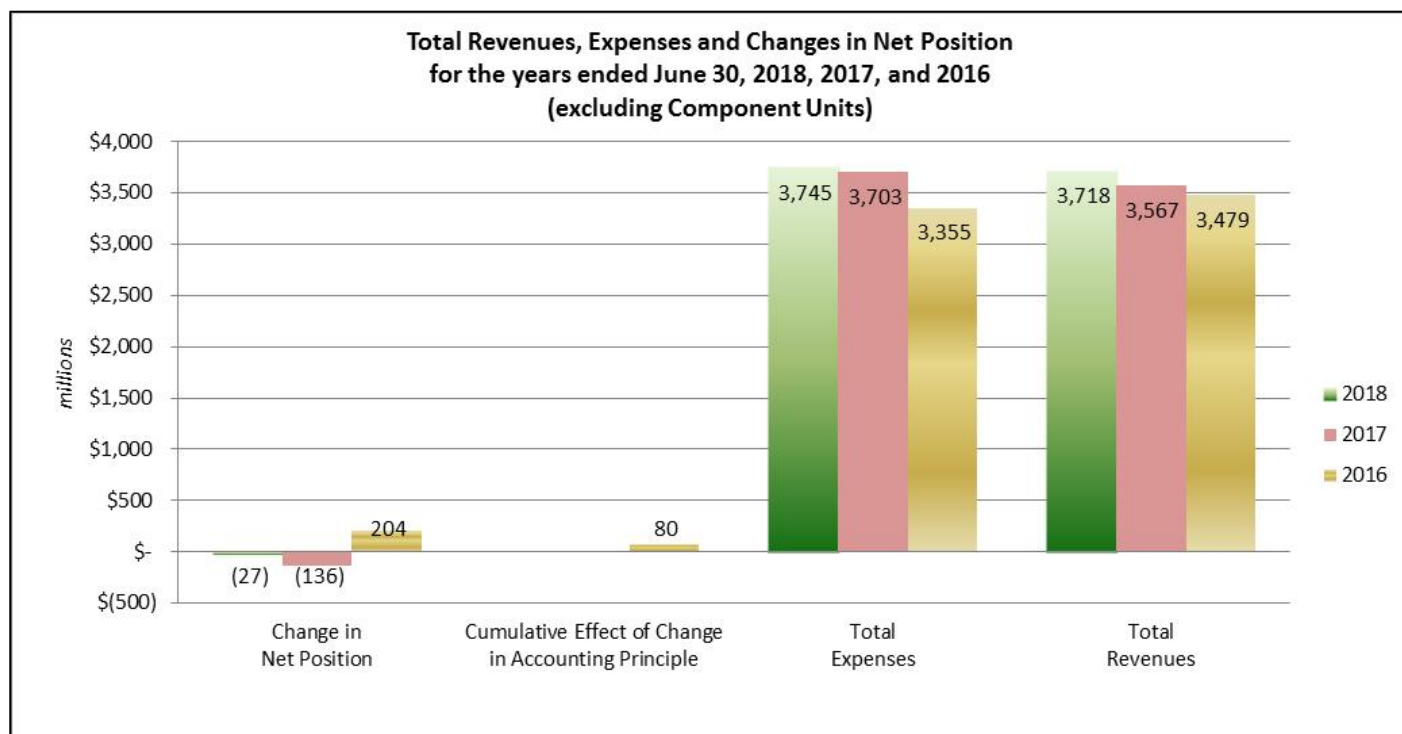
The University's financial position remains strong with assets of \$6.3 billion, an increase of \$0.2 billion from fiscal year 2017. Liabilities decreased to \$3.3 billion compared to \$4.0 billion for fiscal year 2017. The University's net position, the difference between total assets, deferred outflows of resources (items previously reported as assets), total liabilities, and deferred inflows of resources (items previously reported as liabilities), decreased slightly compared to fiscal year 2017 to \$3.22 billion as of June 30, 2018 compared to \$3.24 billion as of June 30, 2017.

The following chart summarizes total assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2018, 2017 and 2016, respectively:



The change in net position represents the financial results during the fiscal year and is the difference between total revenue and total expense. The University's net position decreased \$26.8 million in fiscal year 2018 compared to a decrease of \$136.0 million in fiscal year 2017. The significant factors that contributed to the decrease in total net position for fiscal year 2018 include the recording of the net pension liability and increases in long-term debt partially offset by increases in investment related activity and capital assets.

The following chart summarizes total revenues, expenses and the changes in net position for the years ended June 30, 2018, 2017 and 2016, respectively:



The University experienced an increase in total revenue of \$151.2 million or 4.2 percent due to increases in almost all operating revenue categories, investment income and increases in both State and Federal appropriations. Total expenses remained relatively unchanged compared to fiscal year 2017, increasing \$41.9 million or 1.1 percent.

With the implementation of GASB 75, the University is required to present the changes retrospectively. As a result, \$80.1 million was recorded as a cumulative effect of a change in accounting principle in fiscal year 2016. A cumulative effect of a change in accounting principle is the cumulative impact to the consolidated financial statements related to prior fiscal years.

The University continues to focus on instruction, research and public service while continuing to emphasize controlling operating expenses. The operating expense fluctuations as a result of GASB 68 and 71, do not impact the overall operations of the University.

### **Consolidated Statements of Net Position**

The Consolidated Statements of Net Position present the consolidated financial position of the University at the end of the fiscal year, under a classified balance sheet format that reflects current and noncurrent assets, deferred outflows of resources, current and noncurrent liabilities, deferred inflows of resources, and reports net position under four separate classifications.



A comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2018, 2017 and 2016 is summarized in the table below:

<b>Condensed Statements of Net Position</b> <b>(in thousands)</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	
<b>Assets</b>				
Current assets	\$ 1,103,480	\$ 887,438	\$ 1,159,528	
Noncurrent assets, excluding capital assets	2,015,711	2,085,246	1,855,782	
Capital assets, net	3,185,317	3,141,059	3,027,802	
<b>Total assets</b>	<b>6,304,508</b>	<b>6,113,743</b>	<b>6,043,112</b>	
<b>Deferred outflows of resources</b>	<b>948,273</b>	<b>1,332,540</b>	<b>29,292</b>	
<b>Liabilities</b>				
Current liabilities, excluding long-term debt	518,349	511,257	504,113	
Noncurrent liabilities, excluding long-term debt	1,250,444	2,051,461	388,406	
Long-term debt	1,541,789	1,464,976	1,500,632	
<b>Total liabilities</b>	<b>3,310,582</b>	<b>4,027,694</b>	<b>2,393,151</b>	
<b>Deferred inflows of resources</b>	<b>724,632</b>	<b>174,265</b>	<b>298,892</b>	
<b>Net position</b>				
Unrestricted	345,558	394,159	563,556	
Restricted—expendable	901,976	817,397	880,025	
Restricted—nonexpendable	309,407	313,885	304,669	
Net investment in capital assets	1,660,626	1,718,883	1,632,111	
<b>Total net position</b>	<b>\$ 3,217,567</b>	<b>\$ 3,244,324</b>	<b>\$ 3,380,361</b>	

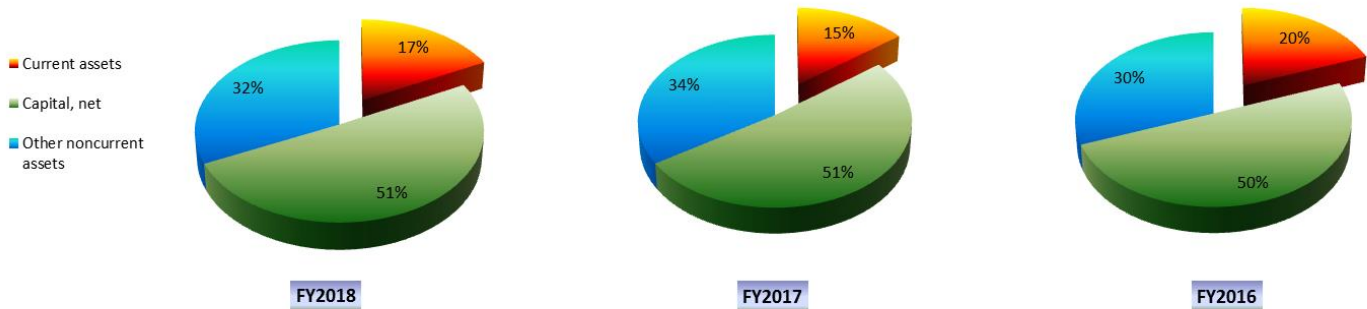
## Assets

Current assets are used to support current operations and consist primarily of cash and cash equivalents, net receivables and short-term investments.

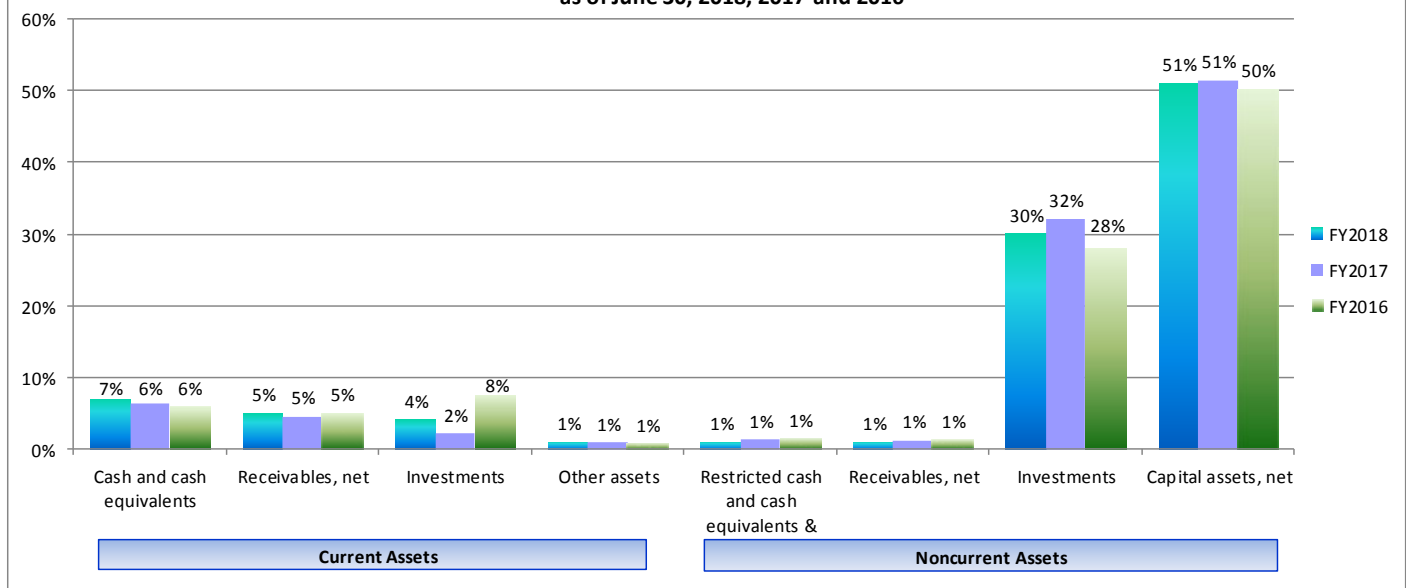
Noncurrent assets consist primarily of investments, capital assets net of accumulated depreciation, and student loan receivables.

The following charts illustrate the composition of total assets:

The University's Total Assets as of June 30, 2018, 2017 and 2016



The University's Current and Noncurrent Assets as of June 30, 2018, 2017 and 2016



**The University's current and noncurrent assets as of June 30, 2018, 2017 and 2016**  
(in thousands)

	2018	2017	2016	Increase (Decrease)			
				From 2017 to 2018		From 2016 to 2017	
				Amount	Percent	Amount	Percent
<b>Current assets</b>							
Cash and cash equivalents	\$ 463,460	\$ 387,772	\$ 350,385	\$ 75,688	19.5%	\$ 37,387	10.7%
Receivables, net	319,820	280,307	304,218	39,513	14.1%	(23,911)	(7.9%)
Investments	263,676	163,201	459,515	100,475	61.6%	(296,314)	(64.5%)
Other assets	56,524	56,158	45,410	366	0.7%	10,748	23.7%
<b>Total current assets</b>	<b>1,103,480</b>	<b>887,438</b>	<b>1,159,528</b>	<b>216,042</b>	<b>24.3%</b>	<b>(272,090)</b>	<b>(23.5%)</b>
<b>Noncurrent assets</b>							
Capital assets, net	3,185,317	3,141,059	3,027,802	44,258	1.4%	113,257	3.7%
<b>Other noncurrent assets</b>							
Restricted cash and cash equivalents & other assets	43,193	82,135	111,665	(38,942)	(47.4%)	(29,530)	(26.4%)
Receivables, net	74,621	74,522	74,186	99	0.1%	336	0.5%
Investments	1,897,897	1,928,589	1,669,931	(30,692)	(1.6%)	258,658	15.5%
<b>Total other noncurrent assets</b>	<b>2,015,711</b>	<b>2,085,246</b>	<b>1,855,782</b>	<b>(69,535)</b>	<b>(3.3%)</b>	<b>229,464</b>	<b>12.4%</b>
<b>Total assets</b>	<b>\$ 6,304,508</b>	<b>\$ 6,113,743</b>	<b>\$ 6,043,112</b>	<b>\$ 190,765</b>	<b>3.1%</b>	<b>\$ 70,631</b>	<b>1.2%</b>

As of June 30, 2018, total assets increased \$190.8 million primarily due to increases in cash and cash equivalents, investments, and capital assets, net. Investments increased \$69.8 million primarily due to favorable market conditions, partially offset by a decrease to the Temporary Investment Pool (TIP) due to funding capital expenditures. TIP is readily accessible cash and cash equivalents and investments that can be liquidated for cash needs of the University. Cash and cash equivalents and other assets increased \$36.7 million due to normal University operations. Noncurrent cash and cash equivalents consist of unspent bond proceeds of \$25.4 million and \$48.9 million in fiscal year 2018 and 2017, respectively. Capital assets, net of accumulated depreciation, increased \$44.3 million due to increased spending on construction projects, specifically the Chemical Sciences & Advanced Materials building on the Duluth campus, the Pioneer Hall renovation and the Health Sciences Education Center. Refer to Note 4 for additional information related to capital assets.

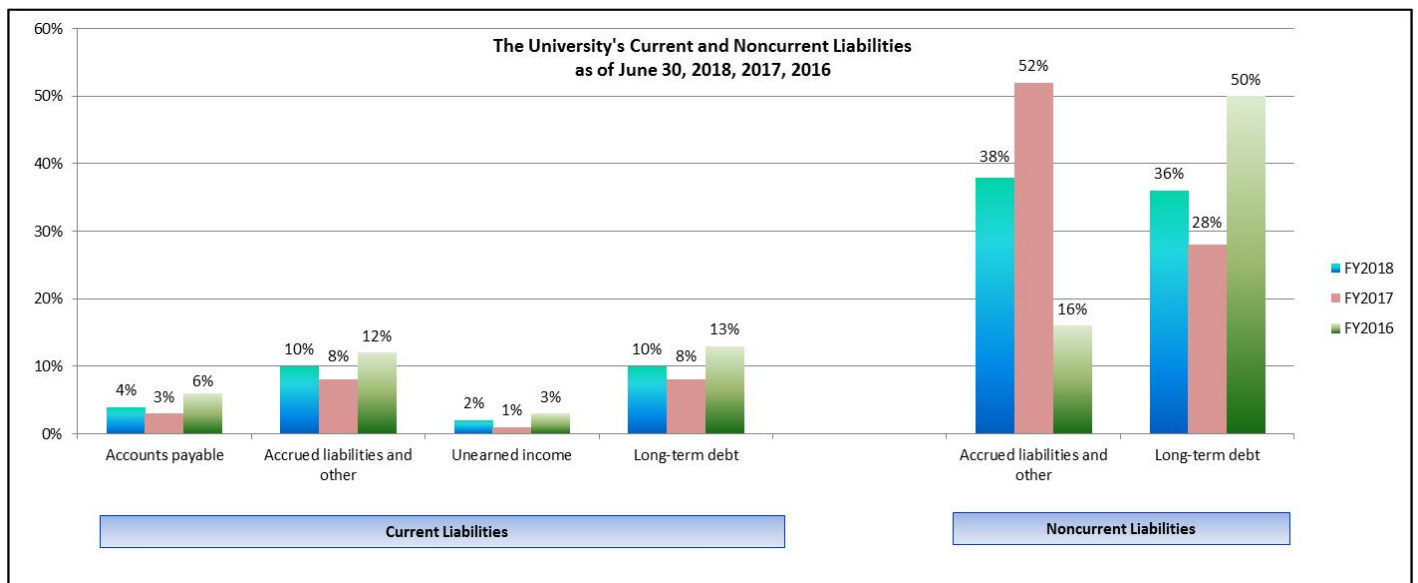
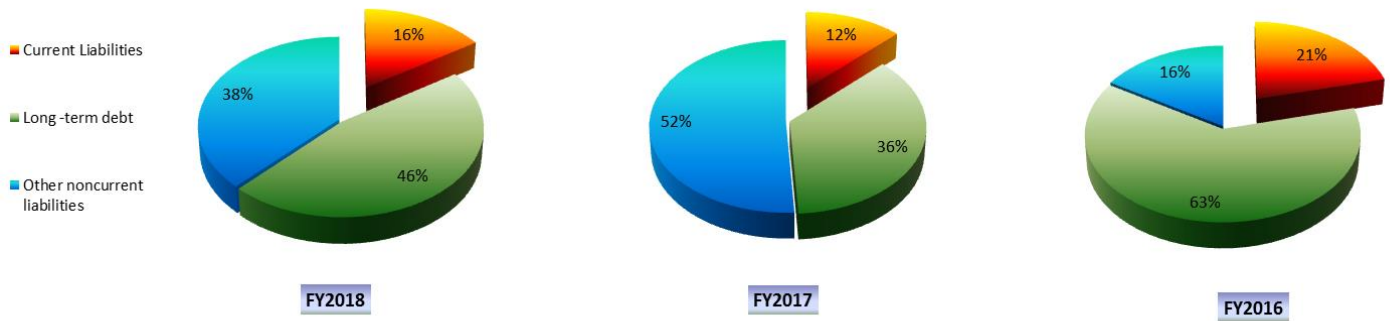
## Liabilities

Current liabilities are obligations that are expected to become due and payable during the next fiscal year. Current liabilities consist primarily of accounts payable and accrued liabilities including salaries and compensation-related expenditures, and unearned income. Current unearned income is comprised of revenue related to summer session tuition and fees deferred to the following fiscal year, and funds received in advance of expenditures on sponsored accounts.

Noncurrent liabilities consist primarily of accrued liabilities, capital obligations, notes payable, leases and bonds payable (long-term debt).

The following charts illustrate the composition of total liabilities:

The University's Total Liabilities as of June 30, 2018, 2017 and 2016



## The University's current and noncurrent liabilities as of June 30, 2018, 2017 and 2016

(in thousands)

	2018	2017	2016	Increase (Decrease)			
				From 2017 to 2018		From 2016 to 2017	
				Amount	Percent	Amount	Percent
<b>Current liabilities</b>							
Accounts payable	\$ 137,764	\$ 139,589	\$ 145,992	\$ (1,825)	(1.3%)	\$ (6,403)	(4.4%)
Accrued liabilities and other	315,696	309,116	295,441	6,580	2.1%	13,675	4.6%
Unearned income	64,889	62,552	62,680	2,337	3.7%	(128)	(0.2%)
Long-term debt	346,794	333,509	300,531	13,285	4.0%	32,978	11.0%
<b>Total current liabilities</b>	<b>865,143</b>	<b>844,766</b>	<b>804,644</b>	<b>20,377</b>	<b>2.4%</b>	<b>40,122</b>	<b>5.0%</b>
<b>Noncurrent liabilities</b>							
Accrued liabilities and other	1,250,400	2,051,375	388,345	(800,975)	(39.0%)	1,663,030	428.2%
Unearned income *	44	86	61	(42)	(48.8%)	25	41.0%
Long-term debt	1,194,995	1,131,467	1,200,101	63,528	5.6%	(68,634)	(5.7%)
<b>Total noncurrent liabilities</b>	<b>2,445,439</b>	<b>3,182,928</b>	<b>1,588,507</b>	<b>(737,489)</b>	<b>(23.2%)</b>	<b>1,594,421</b>	<b>100.4%</b>
<b>Total Liabilities</b>	<b>\$ 3,310,582</b>	<b>\$ 4,027,694</b>	<b>\$ 2,393,151</b>	<b>\$ (717,112)</b>	<b>(17.8%)</b>	<b>\$ 1,634,543</b>	<b>68.3%</b>

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

As of June 30, 2018, total liabilities decreased \$717.1 million primarily due to a decrease in accrued liabilities as a result of recording the net pension liability partially offset by increases in long-term debt. The University's long-term debt represents 47 percent of total liabilities or \$1,541.8 million as of June 30, 2018 compared to 35 percent or \$1,465.0 million as of June 30, 2017. Accrued liabilities decreased \$794.4 million, primarily related to the recording of the net pension liability.

With the implementation of GASB 75, the University recorded the University's full liability related to Other Postemployment Benefits (OPEB). The University reported an OPEB liability of \$34.9 million, \$32.5 million and \$32.4 million in fiscal years 2018, 2017 and 2016, respectively. As of June 30, 2018, the cumulative OPEB liability of \$34.9 million was recorded as a current liability of \$5.3 million and a noncurrent liability of \$29.6 million.

Long-term debt increased \$76.8 million or 5.2 percent. The University issued General Obligation (GO) Bonds, Series 2017A, GO Refunding Bonds, Series 2017B, GO Taxable Refunding Bonds, Series 2017C, and Commercial Paper Notes, Series G, in the amount of \$117.1 million, \$293.0 million, \$13.2 million and \$32.0 million, respectively in fiscal year 2018. 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 Outflows and Inflows of Resources

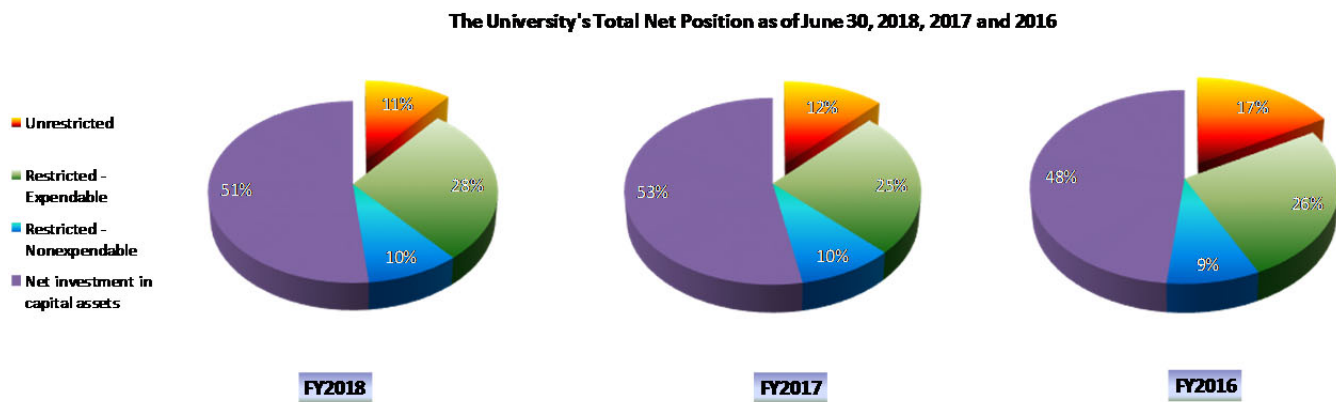
Deferred outflows of resources are items previously reported as assets that result in the outflow of net position in the current reporting period for activities applicable to a future reporting period. Likewise, deferred inflows of resources are items previously reported as liabilities that result in the inflow of net position in the current reporting period for activities applicable to a future reporting period. As of June 30, 2018, the deferred outflows of resources decreased \$384.3 million and deferred inflows of resources increased \$550.4 million, primarily due to the balances and related activity of the University's Net Pension Liability related to the State retirement 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 institution and include resources that may be designated for specific purposes as determined by management or the Board of Regents.
- **Restricted net position, which is divided into two categories—expendable and nonexpendable**—Expendable assets are available for expenditure by the institution, but only in accordance with restrictions placed on their use by donors and other external entities. Nonexpendable assets are also externally restricted, but are required to be retained in perpetuity, including the University's true endowments and institutional contributions to refundable loan programs.
- **Net investment in capital assets**—Includes property, plant, and equipment, net of accumulated depreciation, reduced by the outstanding balances of debt attributable to these capital assets.

The following charts illustrate the composition of the University's total net position:



### The University's total net position as of June 30, 2018, 2017 and 2016

(in thousands)

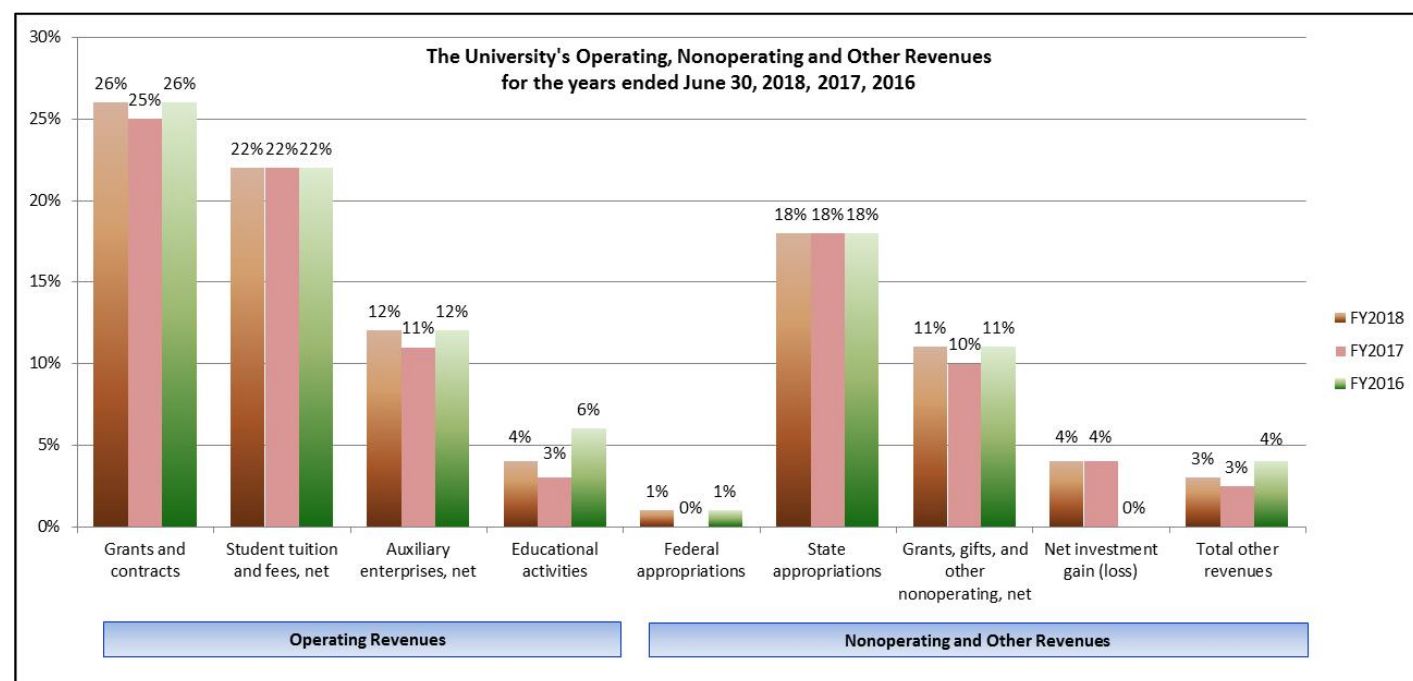
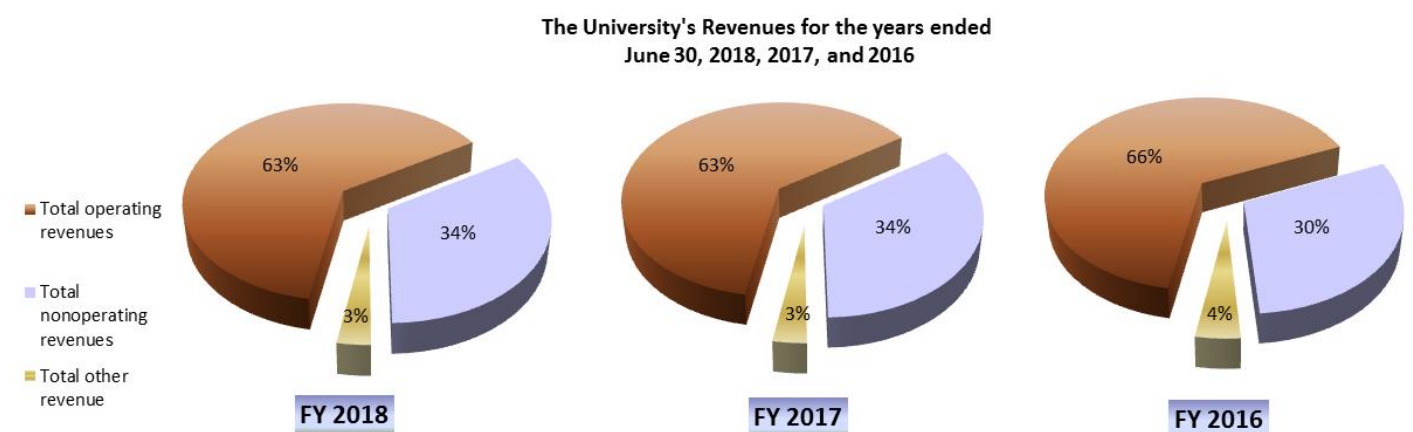
	2018	2017	2016	Increase (Decrease)			
				From 2017 to 2018		From 2016 to 2017	
				Amount	Percent	Amount	Percent
Unrestricted	\$ 345,558	\$ 394,159	\$ 563,556	\$ (48,601)	(12.3%)	\$ (169,397)	(30.1%)
Restricted:							
Expendable	901,976	817,397	880,025	84,579	10.3%	(62,628)	(7.1%)
Nonexpendable	309,407	313,885	304,669	(4,478)	(1.4%)	9,216	3.0%
Net investment in capital assets	1,660,626	1,718,883	1,632,111	(58,257)	(3.4%)	86,772	5.3%
<b>Total net position</b>	<b>\$ 3,217,567</b>	<b>\$ 3,244,324</b>	<b>\$ 3,380,361</b>	<b>\$ (26,757)</b>	<b>(0.8%)</b>	<b>\$ (136,037)</b>	<b>(4.0%)</b>

The University's unrestricted net position decreased \$48.6 million in fiscal year 2018 primarily due to an increase in deferred inflows of resources, partially offset by a decrease in accrued liabilities, specifically related to the net pension liability. The University's restricted expendable net position increased \$84.6 million in fiscal year 2018 due primarily to changes in market values related to endowments and the

recording of the University's net pension liability. The University's net investment in capital assets decreased \$58.3 million primarily due to increases in long-term debt partially offset by increases in capital assets.

## 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. Operating revenues are those generated by the University's principal ongoing operations such as tuition, sponsored research grants and contracts, and sales and services provided by the University's educational and self-supporting auxiliary units. State appropriations are reported as nonoperating revenues, as are gifts and other revenues, for which the University does not give equal value in exchange for the resources received. Operating revenues were 63, 63 and 66 percent of total revenues for fiscal years 2018, 2017 and 2016, respectively.





**The University's Operating, Nonoperating and Other Revenue for the years ended June 30, 2018, 2017 and 2016**  
(in thousands)

				Increase (Decrease)			
	2018	2017	2016	From 2017 to 2018		From 2016 to 2017	
				Amount	Percent	Amount	Percent
<b>Operating revenues</b>							
Grants and contracts	\$ 939,085	\$ 901,319	\$ 897,685	\$ 37,766	4.2%	\$ 3,634	0.4%
Student tuition and fees, net	797,329	774,827	751,418	22,502	2.9%	23,409	3.1%
Auxiliary enterprises, net	438,118	403,088	414,217	35,030	8.7%	(11,129)	(2.7%)
Educational activities	153,335	148,981	160,984	4,354	2.9%	(12,003)	(7.5%)
Other operating revenue *	108	114	83	(6)	(5.3%)	31	37.3%
<b>Total operating revenues</b>	<b>2,327,975</b>	<b>2,228,329</b>	<b>2,224,387</b>	<b>99,646</b>	<b>4.5%</b>	<b>3,942</b>	<b>0.2%</b>
<b>Nonoperating revenues</b>							
Federal appropriations	21,690	17,481	20,367	4,209	24.1%	(2,886)	(14.2%)
State appropriations	684,261	650,749	663,705	33,512	5.1%	(12,956)	(2.0%)
Grants, gifts, and other nonoperating, net	406,936	401,424	423,563	5,512	1.4%	(22,139)	(5.2%)
Net investment gain	166,226	147,380	19,175	18,846	12.8%	128,205	668.6%
<b>Total nonoperating revenues</b>	<b>1,279,113</b>	<b>1,217,034</b>	<b>1,126,810</b>	<b>62,079</b>	<b>5.1%</b>	<b>90,224</b>	<b>8.0%</b>
<b>Total other revenues</b>	<b>110,744</b>	<b>121,284</b>	<b>127,697</b>	<b>(10,540)</b>	<b>(8.7%)</b>	<b>(6,413)</b>	<b>(5.0%)</b>
<b>Total revenues (noncapital)</b>	<b>\$ 3,717,832</b>	<b>\$ 3,566,647</b>	<b>\$ 3,478,894</b>	<b>\$ 151,185</b>	<b>4.2%</b>	<b>\$ 87,753</b>	<b>2.5%</b>

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

Total revenues increased in fiscal year 2018 by \$151.2 million primarily due to increases in all categories of operating revenue, investment income, and both State and Federal appropriations. Operating revenues increased \$99.6 million or 4.5 percent mainly due to increases in grants and contracts which supports the University's mission related to Research and Discovery. Student tuition and fees increased 2.9 percent as a result of the fiscal year 2018 President's initiatives related to tuition increases. Increases were partially offset by the President's initiatives which include offsetting the resident undergraduate tuition increase for students with the greatest financial need by increased award levels for students eligible for federal Pell and Minnesota state grants, and holding graduate and professional tuition increases flat for certain disciplines to address concerns related to student debt.

Revenues from sales and services of educational activities increased \$4.4 million due to timing of normal business activity.

State appropriations increased \$33.5 million compared to a decrease of \$13.0 million in fiscal year 2017, increasing to \$684.3 million from \$650.7 million in fiscal year 2017. Effective fiscal year 2017, the State revised the process for the University to receive the appropriation from Minnesota environment and natural resources trust fund. The new process remits revenue to the University after expenses have been incurred and invoiced. New State appropriations for fiscal year 2018 included appropriations for the MNDrive Cancer Clinical Trials, Natural Resources Research Institute and Clean Water initiatives.

Tuition, educational and auxiliary activities and State appropriations, in addition to other sources of unrestricted revenue, funded a number of University priorities including competitive compensation plans for faculty and staff; various academic initiatives such as MNDrive; enhancement of services to students including technology improvements; upgrades to the financial aid process and freshman seminars; and increases in facilities costs. MNDrive, Minnesota's Discovery, Research, and InnoVation Economy is a landmark partnership between the University and the State of Minnesota that aligns areas of University research strength with the State's key and emerging industries to address grand challenges. In 2013, the Minnesota Legislature authorized an \$18 million recurring annual investment in four research areas:

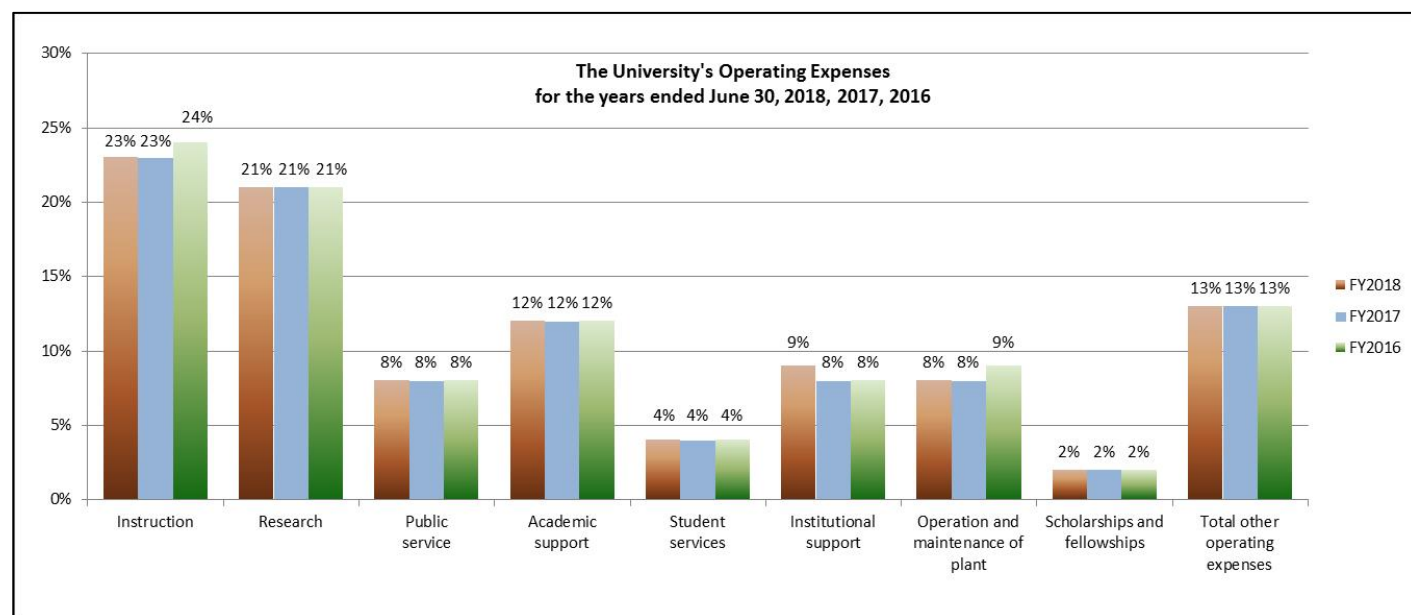


Robotics, Global Food, Environment, and Brain Conditions. In 2017, the State appropriated another \$4 million per year for a fifth research area: Cancer Clinical Trials.

Other significant sources of nonoperating revenue to the University included gifts in support of operating expenses of \$195.6 million, \$191.0 million, and \$200.1 million, and grants and gifts for capital purposes of \$35.7 million, \$42.2 million, and \$46.1 million in fiscal years 2018, 2017, and 2016, respectively.

For the year ended June 30, 2018, other revenues, which consist of capital appropriations, and capital endowments gifts and grants decreased \$10.5 million and \$6.4 million or 8.7 percent and 5.0 percent in fiscal years 2018 and 2017, respectively. Capital appropriation revenue is received as project expenses are incurred. As projects near completion, the revenue received decreases. During fiscal year 2018, several projects such as the Vet Isolation Facility and the Tate Science and Teaching Renovation were completed.

## Total Operating Expenses



**The University's Operating Expenses by Functional Category for the years ended June 30, 2018, 2017 and 2016**  
(in thousands)

	2018	2017	2016	Increase (Decrease)			
				From 2017 to 2018		From 2016 to 2017	
				Amount	Percent	Amount	Percent
<b>Education and general</b>							
Instruction	\$827,200	\$827,780	\$785,085	(\$580)	(0.1%)	\$42,695	5.4%
Research	768,137	763,410	688,241	4,727	0.6%	75,169	10.9%
Public service	285,251	304,268	256,375	(19,017)	(6.3%)	47,893	18.7%
Academic support	465,319	461,543	384,477	3,776	0.8%	77,066	20.0%
Student services	142,865	144,826	116,750	(1,961)	(1.4%)	28,076	24.0%
Institutional support	314,769	297,379	259,119	17,390	5.8%	38,260	14.8%
Operation and maintenance of plant	310,674	288,588	290,690	22,086	7.7%	(2,102)	(0.7%)
Scholarships and fellowships	64,589	62,060	60,414	2,529	4.1%	1,646	2.7%
Depreciation	221,797	208,645	212,969	13,152	6.3%	(4,324)	(2.0%)
<b>Total education and general</b>	<b>3,400,601</b>	<b>3,358,499</b>	<b>3,054,120</b>	<b>42,102</b>	<b>1.3%</b>	<b>304,379</b>	<b>10.0%</b>
<b>Other operating expenses</b>							
Auxiliary enterprises	297,711	292,784	256,432	4,927	1.7%	36,352	14.2%
Other operating expenses, net	120	294	157	(174)	(59.2%)	137	87.3%
<b>Total other operating expenses</b>	<b>297,831</b>	<b>293,078</b>	<b>256,589</b>	<b>4,753</b>	<b>1.6%</b>	<b>36,489</b>	<b>14.2%</b>
<b>Total operating expenses</b>	<b>\$3,698,432</b>	<b>\$3,651,577</b>	<b>\$3,310,709</b>	<b>46,855</b>	<b>1.3%</b>	<b>340,868</b>	<b>10.3%</b>

Total operating expenses remained relatively flat, increasing \$46.9 million or 1.3 percent in fiscal year 2018 compared to an increase of \$340.8 million or 10.3 percent in fiscal year 2017. Across almost all functional categories, salaries and compensation-related expenditures continued to represent the most significant expense to the University at \$2.4 billion or 65.5 percent, \$2.5 billion or 67.5 percent and \$2.1 billion or 62.5 percent of operating expenses in fiscal years 2018, 2017 and 2016, respectively. Compensation related expenditures decreased \$43.5 million or 1.8 percent compared to an increase of \$387.4 million or 18.6 percent in fiscal years 2018 and 2017, respectively. Decreases in compensation related expenditures in fiscal year 2018 are primarily due to the University's recording of GASB 68 and 71 pension expenses which resulted in decreases in fringe related expenses of \$25.1 million associated with the decrease in the net pension liability.

Increases in both Institutional Support and Operation and Maintenance of plant are due to various projects that were ramping up during fiscal year 2018. Institutional Support increased \$17.4 million during fiscal year 2018, primarily due to the Next Generation Network project, which started in fiscal year 2017. Operation and maintenance of plant expenses increased \$22.1 million during fiscal year 2018, primarily due to increased spending on projects, specifically the Mechanical Engineering Lab Programming, Phillips-Wangensteen Building CTSI Research Clinic, Shepherd Labs Robotics Laboratory and the UMD Sports and Health Center HVAC system.

## Consolidated Statements of Cash Flows

The University's cash flows for the years ended June 30, 2018, 2017 and 2016 (in thousands)							
	2018	2017	2016	Increase (Decrease)			
				From 2017 to 2018 Amount	Percent	From 2016 to 2017 Amount	Percent
<b>Cash (used in) provided by</b>							
Operating activities	\$ (1,019,820)	\$ (990,907)	\$ (975,099)	\$ (28,913)	(2.9%)	\$ (15,808)	(1.6%)
Noncapital financing activities	1,102,699	1,086,731	1,110,941	15,968	1.5%	(24,210)	(2.2%)
Capital and related financing activities	(142,775)	(264,733)	(149,195)	121,958	46.1%	(115,538)	(77.4%)
Investing activities	112,059	147,807	139,433	(35,748)	24.2%	8,374	(6.0%)
<b>Net increase (decrease) in cash</b>	<b>52,163</b>	<b>(21,102)</b>	<b>126,080</b>	<b>73,265</b>	<b>(347.2%)</b>	<b>(147,182)</b>	<b>(116.7%)</b>
<b>Cash, beginning of year</b>	<b>436,705</b>	<b>457,807</b>	<b>331,727</b>	<b>(21,102)</b>	<b>(4.6%)</b>	<b>126,080</b>	<b>38.0%</b>
<b>Cash, end of year</b>	<b>\$ 488,868</b>	<b>\$ 436,705</b>	<b>\$ 457,807</b>	<b>\$ 52,163</b>	<b>11.9%</b>	<b>\$ (21,102)</b>	<b>(4.6%)</b>

The Consolidated Statements of Cash Flows presents information about changes in the University's cash position using the direct method of reporting sources and uses of cash. The direct method reports all major cash inflows and outflows at gross amounts, differentiating these activities into cash flows arising from operating activities; noncapital financing such as nonexchange grants and contributions; capital financing, including bond proceeds from debt issued to purchase or construct buildings and other capital assets; and investing activities.

As illustrated in the above table, the University's cash and cash equivalents increased \$52.2 million compared to fiscal year 2017 due to capital and related financing activities, partially offset by decreased cash flows from investing activities.

## Operating Activities

The cash used by operating activities decreased \$28.9 million compared to fiscal year 2017 primarily due to the timing of normal business activities.

## Capital and Related Financing Activities

The cash used by capital and related financing activities decreased \$122.0 million primarily due to an increase in cash flow related from new debt issuances. During fiscal year 2018, the University issued \$423.3 million and \$32.0 million in new bond issuances and commercial paper, respectively, compared to \$50.1 million in new commercial paper in fiscal year 2017. The most significant sources of cash provided by noncapital financing activities included State appropriations totaling \$684.3 million and \$652.2 million, grants totaling \$200.9 million and \$201.1 million and gifts totaling \$186.6 million and \$204.9 million in 2018 and 2017, respectively. Cash inflows for capital acquisitions from State appropriations, gifts and

grants, and bonds issued during the year funded a portion of the University's equipment needs and ongoing renovation and construction initiatives.

## Investing Activities

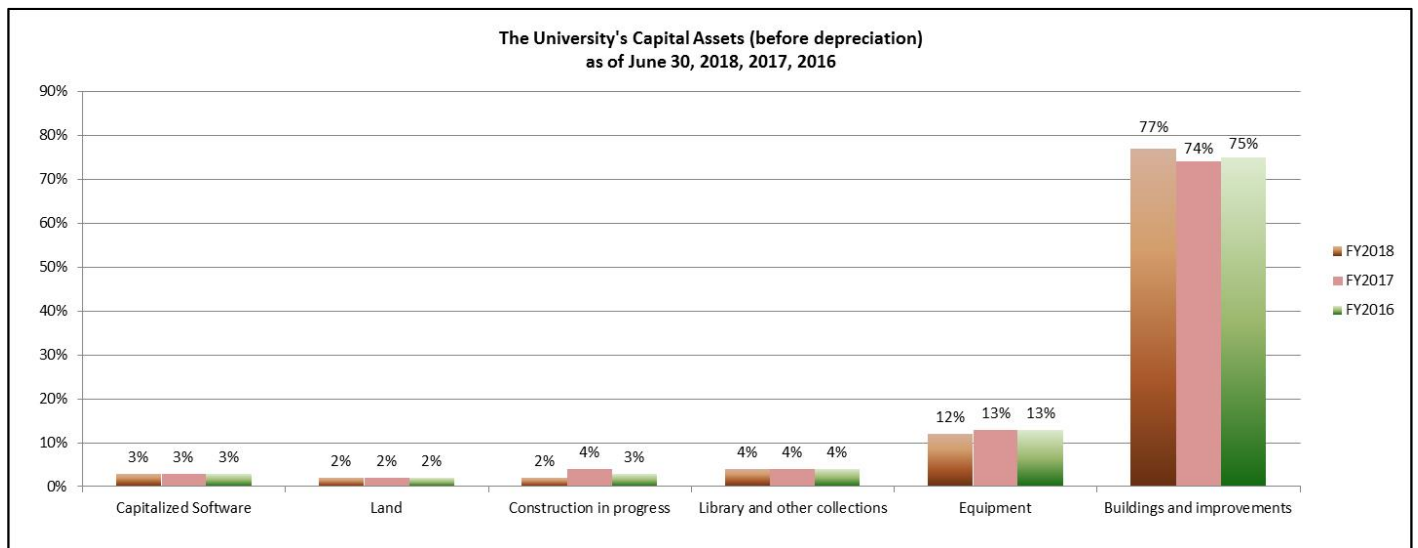
The University's endowment funds are invested to preserve the inflation-adjusted value of the endowment and to maximize total return within acceptable risk parameters. These objectives are benchmarked over three-to five-year periods.

Long-term endowment and other investments included increases from net unrealized gains on the endowment and other investments of \$96.7 million and \$81.8 million in fiscal years 2018 and 2017, respectively, compared to a decrease of \$77.0 million in fiscal year 2016. Annual distributions of the endowment to departments, partially offset by reinvested endowment earnings, decreased investments by \$59.7 million, \$56.4 million and \$53.5 million in fiscal years 2018, 2017 and 2016, 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 2018, 2017 and 2016.

## Capital and Debt Activities

The following charts illustrate the composition of capital assets before depreciation:



**The University's Capital Asset Categories (before depreciation) for the years ended June 30, 2018, 2017 and 2016**  
(in thousands)

				Increase (Decrease)			
	2018	2017	2016	From 2017 to 2018		From 2016 to 2017	
				Amount	Percent	Amount	Percent
<b>Capital assets (gross)</b>							
Buildings and improvements	\$ 5,043,935	\$ 4,693,313	\$ 4,563,316	\$ 350,622	7.5%	\$ 129,997	2.8%
Equipment	789,077	794,146	766,380	(5,069)	(0.6%)	27,766	3.6%
Library and other collections	254,804	248,229	240,627	6,575	2.6%	7,602	3.2%
Construction in progress	105,616	258,089	165,099	(152,473)	(59.1%)	92,990	56.3%
Land	162,735	154,416	150,160	8,319	5.4%	4,256	2.8%
Software and other intangibles	186,543	178,910	170,357	7,633	4.3%	8,553	5.0%
<b>Total capital assets (gross)</b>	<b>\$ 6,542,710</b>	<b>\$ 6,327,103</b>	<b>\$ 6,055,939</b>	<b>\$ 215,607</b>	<b>3.4%</b>	<b>\$ 271,164</b>	<b>4.5%</b>

Capital additions totaled \$272.5 million, \$331.1 million, and \$288.7 million in fiscal year 2018, 2017 and 2016, respectively. Fiscal year 2018 spending included the completion of the Intercollegiate Athletics Village, the Bell Museum Planetarium and the Tate Science and Teaching Renovation in addition to spending on existing projects such as the Chemical Sciences and Advanced Materials Building, the Pioneer Hall Renovation and the Health Sciences Education Center. Project spending continuing in fiscal year 2019 is projected to be \$17.9 million, \$79.6 million, and \$92.0 million for the Chemical Sciences and Advanced Materials Building, the Pioneer Hall Renovation and the Health Sciences Education Center, respectively. See Note 4 of the consolidated financial statements for more detailed information about capital assets.

Fiscal year 2018 debt activity included the issuance of General Obligation Bonds, Series 2017A, General Obligation Refunding Bonds, Series 2017B, General Obligation Taxable Refunding Bonds, Series 2017C and Commercial Paper Notes, Series G.

During fiscal year 2018, the Board of Regents authorized a revolving commercial paper facility through which the University may issue tax-exempt and taxable commercial paper notes for short or long-term financing of capital projects. The aggregate principal amount outstanding under the facility shall not exceed \$400 million.

Capital leases of \$2.7 million, \$3.1 million and \$2.3 million were issued in fiscal year 2018, 2017 and 2016, respectively. Refer to Note 5 for additional information.

### Factors Affecting Future Financial Condition

The University is the flagship research institution in the state of Minnesota. It has received historically strong support from the state – both for operations and facilities. The University's 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 a low cost of borrowing. Maintaining these competitive advantages, and managing operating costs, is more important than ever to the overall results of operations. The following provides some insights into the factors which could impact the University's financial position or results of operations in the future.

*State support for operations and maintenance* – The University is currently planning to request a 6.7 percent increase in base funding from the State of Minnesota for the FY 2020-2021 biennium. This increase, if fully funded, will allow the University to address its most pressing operational needs: competitive compensation, classroom and equipment maintenance, compliance with federal and state regulations, targeted investments in renewing research and technology infrastructure, the maintenance of core facilities used to support research, and a limited number of program enhancements. If not fully funded, the University will need to cover operating cost increases through other revenue increases and through operating cost containment and reallocation.

*State support for facilities and capital projects* – The University’s strategic priorities for capital investments are focused on 5 key areas:

- Address the backlog of facilities that are in poor or critical condition as determined by the Facilities Condition Assessment criteria;
- Make facilities investments to advance the Health Sciences;
- Modernize the research laboratories located at the St. Paul campus;
- Add physical capacity to expand science, technology, engineering, and math (STEM) programs; and
- Reposition the University’s libraries for the 21<sup>st</sup> Century

As a result of the 2018 Legislative session, the state provided \$79.4 million in new non-recurring funding to the University for capital projects across the system’s 5 campuses. The University’s 2019 state capital request tentatively includes \$200 million in funds for Higher Education Asset Preservation and Renewal (HEAPR) projects across the system, \$4.3 million for renovation of the A.B. Anderson Hall on the Duluth campus, and \$28 million for renewal and replacement of facilities for the Institute for Child Development on the Twin Cities campus.

The 2019 state capital request represents the second year in which the University has asked for the majority of funding in the form of HEAPR dollars, which are used for projects that preserve, maintain and renew existing University facilities. The University will increasingly focus its state capital requests on HEAPR as a strategy to avoid a worsening backlog of unfunded maintenance, and to preserve existing facilities.

*Federal funding* - The University ranks # 8 in federal funding for research and development, thanks to the productivity and ingenuity of its faculty. The tightening of the federal budget, the failure of the United States Congress to adopt annual budgets, which provide stability and predictability, and the policy directions of the Trump Administration have created a high level of uncertainty about federal funding for many universities. A significant decrease in federal funding would have negative consequences to the University’s research enterprise. To mitigate against this, the University has been successful in pursuing funding from other sources, including the state of Minnesota (MNDrive), and business and industry. Additionally, the University has been in the forefront in commercializing University inventions. Continued success in winning non-federal research funding, and commercializing technology developed at the University will be important to maintaining the University’s research enterprise.

*Undergraduate applications and enrollment* – The University has built a national reputation and a pipeline of non-resident / non-reciprocity undergraduate students. Beginning in 2017, the University embarked on a plan to increase the tuition for non-resident / non-reciprocity (NRNR) undergraduates. Tuition for NRNR students was increased by 15 percent for fiscal year 2018-2019. The University was able to maintain high levels of applications, enrollment and academic quality for the incoming class through aggressive work by its admissions staff. The University is tentatively planning for a 10 percent tuition increase for NRNR students as part of the fiscal year 2020 annual operating budget. Our ability to consistently find the point of equilibrium between price and demand will be important to maintain the tuition revenue stream.

*Expenses and cost containment* – The University’s primary operating costs are the salaries and benefits paid to a highly trained, world-class academic workforce. The University has been benchmarking the costs of delivering its core mission, and is in the final year of a six-year cost-containment program designed to reduce \$90 million in costs not directly related to its core mission. The savings are being reallocated to higher-priority direct mission activities. Cost containment is critical to making sure a University of Minnesota education is affordable. Upon the completion of the six-year program cost reallocation program, the University will need to continue its cost-containment efforts while finding new ways to reduce operating costs without impacting teaching, research, and outreach mission.

*The University's partnership with Fairview Health Services* – The University has a long-term academic affiliation agreement with Fairview Health Services (Fairview), the health care organization that purchased the University's on-campus hospital in 1996. During fiscal year 2018, the University engaged in negotiations with Fairview and University of Minnesota Physicians to create a new agreement that would provide better support to the University's academic and clinical medical enterprise. At a special meeting of the Board of Regents in September 2018, the Board approved the definitive agreements including:

- A new master agreement;
- A new branding agreement;
- New organizational and operational structures; and
- Significant increases in the levels of financial support provided to the Medical School.

The overall result of these new agreements is to “reset” the relationship between the University, Fairview, and the University's faculty practice plan to create a new joint clinical enterprise that will help the University and Fairview become a nationally renowned, high-performing academic health system. This new relationship is vital to supporting and strengthening the research, outreach, and medical education missions of the University of Minnesota Medical School. Refer to Note 12 for additional information.

**University of Minnesota**  
**Consolidated Statements of Net Position (Excluding Component Units)**  
June 30, 2018 and 2017 (in thousands)

		2018	2017
<b>Assets</b>			
Current assets			
	Cash and cash equivalents	\$ 463,460	\$ 387,772
	Short-term investments	263,676	163,201
	Receivables, net	309,741	270,118
	Inventories	19,389	20,075
	Student loans receivable, net	10,079	10,189
	Prepaid expenses	36,575	35,878
	Other assets	560	205
	Total current assets	1,103,480	887,438
Noncurrent assets			
	Restricted cash and cash equivalents	25,408	48,933
	Investments	1,897,897	1,928,589
	Receivables, net	11,039	11,869
	Student loan receivables, net	63,582	62,653
	Prepaid expenses	15,005	31,922
	Other assets	2,780	1,280
	Capital assets, net	3,185,317	3,141,059
	Total noncurrent assets	5,201,028	5,226,305
Total assets		6,304,508	6,113,743
<b>Deferred Outflows of Resources</b>		948,273	1,332,540
<b>Liabilities</b>			
Current liabilities			
	Accounts payable	137,764	139,589
	Accrued liabilities and other	315,696	309,116
	Unearned income	64,889	62,552
	Long-term debt	346,794	333,509
	Total current liabilities	865,143	844,766
Noncurrent liabilities			
	Accrued liabilities and other	1,250,400	2,051,375
	Unearned income	44	86
	Long-term debt	1,194,995	1,131,467
	Total noncurrent liabilities	2,445,439	3,182,928
Total liabilities		3,310,582	4,027,694
<b>Deferred Inflows of Resources</b>		724,632	174,265
<b>Net Position</b>			
	Unrestricted	345,558	394,159
	Restricted		
		Expendable	901,976
		Nonexpendable	309,407
	Net investment in capital assets	1,660,626	1,718,883
Total net position		\$ 3,217,567	\$ 3,244,324

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.



**University of Minnesota**  
**Component Units – Statements of Financial Position**  
June 30, 2018 and 2017 (in thousands)

	<b>University of Minnesota Foundation</b>		<b>University of Minnesota Physicians</b>	
	2018	2017	2018	2017
<b>Assets</b>				
Cash and cash equivalents	\$ 35,071	\$ 23,037	\$ 82,464	\$ 70,095
Investments, substantially at fair market value	2,654,606	2,483,444	21,750	16,335
Pledges receivable, net	204,696	199,838		
Accounts and other receivables	42,459	40,870	111,075	103,466
Interest in charitable lead trusts, unitrusts, pooled income, and trusts	86,446	87,844		
Gift annuities	30,876	32,163		
Property and equipment, net	85,284	62,185	5,760	3,834
Prepays and other assets			2,831	15,517
Total assets	3,139,438	2,929,381	223,880	209,247
<b>Liabilities</b>				
Accounts payable and accrued liabilities	24,294	25,773	122,938	94,405
Gift annuities payable	16,313	17,419		
Unitrusts, pooled income, and annuity trusts payable	11,016	11,173		
Investments held for custody of others	261,608	256,809		
Long-term debt	47,828	48,662	2,531	
Total liabilities	361,059	359,836	125,469	94,405
<b>Net Assets</b>				
Unrestricted	123,385	115,784	98,411	114,842
Temporarily restricted	1,413,280	1,281,096		
Permanently restricted	1,241,714	1,172,665		
Total net assets	2,778,379	2,569,545	98,411	114,842
Total liabilities and net assets	\$ 3,139,438	\$ 2,929,381	\$ 223,880	\$ 209,247

*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, 2018 and 2017 (in thousands)

			2018	2017
<b>Revenues</b>				
Operating revenues	Student tuition and fees, net of scholarship allowances of \$294,095 in 2018; \$280,203 in 2017		\$ 797,329	\$ 774,827
	Federal grants and contracts		453,498	439,410
	State and other government grants		85,741	73,720
	Nongovernmental grants and contracts		399,846	388,189
	Student loan interest income		1,998	1,828
	Sales and services of educational activities, net of scholarship allowances of \$45 in 2018; \$47 in 2017		151,337	147,153
	Auxiliary enterprises, net of scholarship allowances of \$12,106 in 2018; \$10,475 in 2017		438,118	403,088
	Other operating revenues		108	114
Total operating revenues			2,327,975	2,228,329
<b>Expenses</b>				
Operating expenses	Education and general	Instruction	827,200	827,780
		Research	768,137	763,410
		Public service	285,251	304,268
		Academic support	465,319	461,542
		Student services	142,865	144,826
		Institutional support	314,769	297,379
		Operation & maintenance of plant	310,674	288,588
		Scholarships & fellowships	64,589	62,060
		Depreciation	221,797	208,645
	Auxiliary enterprises		297,711	292,784
	Other operating expenses, net		120	294
Total operating expenses			3,698,432	3,651,576
<b>Operating Loss</b>			(1,370,457)	(1,423,247)
<b>Nonoperating Revenues (Expenses)</b>				
			21,690	17,481
			684,261	650,749
			204,018	203,044
			195,612	191,042
			166,226	147,380
			(46,157)	(51,107)
			7,306	7,338
Net nonoperating revenues			1,232,956	1,165,927
<b>Loss Before Other Revenues</b>			(137,501)	(257,320)
			74,587	78,130
			35,711	42,178
			446	976
Total other revenues			110,744	121,284
<b>Decrease In Net Position</b>			(26,757)	(136,036)
Net position at beginning of year			3,244,324	3,380,360
Net position at end of year			\$ 3,217,567	\$ 3,244,324

*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, 2018 and 2017 (in thousands)

	<b>University of Minnesota Foundation</b>				
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total 2018</b>	<b>Total 2017</b>
<b>Revenues</b>					
Contributions	\$ 358	\$ 187,443	\$ 65,642	\$ 253,443	\$ 224,019
Investment income, net	3,778	9,081	94	12,953	10,112
Net realized and unrealized gains on investments	4,924	163,656		168,580	159,827
Change in value of trusts	(2)	(838)	3,313	2,473	803
Support services revenue	7,165			7,165	7,243
UMF - Real Estate Advisors rental revenue	6,572			6,572	5,983
University Gateway Corporation revenue	4,787			4,787	4,463
Other revenue	1,854			1,854	2,325
Net assets released from restriction	227,158	(227,158)			
Total revenues	256,594	132,184	69,049	457,827	414,775
<b>Expenses</b>					
Program services					
Distributions for educational purposes	188,482			188,482	235,964
Support services					
Management and general	10,274			10,274	10,305
Fund-raising	37,960			37,960	35,775
UMF - Real Estate Advisors	6,476			6,476	6,712
University Gateway Corporation	5,801			5,801	4,970
Total expenses	248,993			248,993	293,726
Increase in net assets	7,601	132,184	69,049	208,834	121,049
Net assets at beginning of year	115,784	1,281,096	1,172,665	2,569,545	2,448,496
Net assets at end of year	\$ 123,385	\$ 1,413,280	\$ 1,241,714	\$ 2,778,379	\$ 2,569,545

*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, 2018 and 2017 (in thousands)

	<b>University of Minnesota Physicians</b>	
	<b>Total (unrestricted)</b>	
	<b>2018</b>	<b>2017</b>
<b>Revenues</b>		
Net patient service revenue	\$ 184,259	\$ 178,875
Investment income, net	625	860
Net realized and unrealized losses on investments	(82)	(32)
Equity in income of equity method investees	(16,150)	(13,975)
Other revenue	402,402	371,636
Total revenues	571,054	537,364
<b>Expenses</b>		
Program services		
Health care services	532,378	497,400
Support services		
Management and general	55,107	49,174
Total expenses	587,485	546,574
Decrease in net assets	(16,431)	(9,210)
Net assets at beginning of year	114,842	124,052
Net assets at end of year	\$ 98,411	\$ 114,842

*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, 2018 and 2017 (in thousands)

	2018	2017
<b>Cash Flows From Operating Activities</b>		
Grants and contracts (federal, state, nongovernmental, other)	\$ 912,244	\$ 909,351
Student tuition and fees	797,185	774,812
Auxiliary enterprises	439,505	404,552
Sales and services of educational activities	148,961	152,356
Collection of loans to students	12,262	11,754
Other operating revenues	109	185
Payments to employees for services	(1,724,571)	(1,680,344)
Payments to suppliers for goods and services	(978,280)	(968,090)
Payments for fringe benefits	(565,039)	(534,094)
Payments for scholarships and fellowships	(50,257)	(49,723)
Loans issued to students	(11,939)	(11,666)
Net cash used by operating activities	(1,019,820)	(990,907)
<b>Cash Flows From Noncapital Financing Activities</b>		
State appropriations	684,261	652,209
Grants for other than capital purposes	200,903	201,120
Gifts for other than capital purposes	186,607	204,877
Federal appropriations	19,171	12,273
Other nonoperating revenues, net	10,449	15,689
Private gifts for endowment purposes	446	976
Direct lending receipts	375,479	376,633
Direct lending disbursements	(375,306)	(378,951)
Agency transactions	689	1,905
Net cash provided by noncapital financing activities	1,102,699	1,086,731
<b>Cash Flows From Capital and Related Financing Activities</b>		
Proceeds from capital debt	178,538	50,100
Capital appropriations	72,377	80,750
Capital grants and gifts	34,072	47,465
Proceeds from sale of capital assets	1,482	1,538
Principal received on notes receivable	785	731
Interest received on notes receivable	477	503
Issuance of notes receivable	(84)	
Purchases of capital assets	(279,992)	(304,544)
Principal paid on capital debt	(94,617)	(82,936)
Interest paid on capital debt	(55,813)	(58,340)
Net cash used by capital and related financing activities	(142,775)	(264,733)
<b>Cash Flows From Investing Activities</b>		
Proceeds from sales and maturities of investments	17,942,965	7,575,389
Purchase of investments	(17,896,905)	(7,496,118)
Investment income, net	65,999	68,536
Net cash provided by investing activities	112,059	147,807
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	52,163	(21,102)
<b>Cash and Cash Equivalents at Beginning of Year</b>	436,705	457,807
<b>Cash and Cash Equivalents at End of Year</b>	\$ 488,868	\$ 436,705

**University of Minnesota**  
**Consolidated Statements of Cash Flows (Excluding Component Units)**  
Years ended June 30, 2018 and 2017 (in thousands)

**Reconciliation of Net Operating Revenues (Expenses)  
to Net Cash Used by Operating Activities**

	2018	2017
Operating loss	\$ (1,370,457)	\$ (1,423,247)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	221,797	208,645
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources		
Receivables, net	(30,871)	12,141
Inventories	681	1,926
Prepaid and other items	14,355	(41,643)
Deferred outflows of resources	287,610	310,122
Accounts payable	4,942	1,746
Accrued liabilities	98,902	38,344
Unearned income	2,596	(133)
Deferred inflows of resources	(249,375)	(98,808)
Net cash used by operating activities	\$ (1,019,820)	\$ (990,907)

**Noncash Investing, Capital, and Financing Activities**

Unrealized gains on investments	\$ 109,358	\$ 82,982
Capital assets on account	29,546	46,666
Net unsettled investment trades	15,606	(32,958)
Amortization of bond discount/premium	6,025	5,877
Net gain on retirement of debt	3,799	
Contribution of capital assets	3,023	2,009
Capital assets acquired with capital lease	2,717	3,057

**Cash and Cash Equivalents at End of Year**

Cash and cash equivalents	\$ 463,460	\$ 387,772
Restricted cash and cash equivalents	25,408	48,933
Total cash and cash equivalents at end of year	\$ 488,868	\$ 436,705

*The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.*

## Notes to Consolidated Financial Statements

Years ended June 30, 2018 and 2017 (in thousands)

### 1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies

#### Organization

The University of Minnesota (the University) is both a state land-grant university, with a strong tradition of education and public service, and a major research institution serving the State of Minnesota through five campuses: Crookston, Duluth, Morris, Rochester, and Twin Cities.

The University is considered a constitutional corporation and an agency of the State of Minnesota. As a result of this unique status, authority to govern the University is reserved to the Board of Regents rather than state law. The University complies with state law when specifically included by statute or when compliance does not conflict with the University's ability to accomplish its mission and purpose as established by the constitution of the State of Minnesota.

**Tax Status**—The Internal Revenue Service (IRS) has ruled that the University is an integral part of the State of Minnesota. Therefore, the University is generally exempt from federal income taxes, although certain activities are subject to federal unrelated business income tax.

#### Reporting Entity

The financial reporting entity for the University of Minnesota includes the financial results of the five campuses and, as required under Governmental Accounting Standards Board (GASB) Statement No. 61, (GASB 61), *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, 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 Unit**—The University has one component unit that provides services entirely for the University's own benefit. As a result, GASB 61 requires blended presentation—combining the component unit and University financial information together, displayed as one entity.

#### RUMINCO, Ltd.

RUMINCO, Ltd. is a wholly owned single parent captive insurance company. Although it is legally separate from the University, RUMINCO, Ltd. is reported as if it were part of the University because its sole purpose is to handle medical malpractice, general liability, directors' and officers' liability, and automobile liability on behalf of the University.

**Discretely Presented Component Units**—The University's financial statements include the financial data of two tax-exempt component units. They are reported in separate columns on separate pages. GASB 61 requires discrete presentation of component units when either the resources held by these entities can only be used by, or for the benefit of, the University or its component units; or the component units are closely related to, or financially integrated with the University.

## **University of Minnesota Foundation**

The University of Minnesota Foundation (UMF) is a legally separate, tax-exempt organization dedicated to raising and managing private gifts to benefit the University of Minnesota. The Board of Trustees of the UMF consists of between 30 and 45 members and includes the President of the University of Minnesota. One-fourth of the members of the Board of Trustees are appointed by the University. Although the UMF is an independent organization, the majority of resources that it holds and invests, including income from its investments, are restricted by donors to the activities of the University. The factor that contributes to UMF being classified as a discretely presented component unit relates to the significant resources UMF holds on behalf of the University. The University has access to these resources.

During fiscal years 2018 and 2017, the UMF distributed \$226,239 and \$267,482, respectively, to the University. Complete financial statements for the University of Minnesota Foundation can be obtained from the UMF office, McNamara Alumni Center, 200 Oak Street S.E., Suite 500, Minneapolis, MN 55455.

## **University of Minnesota Physicians**

University of Minnesota Physicians (UMP) is a legally separate, tax-exempt clinical practice organization for the faculty of the University of Minnesota School of Medicine. The Board of UMP consists of at least 25 and not more than 29 voting directors, ex-officio voting directors, and ex-officio non-voting directors. Included in the composition of UMP's board of directors is the dean of the University of Minnesota Medical School, faculty, and department heads of the University Medical School totaling 19 members. Based on the University appointing a voting majority of board members, the University has the ability to impose its will on UMP, as management and direction of the business and affairs of UMP is vested in the board. As a result, this contributes to UMP being classified as a discretely presented component unit.

During fiscal years 2018 and 2017, UMP distributed \$97,819 and \$96,953, respectively, to the University. Complete financial statements for University of Minnesota Physicians can be obtained from the Chief Financial Officer, 720 Washington Ave S.E., Suite 200, Minneapolis, MN 55414.

## **Component Units**

The University's discretely presented component units are nonprofit organizations, organized under IRS Code Section 501(c)(3). These units report under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. The component units' financial data has been aggregated into like categories for presentation purposes and is shown in these statements in thousands.

## **Joint Ventures**

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which participants retain an ongoing financial interest or an ongoing financial responsibility.

### **2407 University Investment, LLC**

The University is a participant in a joint venture, 2407 University Investment, LLC with United Properties Investment, LLC. The joint venture owns and operates a hotel and acts as a lessor of a restaurant on property adjacent to the Twin Cities campus. The joint venture also provides the University the opportunity to plan with United Properties Investment, LLC future redevelopment of the parcel of land. It is governed by a five



member board of governors, for which the University shall have the right to appoint two of the governors. In addition, the University has a 49 percent membership with an equity interest of \$1,489 and \$1,280 as of June 30, 2018 and 2017, 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 2018 and 2017, the University received \$416 and \$416, respectively, in interest income. As of June 30, 2018 and 2017, \$8,750 in principal remains outstanding. Complete financial statements can be obtained from 2407 University Investment, LLC, c/o United Properties Investment, LLC, 3600 American Blvd, Ste. 750, Minneapolis, MN 55431.

## **Financial Statement Presentation**

The financial statements have been prepared in accordance with accounting principles prescribed by GASB. These statements are prepared on a consolidated, entity-wide basis. All significant inter-fund balances have been eliminated upon consolidation.

## **Basis of Accounting**

The University is considered to be a special purpose government engaged primarily in business type activities (BTA). As a BTA, the University prepares its financial statements using the accrual basis of accounting and the economic-resources-measurement focus. Under the accrual basis of accounting, revenues and expenses are recognized when earned or incurred, respectively.

## **Significant Accounting Policies**

**Cash and Cash Equivalents**—For purposes of the statement of cash flows, the University defines cash and cash equivalents as highly liquid, short-term (90 days or less) investments that bear little or no market risk. The intent of the Consolidated Endowment Fund (CEF), the Group Income Pool (GIP), and the Separately Invested Funds (SIF) is long-term appreciation. Any cash balances held at the date of the statements are due to the timing of reinvesting the proceeds within the funds.

**Investments**—Investments 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 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 uses derivative instruments for a variety of purposes. Financial futures are used to maintain investment portfolio asset allocations in accordance with institutional policy and to enhance the investment returns of certain asset classes. Forward foreign exchange contracts are used to protect against foreign currency exposure; gas commodity forward contracts are used to synthetically fix the price of other physical gas purchases used for University consumption; and interest rate swaps are used to manage the cost of debt. Financial futures and forward foreign exchange contracts are recorded on the contract date and are carried at fair value using listed price quotations or amounts that approximate fair value. The University is required to post collateral, typically U.S. Treasury bills, for derivative contracts held. Collateral required by these

contracts is monitored daily and required deposits or withdrawals are made as necessary. In general, the University follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Minnesota, for donor-restricted endowments. Under UPMIFA, the Board of Regents determines the prudent amount of realized and unrealized endowment appreciation to be allocated to fund current operations. Investment of the realized or unrealized appreciation in excess of the annual spending limits is discussed in Note 2.

**Inventories**—Inventories held for resale are carried at the lower of cost (first-in, first-out) or market value. Other inventories are carried primarily at cost, which approximates market value.

**Receivables and Student Loan Receivables, Net**—Receivables and student loan receivables are shown net of estimated allowance for uncollectible accounts.

**Restricted Cash and Cash Equivalents**—Restricted cash and cash equivalents represent unspent bond proceeds, which are externally restricted for the construction or purchase of buildings or other capital assets. Although these funds meet the University's definition of cash and cash equivalents, they are recorded as long-term assets, as these funds are required to be used for long-term capital projects.

**Capital Assets**—Land, buildings, and other property are recorded at cost, if purchased or constructed or at market value on the date of gift, if received by gift or bequest. Depreciation is determined using the straight-line method, based on the estimated useful lives of the assets. Interest that qualified for interest capitalization is \$4,033 and \$1,165 for fiscal years 2018 and 2017, respectively.

The University entered into a direct financing lease related to the Clinic and Surgery Center with Fairview Health and University of Minnesota Physicians (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 current fiscal year contributions made to the University's participation in certain State of Minnesota cost-sharing, multiple employer defined benefit plans, as well as changes in actuarial assumptions and methods 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 UPlan other postemployment benefits (OPEB) 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 10. 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 changes in the actuarial assumptions and methods used to calculate the NPL related to the University's participation in the State of Minnesota's cost-sharing, multiple employer defined benefit plans, as well as changes in the University's proportionate share in the NPL. Additional information regarding pensions is discussed in Note 6. In addition, a portion of the balance is attributed to the University's UPlan other postemployment benefits (OPEB) 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 10. 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 following three components:

- **Unrestricted:** Net position that has no external restriction imposed. Unrestricted net position may be designated for specific purposes by the Board of Regents or subject to contractual limitations, but generally are designated to fund the academic, research, and public service mission of the University.

- **Restricted:**

*Expendable*—Net position that is restricted for specific purposes by grantors, donors, or law. Restrictions on these assets are released when the University complies with the stipulations required by the grantor, donor, or legislative act.

*Nonexpendable*—Net position that is required to be retained permanently by the University. These assets represent the principal portion (historical value) of gifts to the University's true and life endowment funds, and institutional contributions to refundable loan programs.

- **Net investment in capital assets:** Net investment in capital assets represents capital assets net of accumulated depreciation and outstanding debt used to purchase, construct, or improve such assets. If debt has been incurred but not yet expended for capital assets, these unspent proceeds are classified as restricted-expendable net position.

If both restricted and unrestricted resources are to be used for the same purpose, the resources are used in accordance with applicable instructions of the grantor, donor, or law.

**Revenue Recognition**—The University recognizes exchange revenue in accordance with GASB Statement No. 34 (GASB 34), *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, when the University receives and gives up essentially equal values, and recognizes

nonexchange revenue in accordance with GASB Statement No. 33 (GASB 33), *Accounting and Financial Reporting for Nonexchange Transactions*, when the University receives something of value without directly giving something of equal value in exchange.

**Revenue and Expense Classifications**—The University has classified revenues and expenses as operating or nonoperating based upon the following criteria:

- **Operating revenues:** Revenues that result from exchange activities that contribute to the University's mission of Research and Discovery; Teaching and Learning; and Outreach and Public Service. Exchange activities are transactions where the amount received approximates the fair market value of the goods or services given up. The University considers student tuition and fees (net of scholarship allowances), most grants and contracts, interest on student loans, and sales and services of auxiliary and educational activities (net of scholarship allowances) to be exchange transactions.
- **Nonoperating revenues:** Revenues that represent nonexchange activities. The primary sources of these revenues are federal and state appropriations, gifts, capital grants, federal and state financial aid grants (such as Pell and Supplemental Educational Opportunity Grants), and other nonexchange grants and contracts. Although the University relies upon these revenue sources to fund the cost of operations, the grantor or donor is not the direct recipient of the goods or services delivered under the grant or gift terms. Insurance recovery proceeds are also generally classified as nonoperating revenues as part of other nonoperating revenues, net, which total \$2,241 and \$2,809 for fiscal years 2018 and 2017, respectively, as well as legal settlements.
- **Operating expenses:** Expenses that are paid to acquire or produce goods and services in return for operating revenues. The University has classified operating expenses based upon their functional classification. Operating expenses by natural classification are presented in Note 11.
- During fiscal years 2018 and 2017, departmental research in nonsponsored accounts of \$239,214 and \$225,561 respectively, was recorded as research and depreciation expense.
- **Nonoperating expenses:** Expenses incurred in the performance of activities that are not directly related to generating University operating revenues, such as interest on capital asset-related debt.

**Cumulative Effect of Change in Accounting Principle**—In fiscal year 2018, the University implemented GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and retrospectively recorded the cumulative effect to prior fiscal years. As a result, the University's fiscal year 2017 financial statements were restated as follows:

<b>Consolidated Statement of Net Position</b>	<b>Originally Published 2017</b>	<b>Change</b>	<b>Restated 2017</b>
Total assets	\$ 6,116,546	\$ (2,803)	\$ 6,113,743
Total deferred outflows of resources	1,328,796	3,744	1,332,540
Total liabilities	4,140,232	(112,538)	4,027,694
Total deferred inflows of resources	174,042	223	174,265
Total net position	<u>\$ 3,131,068</u>	<u>\$ 113,256</u>	<u>\$ 3,244,324</u>

<b>Consolidated Statement of Revenues, Expenses, and Changes in Net Position</b>	<b>Originally Published 2017</b>	<b>Change</b>	<b>Restated 2017</b>
Total operating revenues	\$ 2,228,329		\$ 2,228,329
Total operating expenses	(3,668,090)	\$ 16,514	(3,651,576)
Operating loss	(1,439,761)	16,514	(1,423,247)
Net nonoperating revenues	1,165,927		1,165,927
Loss before other revenues	(273,834)	16,514	(257,320)
Total other revenues	121,284		121,284
Decrease in net position	(152,550)	16,514	(136,036)
Net position at beginning of year	3,283,618	96,742	3,380,360
Net position at end of year	<u>\$ 3,131,068</u>	<u>\$ 113,256</u>	<u>\$ 3,244,324</u>

Additional information regarding other postemployment benefits is discussed in Note 10.

**Use of Estimates**—To prepare the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates and assumptions. These estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas that require the use of management's estimates relate to investment valuations, accounts payable, allowances for uncollectible accounts, self-insurance reserves, scholarship discounts and allowances, arbitrage rebates, and vacation pay and pension accruals.

### **New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued new accounting standards that may be applicable to the University effective in future fiscal years.

GASB Statement No. 83 (GASB 83), *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. It establishes the criteria for recognition of a liability and corresponding deferred outflow of resources, as well as requiring disclosure of information related to AROs. The provisions of GASB 83 are effective for fiscal year 2019.

GASB Statement No. 84 (GASB 84), *Fiduciary Activities*, establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) when the University is controlling the assets of the

fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria apply to identify fiduciary component units and postemployment benefit arrangements. An activity meeting the criteria will require the University to present a statement of fiduciary net position and a statement of changes in fiduciary net position. GASB 84 also provides guidance on recognition of a liability to the beneficiaries in a fiduciary fund when the University is obligated to disburse fiduciary resources. The provisions of GASB 84 are effective for fiscal year 2020.

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 this Statement, 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 2021.

GASB Statement No. 88 (GASB 88), *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, improves the information that is disclosed in the notes to the financial statements related to debt, including direct borrowings and direct placements. This includes additional essential information related to unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The provisions of GASB 88 are effective for fiscal year 2019.

GASB Statement No. 89 (GASB 89), *Accounting for Interest Cost Incurred before the End of a Construction Period*, requires interest cost the University incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, this interest cost incurred will no longer be included in the historical cost of a capital asset. The provisions of GASB 89 are effective for fiscal year 2021.

GASB Statement No. 90 (GASB 90), *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if the University's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held for fiduciary purposes or in an endowment. The provisions of GASB 90 are effective for fiscal year 2020.

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, 2018 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, 2018:

	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	\$ 442,520	\$ 20,119	\$ 772			\$ 49	\$ 463,460
Short-term investments	235,889	27,719	68				263,676
Total current assets	678,409	47,838	840			49	727,136
Restricted cash and cash equivalents					\$ 25,408		25,408
Long-term investments							
Fixed income	374,453	260,952	70,090			15,426	720,921
Public equity		399,913				32,747	432,660
Private capital		453,307		\$ 5,034			458,341
Inflation hedges		147,115					147,115
Other		138,624		23		213	138,860
Total noncurrent investments	374,453	1,399,911	70,090	5,057		48,386	1,897,897
Total cash and investments	\$ 1,052,862	\$ 1,447,749	\$ 70,930	\$ 5,057	\$ 25,408	\$ 48,435	\$ 2,650,441

The following table summarizes cash and investments, including RUMINCO, Ltd., a wholly-owned captive insurance company, as of June 30, 2017:

	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	\$ 367,910	\$ 19,131	\$ 671			\$ 60	\$ 387,772
Short-term investments	132,828	30,230	143				163,201
Total current assets	500,738	49,361	814			60	550,973
Restricted cash and cash equivalents					\$ 48,933		48,933
Long-term investments							
Fixed income	509,246	264,399	70,265			15,753	859,663
Public equity		440,310				29,501	469,811
Private capital		313,939		\$ 4,854			318,793
Inflation hedges		141,945					141,945
Other		138,281		20		76	138,377
Total noncurrent investments	509,246	1,298,874	70,265	4,874		45,330	1,928,589
Total cash and investments	\$ 1,009,984	\$ 1,348,235	\$ 71,079	\$ 4,874	\$ 48,933	\$ 45,390	\$ 2,528,495

## Fair Value Measurements

GASB Statement No. 72 (GASB 72), *Fair Value and Measurement and Application*, 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 Financial Accounting Standards Board (FASB) measurement principles for investment companies.

The following table summarizes investments according to the fair value hierarchy and NAV, including RUMINCO, Ltd., a wholly-owned captive insurance company, as of June 30, 2018:

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
<b>Fixed income</b>				
US agency		\$ 223,308		\$ 223,308
US Treasury		230,535		230,535
Mortgage-backed securities		100,284		100,284
Return generating fixed income	\$ 52,805	22,689		75,494
Risk mitigating fixed income	92,584			92,584
<b>Listed equity</b>				
Global developed equity	111,678			111,678
Diversifiers	39,517	27,695		67,212
<b>Private capital</b>			\$ 5,034	5,034
<b>Other</b>	92	2,489		2,581
<b>Total</b>	296,676	607,000	5,034	908,710
<b>Investments measured at net asset value (NAV)</b>				1,252,863
<b>Total investments</b>				<u>\$ 2,161,573</u>



The following table summarizes investments according to the fair value hierarchy and NAV, including RUMINCO, Ltd., a wholly-owned captive insurance company, as of June 30, 2017:

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
<b>Fixed income</b>				
US agency		\$ 376,975		\$ 376,975
US Treasury		120,260		120,260
Mortgage-backed securities		104,023		104,023
Return generating fixed income	\$ 51,100	22,447		73,547
Risk mitigating fixed income	104,499			104,499
<b>Listed equity</b>				
Global developed equity	159,811			159,811
Diversifiers	43,574	30,230		73,804
<b>Private capital</b>			\$ 4,854	4,854
<b>Other</b>	1,226	2,336		3,562
<b>Total</b>	360,210	656,271	4,854	1,021,335
<b>Investments measured at net asset value (NAV)</b>				1,070,455
<b>Total investments</b>				<u>\$ 2,091,790</u>

GASB 72 also requires additional disclosure information related to investments valued using NAV.

The following table summarizes NAV investments as of June 30, 2018:

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private capital	\$ 453,215	\$ 253,028	None	None
Fixed income	161,443	92,720	None, monthly, or annually	None; 15 or 60 days
Global equity	232,931		None or monthly	None; 1 day, 2 days, or 30 days
Hedge fund	138,622		Bi-monthly or semi-annually	75 or 90 days
Real estate	68,997	30,491	None or quarterly	None or 30 days
Natural resources	66,869	29,166	None	None
Other	130,786	13,693	None, daily, weekly, or quarterly	None; 2 days, 5 days or 45 days
<b>Total</b>	<u>\$ 1,252,863</u>	<u>\$ 419,098</u>		

The following table summarizes NAV investments as of June 30, 2017:

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private capital	\$ 312,713	\$ 178,818	None	None
Fixed income	211,014	76,086	None or daily, monthly, or annually	None; 2, 15, or 60 days
Global equity	216,332		None or monthly	None or 30 days
Hedge fund	138,245	35,741	None, bi-monthly, or semi-annually	None or 75 days
Real estate	80,540	42,429	None	None
Natural resources	57,335	39,502	None	None
Other	54,276	24,508	None, weekly, or quarterly	None; 5 or 45 days
<b>Total</b>	<u>\$ 1,070,455</u>	<u>\$ 397,084</u>		

**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 of Regents (Board) establishes the investment policies and objectives for all University funds. RUMINCO, Ltd., a wholly-owned captive insurance company, has an independent Board of Directors that establishes the investment policies and objectives for its reserves. Guidelines to manage the investment pools are described below:

**Temporary Investment Pool (TIP)—Short-Term Reserves**—The TIP funds are intended to meet the current obligations of the University. The investment objectives for the TIP are to maximize current income and investment returns, maintain sufficient liquidity for University operations, and provide backup liquidity for certain University short-term or variable-rate debt obligations. The pool may invest in money market funds, corporate obligations, and U.S. government and agency securities, within specified credit quality and term constraints.

The Board's Investment of Reserves policy allows for up to 30 percent of the pool to be invested in the Consolidated Endowment Fund (CEF) or other illiquid fixed income securities. As of June 30, 2018 and 2017, the market value of the TIP assets invested in the CEF was \$136,406 and \$132,664, respectively. These assets are reported in the total cash and investments of the CEF. In addition, the Investment of Reserves policy guidelines include the following: average duration of four years or less for the entire pool and maximum duration of seven years for any individual holding; average credit quality of A1/A+ or better; no use of leverage; and credit ratings of investment grade defined as Baa3/BBB- or better by Moody's or Standard & Poor's. Retention of a lower rated security requires approval by the President or delegate with notification to the Board.

For June 30, 2018 and 2017, the TIP's average Standard & Poor's credit rating was AA- and AA, respectively.

**Consolidated Endowment Fund (CEF)**—The CEF represents the pooling of funds from both public and private sources for which donor intent, law, or institutional decree determines the principal amount that must be invested in perpetuity or other specified time frames. The funds are invested to achieve an inflation-adjusted rate of return, after expenses are deducted, that exceeds the current payout rate of 4.5 percent of the average of the endowment’s trailing month-end market values for the prior 60 months. The Board reserves the authority to approve asset allocation ranges for this pool. For fiscal years ended June 30, 2018 and 2017, \$57,865 and \$54,705, 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 Financial Accounting Standards Board 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, 2018 and 2017, the fair value of the GIP assets invested in the CEF was \$15,255 and \$14,668, 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 (Note 9) whose principal activities are the insurance of certain risks to the University. Coverage includes: commercial general and professional liability, non-profit organization liability, business auto liability and excess automobile liability. RUMINCO insurance agreements limit the exposure to loss on a per-occurrence and annual aggregate basis.

The investment objectives for the liability reserves, which cover specific known and expected claims, are capital preservation and near term liquidity. The investment objectives for the capital surplus in excess of the liability reserves are to maximize the total return within acceptable risk parameters and to achieve at least 400 basis points of return above the inflation rate over multiple year periods.

**Components of the Net Investment Income**—Components of the net investment income (loss) include interest, dividends, realized and unrealized gains or losses and all changes in fair market value on investments. Investment income is current year investment income that could include net increase or decrease in fair market values of investments from prior years.

## 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, 2018:

Fixed income securities	Value	Maturity	AA or better	BBB to A	BB or lower	Not rated
Cash & equivalents	\$ 316,716		100			
Mortgage-backed securities	100,284	18.1	100			
US agency	223,308	0.8	100			
US Treasury	230,535	2.2	100			
Mutual funds	268,364	5.8	66	14	20	
Total marketable fixed income securities	1,139,207	3.5				
Private fixed income securities	77,301					
Total fixed income securities	\$ 1,216,508					

The following table summarizes the TIP, CEF, GIP, and RUMINCO credit and interest rate exposures as of June 30, 2017:

Fixed income securities	Value	Maturity	AA or better	BBB to A	BB or lower	Not rated
Cash & equivalents	\$ 298,846		100			
Mortgage-backed securities	104,023	18.3	100			
US agency	376,975	1.4	100			
US Treasury	120,260	3.3	100			
Mutual funds	298,013	5.3	39	61		
Total marketable fixed income securities	1,198,117	3.7				
Private fixed income securities	51,727					
Total fixed income securities	\$ 1,249,844					

**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, 2018, and 2017, 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, 2018 and 2017:

<b>Investment type</b>	<b>Foreign currency</b>	<b>Market value 2018</b>	<b>Market value 2017</b>
Equity/Debt/RE	Euro	\$ 65,383	\$ 67,786
Equity	Japanese Yen	29,029	31,613
Equity	British Pound Sterling	17,542	32,702
Equity	Australian Dollar	4,531	6,548
Equity	Canadian Dollar	4,422	8,504
Equity/Debt	Hong Kong Dollar	2,910	7,426
Equity/Debt	Swedish Krona	2,769	4,900
Equity	Norwegian Krone	2,082	1,770
Equity	Singapore Dollar	1,945	2,241
Equity	Swiss Franc	1,783	6,943
Equity	New Taiwan Dollar	1,287	8,116
Equity	Israeli Shekel	980	1,388
Equity	South Korean Won	836	14,092
Equity	New Zealand Dollar	670	1,060
Equity/Debt	Mexican Peso	623	11,575
Equity	Malaysian Ringgit	581	801
Equity	South African Rand	448	6,135
Equity/Debt	Brazilian Real	372	12,288
Equity	Danish Krone	357	1,263
Equity	Thailand Baht	356	1,482
Equity	Qatari rial	191	
Equity/Debt	Turkish Lira	118	
Equity	Indonesian Rupiah	95	3,741
Equity/Debt	Philippine Peso	19	663
Equity	Polish Zloty	11	202
Equity	Czech Koruna	1	
Equity	Argentine Peso		3,894
Equity	Chinese Renminbi		3,024
Equity	Indian Rupee		1,541
Equity/Debt	Russian Ruble		400
Equity/Debt	Turkish Lira		393
Equity	Uruguay Peso		109
Equity	Chile Peso		92
Equity	Other currency		11,017
<b>Total</b>		<b>\$ 139,341</b>	<b>\$ 253,709</b>

**Securities Lending**—The University does not participate in a direct securities lending program.

### **Financial Institution Credit Risk**

**Deposits**—Depository credit risk is the risk that in the event of a bank failure, the University's deposits may not be recovered. Deposits held in noninterest-bearing transaction accounts are now aggregated with any

interest-bearing deposits that are held in the same ownership category, and the FDIC insured amount is \$250 thousand. As of June 30, 2018 the University's bank balances of \$316,095 were uninsured and uncollateralized and as of June 30, 2017 the University's bank balances of \$298,257 were uninsured and uncollateralized.

**Investments**—Custodial credit risk is the risk that, in the event of failure of the counterparty, the University may not be able to recover the value of its investments held in custodial accounts. As of June 30, 2018 and 2017, the market value of investments held in the custodial accounts was \$610,342 and \$642,074 in TIP; \$155,379 and \$180,687 in CEF; and \$22,689 and \$22,447 in GIP, respectively.

### 3. Other Asset and Liability Information

Receivables, net, and student loans receivable as of June 30, 2018, consisted of the following:

	Current	Noncurrent	Total
State and federal appropriations	\$ 9,171		\$ 9,171
Sponsored grants and contracts	89,639		89,639
Notes receivable	879	\$ 11,037	11,916
Student receivables	25,453		25,453
Trade receivables	165,921		165,921
Accrued interest	2,654		2,654
Other	29,057	2	29,059
Allowance for uncollectible accounts	(13,033)		(13,033)
Total receivables, net	\$ 309,741	\$ 11,039	\$ 320,780
Student loans receivable	13,194	64,224	77,418
Allowance for uncollectible accounts	(3,115)	(642)	(3,757)
Student loans receivable, net	\$ 10,079	\$ 63,582	\$ 73,661

Accrued liabilities as of June 30, 2018, consisted of the following:

	Current	Noncurrent	Total
Trade liabilities	\$ 22,256	\$ 738	\$ 22,994
Compensation and benefits	209,290	1,164,425	1,373,715
Self-insurance reserves	43,282	12,054	55,336
Accrued interest	16,227		16,227
Refundable advances		54,744	54,744
Other	24,641	18,439	43,080
Total accrued liabilities	\$ 315,696	\$ 1,250,400	\$ 1,566,096

Activity for certain liabilities consisted of the following for the year ended June 30, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated balances	\$ 2,173,285	\$ 205,750	\$ (1,005,320)	\$ 1,373,715	\$ 209,290
Self-insurance reserves (see Note 9)	52,001	291,369	(288,034)	55,336	43,282
Refundable advances	54,262	482		54,744	
Other	42,253	43,080	(42,253)	43,080	24,641

Receivables, net, and student loans receivable, net, as of June 30, 2017, consisted of the following:

	Current	Noncurrent	Total
State and federal appropriations	\$ 6,652		\$ 6,652
Sponsored grants and contracts	83,337		83,337
Notes receivable	750	\$ 11,867	12,617
Student receivables	22,797		22,797
Trade receivables	140,401		140,401
Accrued interest	2,114		2,114
Other	26,539	2	26,541
Allowance for uncollectible accounts	(12,472)		(12,472)
Total receivables, net	\$ 270,118	\$ 11,869	\$ 281,987
Student loans receivable	13,193	63,286	76,479
Allowance for uncollectible accounts	(3,004)	(633)	(3,637)
Student loans receivable, net	\$ 10,189	\$ 62,653	\$ 72,842

Accrued liabilities as of June 30, 2017, consisted of the following:

	Current	Noncurrent	Total
Trade liabilities	\$ 21,463	\$ 1,678	\$ 23,141
Compensation and benefits	203,957	1,969,328	2,173,285
Self-insurance reserves	38,766	13,235	52,001
Accrued interest	15,549		15,549
Refundable advances		54,262	54,262
Other	29,381	12,872	42,253
Total accrued liabilities	\$ 309,116	\$ 2,051,375	\$ 2,360,491

Activity for certain liabilities consisted of the following for the year ended June 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated balances	\$ 496,096	\$ 1,875,665	\$ (198,476)	\$ 2,173,285	\$ 203,957
Self-insurance reserves (see Note 9)	47,170	273,488	(268,657)	52,001	38,766
Refundable advances	53,903	359		54,262	
Other	48,198	42,253	(48,198)	42,253	29,381



#### 4. Capital Assets

Capital assets, net as of June 30, 2018, consisted of the following:

	Beginning balance	Additions	Transfers	Retirements & Reductions	Ending balance
<b>Depreciable / amortizable capital assets</b>					
Buildings and improvements	\$ 4,056,558	\$ 11,996	\$ 342,941	\$ (295)	\$ 4,411,200
Leasehold improvements	15,795	226	294		16,315
Equipment	794,146	47,702	1,045	(53,816)	789,077
Infrastructure	459,970		(1,720)		458,250
Library and reference books	163,166	3,500			166,666
Capitalized software (intangible asset)	172,004	7,633			179,637
All other intangible assets	6,903				6,903
Total depreciable / amortizable capital assets	5,668,542	71,057	342,560	(54,111)	6,028,048
<b>Non-depreciable / amortizable capital assets</b>					
Land	154,416	8,124	195		162,735
Direct financing lease - building	160,990			(2,820)	158,170
Museums and collections	85,063	2,775	300		88,138
Construction in progress	258,090	190,581	(343,055)		105,616
Permanent right-of-way easements (intangible asset)	3				3
Total non-depreciable / amortizable capital assets	658,562	201,480	(342,560)	(2,820)	514,662
<b>Accumulated depreciation / amortization</b>					
Buildings and improvements	(2,027,477)	(127,812)	(17)	291	(2,155,015)
Leasehold improvements	(9,852)	(3,353)			(13,205)
Equipment	(584,121)	(57,914)		50,158	(591,877)
Infrastructure	(293,678)	(14,086)	17		(307,747)
Library and reference books	(126,958)	(5,753)			(132,711)
Capitalized software (intangible asset)	(137,887)	(12,451)			(150,338)
All other intangible assets	(6,072)	(428)			(6,500)
Total accumulated depreciation / amortization	(3,186,045)	(221,797)		50,449	(3,357,393)
Capital assets, net	\$ 3,141,059	\$ 50,740		\$ (6,482)	\$ 3,185,317
<b>Summary</b>					
Depreciable / amortizable capital assets	\$ 5,668,542	\$ 71,057	\$ 342,560	\$ (54,111)	\$ 6,028,048
Non-depreciable / amortizable capital assets	658,562	201,480	(342,560)	(2,820)	514,662
Total capital assets	6,327,104	272,537		(56,931)	6,542,710
Less accumulated depreciation / amortization	(3,186,045)	(221,797)		50,449	(3,357,393)
Capital assets, net	\$ 3,141,059	\$ 50,740		\$ (6,482)	\$ 3,185,317



Capital assets, net as of June 30, 2017, consisted of the following:

	<b>Beginning balance</b>	<b>Additions</b>	<b>Transfers</b>	<b>Retirements &amp; Reductions</b>	<b>Ending balance</b>
<b>Depreciable / amortizable capital assets</b>					
Buildings and improvements	\$ 3,930,703		\$ 125,855		\$ 4,056,558
Leasehold improvements	13,591	\$ 1,916	288		15,795
Equipment	766,380	75,466	9,448	\$ (57,148)	794,146
Infrastructure	455,329		4,641		459,970
Library and reference books	157,460	5,706			163,166
Capitalized software (intangible asset)	163,189	8,815			172,004
All other intangible assets	7,165	(262)			6,903
Total depreciable / amortizable capital assets	5,493,817	91,641	140,232	(57,148)	5,668,542
<b>Non-depreciable / amortizable capital assets</b>					
Land	150,160	4,334		(78)	154,416
Direct financing lease - building	163,693			(2,703)	160,990
Museums and collections	83,167	1,731	165		85,063
Construction in progress	165,099	233,388	(140,397)		258,090
Permanent right-of-way easements (intangible asset)	3				3
Total non-depreciable / amortizable capital assets	562,122	239,453	(140,232)	(2,781)	658,562
<b>Accumulated depreciation / amortization</b>					
Buildings and improvements	(1,914,679)	(112,803)	4	1	(2,027,477)
Leasehold improvements	(7,782)	(2,070)			(9,852)
Equipment	(575,586)	(59,272)		50,737	(584,121)
Infrastructure	(278,361)	(15,313)	(4)		(293,678)
Library and reference books	(120,235)	(6,723)			(126,958)
Capitalized software (intangible asset)	(125,947)	(11,940)			(137,887)
All other intangible assets	(5,547)	(525)			(6,072)
Total accumulated depreciation / amortization	(3,028,137)	(208,646)		50,738	(3,186,045)
Capital assets, net	\$ 3,027,802	\$ 122,448		\$ (9,191)	\$ 3,141,059
<b>Summary</b>					
Depreciable / amortizable capital assets	\$ 5,493,817	\$ 91,641	\$ 140,232	\$ (57,148)	\$ 5,668,542
Non-depreciable / amortizable capital assets	562,122	239,453	(140,232)	(2,781)	658,562
Total capital assets	6,055,939	331,094		(59,929)	6,327,104
Less accumulated depreciation / amortization	(3,028,137)	(208,646)		50,738	(3,186,045)
Capital assets, net	\$ 3,027,802	\$ 122,448		\$ (9,191)	\$ 3,141,059

## 5. Long-Term Debt

Long-term debt as of June 30, 2018, consisted of the following:

	Original issued amount (par)	Fiscal year issued	Coupon rates	Due at various dates through fiscal year	FY 2018 beginning balance	Additions	Reductions	FY 2018 ending balance	Current portion
General obligation bonds									
Series 2017A (tax-exempt)	\$ 117,095	2018	2.00%-5.00%	2043		\$ 117,095		\$ 117,095	2,585
Series 2017B (tax-exempt)	292,955	2018	2.00%-5.00%	2037		292,955	\$ 37,185	255,770	33,300
Series 2017C (tax-exempt)	13,240	2018	1.375%-2.915%	2029		13,240	1,195	12,045	985
Series 2016A (tax-exempt)	122,475	2016	3.00%-5.00%	2041	\$ 119,850		2,800	117,050	2,900
Series 2015B (taxable)	10,110	2016	0.799%-4.039%	2032	9,585		530	9,055	535
Series 2014B (tax-exempt)	145,760	2015	2.00%-5.00%	2044	142,975		2,895	140,080	2,980
Series 2013D (taxable)	12,760	2014	0.60%-4.848%	2039	11,825		360	11,465	365
Series 2013B (taxable)	13,780	2013	2.60%-3.75%	2038	12,275		415	11,860	430
Series 2013A (tax-exempt)	73,570	2013	2.00%-5.00%	2038	65,985		2,070	63,915	2,130
Series 2011D (tax-exempt)	53,610	2012	2.00%-5.00%	2037	47,400		47,400		
Series 2011C (taxable)	19,335	2012	0.90%-4.56%	2037	16,875		565	16,310	585
Series 2011A (tax-exempt)	335,270	2011	2.00%-5.50%	2037	204,020		204,020		
Series 2010B (taxable)	41,720	2011	0.74%-5.02%	2036	34,185		1,385	32,800	1,410
Series 2010D (taxable)	27,200	2010	3.86%-5.768%	2030	25,610		1,630	23,980	1,675
Series 2009D (taxable)	37,330	2009	6.30%	2029	37,330			37,330	
Series 2009C (tax-exempt)	44,625	2009	1.50%-5.00%	2022	20,380		20,380		
Series 2009B (taxable)	17,035	2009	2.50%-6.00%	2029	12,085		12,085		
Series 2009A (tax-exempt)	41,000	2009	3.00%-5.25%	2034	32,505		32,505		
Commercial paper notes, Series A (tax-exempt)	159,100	2006	1.24%-1.65%	2019	80,000		12,000	68,000	68,000
Commercial paper notes, Series B (tax-exempt)	61,000	2007	1.22%-1.64%	2019	31,000		3,100	27,900	27,900
Commercial paper notes, Series C (tax-exempt)	70,000	2008	1.25%-1.54%	2019	36,500		3,500	33,000	33,000
Commercial paper notes, Series D (tax-exempt)	25,000	2010	1.38%	2019	15,300		1,000	14,300	14,300
Commercial paper notes, Series E (taxable)	51,620	2015	1.90%-2.04%	2019	49,420		2,200	47,220	47,220
Commercial paper notes, Series F (tax-exempt)	50,100	2017	1.18%-1.64%	2019	50,100		2,000	48,100	48,100
Commercial paper notes, Series G (tax-exempt)	32,000	2018	1.60%	2019		32,000		32,000	32,000
Obligations to the State of Minnesota pursuant to Infrastructure development bonds	109,234	1995-2006	3.55%-5.29%	2026	11,324		2,790	8,534	2,392
Special purpose revenue bonds, Series 2015A (tax-exempt)	90,075	2016	2.00%-5.00%	2032	85,490		4,745	80,745	4,995
Special purpose revenue bonds, Series 2013C (tax-exempt)	35,395	2014	2.00%-5.00%	2039	33,325		885	32,440	930
Special purpose revenue bonds, Series 2011B (tax-exempt)	52,485	2012	3.00%-5.00%	2037	47,075		1,415	45,660	1,490
Special purpose revenue bonds, Series 2010A (tax-exempt)	111,400	2011	3.00%-5.00%	2036	96,770		3,215	93,555	3,375
Unamortized premiums and discounts	197,106	2009-2018		2044	103,712	67,300	37,487	133,525	6,821
Capital leases and other		1999-2018	2.78%-4.21%	2025	32,075	2,718	6,737	28,056	6,391
<b>Total</b>	<b>\$ 2,463,385</b>				<b>\$1,464,976</b>	<b>\$ 525,308</b>	<b>\$ 448,494</b>	<b>\$ 1,541,790</b>	<b>\$ 346,794</b>

Long-term debt as of June 30, 2017, consisted of the following:

	Original issued	Fiscal year issued	Coupon rates	Due at various	FY 2017 beginning	Additions	Reductions	FY 2017 ending	Current portion
General obligation bonds									
Series 2016A (tax-exempt)	\$ 122,475	2016	3.00%-5.00%	2041	\$ 122,475		\$ 2,625	\$ 119,850	\$ 2,800
Series 2015B (taxable)	10,110	2016	0.799%-4.039%	2032	10,110		525	9,585	530
Series 2014B (tax-exempt)	145,760	2015	2.00%-5.00%	2044	145,760		2,785	142,975	2,895
Series 2013D (taxable)	12,760	2014	0.60%-4.848%	2039	12,180		355	11,825	360
Series 2013B (taxable)	13,780	2013	2.60%-3.75%	2038	12,675		400	12,275	415
Series 2013A (tax-exempt)	73,570	2013	2.00%-5.00%	2038	67,995		2,010	65,985	2,070
Series 2011D (tax-exempt)	53,610	2012	2.00%-5.00%	2037	48,745		1,345	47,400	1,415
Series 2011C (taxable)	19,335	2012	0.90%-4.56%	2037	17,425		550	16,875	565
Series 2011A (tax-exempt)	335,270	2011	2.00%-5.50%	2037	228,990		24,970	204,020	26,320
Series 2010B (taxable)	41,720	2011	0.74%-5.02%	2036	35,545		1,360	34,185	1,385
Series 2010D (taxable)	27,200	2010	3.86%-5.768%	2030	27,200		1,590	25,610	1,630
Series 2009D (taxable)	37,330	2009	6.30%	2029	37,330			37,330	
Series 2009C (tax-exempt)	44,625	2009	1.50%-5.00%	2022	23,895		3,515	20,380	3,680
Series 2009B (taxable)	17,035	2009	2.50%-6.00%	2029	12,800		715	12,085	745
Series 2009A (tax-exempt)	41,000	2009	3.00%-5.25%	2034	33,730		1,225	32,505	1,270
Commercial paper notes, Series A (tax-exempt)	159,100	2006	0.85%-0.96%	2018	91,000		11,000	80,000	80,000
Commercial paper notes, Series B (tax-exempt)	61,000	2007	0.85%-0.88%	2018	34,000		3,000	31,000	31,000
Commercial paper notes, Series C (tax-exempt)	70,000	2008	0.93%-0.96%	2018	40,000		3,500	36,500	36,500
Commercial paper notes, Series D (tax-exempt)	25,000	2010	0.95%	2018	15,300			15,300	15,300
Commercial paper notes, Series E (taxable)	51,620	2015	0.97%-1.05%	2018	51,620		2,200	49,420	49,420
Commercial paper notes, Series F (tax-exempt)	50,100	2017	0.78%-0.913%	2018		\$ 50,100		50,100	50,100
Obligations to the State of Minnesota pursuant to Infrastructure development bonds	109,234	1995-2006	3.55%-5.29%	2026	14,391		3,067	11,324	2,790
Special purpose revenue bonds, Series 2015A (tax-exempt)	90,075	2016	2.00%-5.00%	2032	90,075		4,585	85,490	4,745
Special purpose revenue bonds, Series 2013C (tax-exempt)	35,395	2014	2.00%-5.00%	2039	34,170		845	33,325	885
Special purpose revenue bonds, Series 2011B (tax-exempt)	52,485	2012	3.00%-5.00%	2037	48,425		1,350	47,075	1,415
Special purpose revenue bonds, Series 2010A (tax-exempt)	111,400	2011	3.00%-5.00%	2036	99,825		3,055	96,770	3,215
Unamortized premiums and discounts	141,034	2009-2016		2044	109,589		5,877	103,712	5,877
Capital leases and other		1999-2016	2.15%-4.21%	2025	35,382	3,057	6,364	32,075	6,182
<b>Total</b>	<b>\$ 1,952,023</b>				<b>\$1,500,632</b>	<b>\$ 53,157</b>	<b>\$ 88,813</b>	<b>\$ 1,464,976</b>	<b>\$ 333,509</b>

## General Obligation Bonds

On September 28, 2017, the University issued General Obligation (GO) Bonds, Series 2017A, GO Refunding Bonds, Series 2017B, and GO Taxable Refunding Bonds, Series 2017C.

The Series 2017A was issued in the par amount of \$117,095 at coupon rates of 2.0 – 5.0 percent with a premium of \$23,068. Proceeds are being used to finance various capital projects including a portion of the Athletes Village Project, construction of a new Track and Field Facility, construction of a new veterinary bio-containment facility, various renovations of existing space, and property acquisition and demolition activities.

The Series 2017B was issued in the par amount of \$292,955 at coupon rates of 2.0 – 5.0 percent with a premium of \$44,233 to advance refund and defease the University's GO Bonds Series 2009A, Series 2009C, Series 2011A and Series 2011D. A gain of \$4,548 was recognized on the transaction. Debt service savings totaling a net present value of \$27,043, calculated using a discount rate of 2.152 percent to the date of refunding, will be realized over the life of the bond series.

The Series 2017C was issued in the par amount of \$13,240 at coupon rates of 1.375 – 2.915 percent to advance refund and defease the University's GO Taxable Bonds Series 2009B. A loss of \$749 was recognized on the transaction. Debt service savings totaling a net present value of \$1,523, calculated using a discount rate of 2.564 percent to the date of refunding, will be realized over the life of the bond series.

Net proceeds of the Series 2017B and Series 2017C were deposited in escrow accounts to pay the principal and interest due on each of the five series of refunded bonds, including their respective redemption dates, and to pay the redemption prices of the refunded bonds on their redemption dates.

On April 13, 2016, the University issued GO Bonds, Series 2016A in the par amount of \$122,475. The proceeds are being used to finance various capital projects including improvements to the Combined Heat and Power Plant, renovation of the Tate Science and Teaching Building, research laboratory improvements, and construction of a new James Ford Bell Museum and Planetarium, all on the Twin Cities campus and construction of a new Wellness Center on the Crookston campus. The Series 2016A bonds were issued at coupon rates of 3.0 – 5.0 percent with a premium of \$25,286.

On August 26, 2015, the University issued GO Taxable Bonds, Series 2015B in the par amount of \$10,110 at coupon rates of 0.799 – 4.039 percent. Proceeds are being used to finance the predesign and design of improved health education and clinical research facilities to meet the needs of the Medical School and the Academic Health Center on the Twin Cities campus. Savings realized through the refunding of the Special Purpose Revenue Bonds Series 2006 allowed the University to issue the Series 2015B bonds. The State of Minnesota provides reimbursement for the annual debt service on these bonds.

The University has outstanding GO Taxable Bonds, Series 2010D, Series 2010B and Series 2009D. These Series are Build America Bonds – Direct Payment to Issuer, whereby the University expects to receive a 35 percent annual interest subsidy from the Federal Government for the life of the bonds. Interest payments are due August 1 and February 1 on the Series 2010D and Series 2010B, and June 1 and December 1 on the Series 2009D. Due to the implementation of federal sequestration effective with the subsidy payment received beginning June 1, 2013, the subsidy payments received have been reduced by 6.6 percent and 6.9 percent in the federal fiscal years ending September 30, 2018 and 2017, respectively.

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**

On August 26, 2015, the University issued Special Purpose Revenue Refunding Bonds, Series 2015A in the par amount of \$90,075 to defease and refund the Special Purpose Revenue Bonds Series 2006. Net proceeds were deposited in an escrow account to pay the principal and interest due on the Series 2006 bonds to and including August 1, 2016 and to pay the redemption price of the Series 2006 bonds maturing on or after August 1, 2016. The Series 2015A bonds were issued at coupon rates of 2.0 – 5.0 percent with a premium of \$14,170. A gain of \$2,050 was recognized on the transaction. 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 of Minnesota will be the maximum annual appropriation of \$10,250 to reimburse the University for the annual debt service on these bonds, the Series 2015B GO Taxable Bonds, and for other University purposes.

The University issued three series of Special Purpose Revenue Bonds for the State Supported Biomedical Science Research Facilities Funding Program in fiscal years 2011, 2012 and 2014. The proceeds were used to fund a portion of the costs of construction of one or more biomedical science research facilities. State of

Minnesota legislation provides for an annual appropriation to reimburse the University for the annual debt service on these bonds.

### **Commercial Paper Notes**

On October 12, 2017, the Board of Regents authorized a revolving commercial paper (CP) facility through which the University may issue tax-exempt and taxable CP Notes 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 the previously-issued Notes Series A – F still outstanding and additional Notes Series G – I to be issued.

On June 21, 2018, the University issued CP Notes Series G in the initial amount of \$32,000 at an annual rate of 1.6 percent with a maturity date of 61 days. The proceeds will be used to pay for a portion of the cost of the Athletes Village Project.

On February 15, 2017, the University issued tax exempt CP Notes Series F in the amount of \$50,100 at initial rates of 0.65 – 0.78 percent. The proceeds are being used for renovation of the Old Main Heating Plant located on the Twin Cities campus.

In addition, the University has outstanding tax-exempt CP Notes, Series A, B, C, and D, and taxable CP Notes Series E, which were issued to defease outstanding bond obligations and to finance University purchases of land and buildings, construction and remodeling projects, and the acquisition and installation of equipment.

The commercial paper 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 \$25,602 and \$33,973 as of June 30, 2018 and 2017, respectively, of which the University owes \$8,534 and \$11,324, respectively.

### **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 purchase of fleet vehicles. As of June 30, 2018, the associated capital assets were \$55,799 for buildings and \$14,593 for vehicles with related accumulated depreciation of \$34,924 and \$7,413, respectively. The capital leases bear interest rates between 2.78 percent and 4.21 percent, with none of the leases extending beyond fiscal year 2025. The third-party financing agreement bears interest tied to the 30 Day LIBOR Index, which ranged from 2.78 - 3.65 percent during the fiscal year ended June 30, 2018. The LIBOR Index is an average yield of interbank offered rates for one-year US dollar denominated deposits.

## Interest Rate Swaps

The University's last remaining freestanding pay-fixed and receive-variable interest rate swap, which was considered an ineffective hedge, matured on August 28, 2017. There are no outstanding interest rate swaps as of June 30, 2018.

## Future Debt Service Requirements

Commercial paper interest payments will vary depending on current market conditions from week to week. Using rates as of June 30, 2018, 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						
2019	\$ 69,884	\$ 270,520	\$ 6,391	\$ 346,795	\$ 56,061	\$ 402,856
2020	58,866		6,007	64,873	49,632	114,505
2021	60,514		5,953	66,467	46,952	113,419
2022	62,746		3,448	66,194	40,812	107,006
2023	54,549		2,958	57,507	41,609	99,116
2024-2028	304,749		3,299	308,048	169,286	477,334
2029-2033	293,328			293,328	101,743	395,071
2034-2038	221,490			221,490	48,368	269,858
2039-2043	108,112			108,112	13,352	121,464
2044-2049	8,976			8,976	350	9,326
	\$ 1,243,214	\$ 270,520	\$ 28,056	\$ 1,541,790	\$ 568,165	\$ 2,109,955

## 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. The defeased bonds are as follows:

Associated bond issue	Refunding date	Amount defeased	Refunded amount	Amount outstanding on June 30, 2018	Bond call date
General obligation bonds Series 1996A	10/2/2005	159,000	159,000	\$ 68,000	7/1/2021

The Series 2006 Special Purpose Revenue Bonds were issued December 14, 2006 to finance a portion of the cost of the TCF Bank Stadium on the Twin Cities campus. They were defeased on August 26, 2015 with a recognized gain of \$2,050. The bonds were redeemed on August 1, 2016 and are no longer outstanding.

The Series 1982A bonds were issued in December, 1982 to finance the construction of and equipment acquisition for the University Hospital and Clinics. They were defeased in fiscal year 1985, resulting in a recognized loss of \$13,945. The bonds were redeemed on December 1, 2016 and are 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 Commercial Paper Notes, Series A in October 2005 were used to defease the remaining



outstanding Series 1996A bonds. There was no gain or loss incurred with the defeasance of the Series 1996A bonds.

Neither the outstanding indebtedness nor the related trust account assets for the defeased bonds are included in the University's consolidated financial statements.

## **Arbitrage**

University general obligation and special purpose debt issuances issued after the Federal Tax Reform Act of 1986 are subject to federal arbitrage regulations. This results when earnings on the invested gross proceeds of a bond issue exceed the issuer's tax-exempt borrowing rates. The University continues to monitor and report any arbitrage in accordance with the Internal Revenue Code. The University had no arbitrage liability as of June 30, 2018 or 2017.

## **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.

### **Cost-sharing, multiple-employer plans**

#### **Defined Benefit Plans**

##### **United States Government (Federal) Retirement Plans**

All University employees with federal benefits work for the University of Minnesota Extension (Extension) or its partner colleges; College of Food, Agricultural and Natural Resources Science (CFANS), College of Design, and College of Education and Human Development. These employees were grandfathered in, allowing them to keep their federal benefits, which were formerly offered exclusively to Extension staff. No new participants are being accepted into the federal retirement plans listed below. An exception would be granted to allow for a new participant when an appointment transfers from another Extension service. Questions regarding the federal plans listed below, including requests for financial statements and required supplementary information can be directed to the United States Office of Personnel Management (OPM), 1900 E Street N.W., Washington, DC 20415.

##### **Civil Service Retirement System (CSRS)**

The Civil Service Retirement System (CSRS) is a federal program that provides retirement benefits for approximately nine employees who work for the University. Participation is limited to those who initially entered federal service prior to January 1, 1984, and have been continuously employed since December 31, 1983, or before, or have had a break in federal service of one year or less since 1984. It is closed to new members. Retirement benefits are based on years and months of service. CSRS provides full retirement benefits at age 55 with 30 years of service, age 60 with 20 years of service, or age 62 with 5 years of service. Deferred benefits are payable at age 62 with 5 years of service. The annuity formula provides 1.5 percent of average salary for the first five years of service, 1.75 percent for the next five years, and 2.0 percent for any remaining service, up to a maximum of 80 percent of average salary (based on the highest three consecutive years of salary).

## Civil Service Retirement System Offset Retirement (CSRS Offset)

The Civil Service Retirement System Offset Retirement (CSRS Offset) is administered in conjunction with the standard CSRS by the OPM. It provides retirement benefits for two employees who work for the University. Participation is limited to federal employees who had at least five years of creditable civilian federal service prior to January 1, 1987, and had rejoined federal service since January 1, 1984, after a break of CSRS coverage of more than one year; or were hired before January 1, 1984, and acquired CSRS interim coverage (precursor to CSRS Offset coverage) between 1984 and 1987.

## Federal Employees Retirement System (FERS)

The Federal Employees Retirement System (FERS) is a federal program that provides retirement benefits for approximately 67 employees who work for the University. In general, all civilian service employees newly hired on or after January 1, 1984, are mandatorily covered by FERS. In addition, employees rehired after January 1, 1984, who had less than five years of prior civilian service as of December 31, 1986, are mandatorily covered by FERS. Using Social Security as a base, FERS provides an additional defined benefit and a voluntary thrift savings plan. An employee who receives a new appointment can often elect FERS coverage voluntarily during the first six months of the appointment. FERS provides full retirement benefits at the "Minimum Retirement Age" (MRA) with 30 years of service, at age 60 with 20 years of service, or at age 62 with 5 years of service. The MRA is 55 for those born before 1948, and incrementally increases to 57 for those born in or after 1970. Deferred retirement benefits are available at or after the MRA with 10 years of service at reduced benefit levels. The annuity formula generally provides 1.0 percent of the employee's average salary (based on the highest three consecutive years of salary) multiplied by the number of years of creditable service. If retirement is at age 62 or later with at least 20 years of service, a factor of 1.1 percent is used rather than 1.0 percent.

### Funding Policy and Contribution Rates

	CSRS	CSRS Offset	FERS
Statutory authority			
United States code	Title 5, Chapter 83	Title 5, Chapter 83	Title 5, Chapter 84
Required contribution rates (%)			
Active plan members	7.00%	0.80%	0.80%
University	7.00%	7.00%	13.70%
Required contributions (\$)			
Employee			
2018	\$ 73	\$ 3	\$ 52
2017	97	3	52
2016	109	5	54
University			
2018	\$ 73	\$ 18	\$ 893
2017	97	22	892
2016	109	30	1,232
Due to plan at June 30*			
2018	\$ 6	\$ 1	\$ 54
2017	11	1	56
2016	11	2	53

\*Due to plan represents a liability the University has incurred for the employer and employee portion of contributions as of fiscal year end.

Additional information related to the respective plans is presented in Required Supplementary Information (RSI) following the notes to the consolidated financial statements.



## State of Minnesota Retirement Plans

### Basis of Accounting and Valuation of Investments

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Minnesota State Retirement System (MSRS) and the Public Employee Police and Fire Fund (PEPFF) and additions to/deductions from MSRS' and PEPFF's fiduciary net position have been determined on the same basis as they are reported by MSRS and PEPFF, respectively. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### Public Employee Police and Fire Fund (PEPFF)

The Public Employee Police and Fire Fund (PEPFF) is administered by the Public Employees Retirement Association (PERA). PEPFF, in total, provides coverage to approximately 500 local governmental subdivisions within the state of Minnesota. The University's participation in PEPFF covers approximately 65 active law enforcement staff. Participation is mandatory and begins from the first day of employment. The plan provides retirement, survivor, and disability benefits. Benefit provisions are established by state statute and can only be modified by state legislature. Each participant earns service credit for each month retirement deductions are withheld from the employee's salary. Retirement benefits are based on years and months of service. Normal retirement age is 55. The annuity formula for each member is 3.0 percent of average salary for each year of service in that plan. Benefits for members first hired after June 30, 2010, but before July 1, 2014 vest on a prorated basis from 50 percent after five years up to 100 percent after 10 years of credited service. Benefits for members first hired after June 30, 2014, vest on a pro-rated basis from 50 percent after 10 years up to 100 percent after 20 years of credited service. For members hired prior to July 1, 1989, a full annuity is available when the member's age plus years of service equal at least 90. Annual benefits increase by 1.0 percent each year to annuitants who have been receiving a benefit for at least 12 months (36 months for annuitants whose benefits were effective after June 1, 2014, and 2.5 percent if the plan is funded at least 90 percent for two consecutive years). Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service. Prior to 1981, these employees were not covered by a local relief association. The fund covers all those hired since 1980. A publicly available financial report, which includes financial statements and required supplementary information for this plan, can be obtained at <http://www.mnpera.org/> or by writing the Public Employees Retirement Association (PERA), 60 Empire Drive, Suite 200, St. Paul, MN 55103.

### State Employees Retirement Fund (SERF)

The State Employees Retirement Fund (SERF) is administered by the Minnesota State Retirement System (MSRS). SERF, in total, provides coverage to approximately 24 employers within the state of Minnesota. The University's participation in SERF covers approximately 8,900 active Civil Service and non-faculty bargaining unit employees. Participation is mandatory and begins from the first day of employment. The plan provides retirement, survivor, and disability benefits. Benefit provisions are established by state statute and can only be modified by state legislature. Benefits are based on a member's age, years of allowable service, and the highest average salary for any sixty successive months of allowable service at termination of service. Benefit increases are provided to benefit recipients each January, and are related to the funded ratio of the plan. Annuitants receive benefit increases of 2.0 percent each year. When the fund reaches a 90 percent funded status for two consecutive years, annuitants will receive a 2.5 percent increase.

The annuity formula is the greater of a step rate with a flat rate reduction for each month of early retirement or a level rate (the higher step rate) with an actuarial reduction for early retirement. The applicable rates if the employee was first hired before July 1, 1989, are 1.2 percent for the first 10 years of allowable service and 1.7 percent for each subsequent year. The applicable rate if the employee is first hired after June 30, 1989, is 1.7 percent of average salary for each year of allowable service. Average salary is defined as the highest salary paid in a sixty successive month period. A publicly available financial report, which includes financial statements, required supplementary information, and detailed information about the plan's fiduciary net position, can be obtained at [www.msrs.state.mn.us/financial-information](http://www.msrs.state.mn.us/financial-information) or by writing to the MSRS, 60 Empire Drive, Suite 300, St. Paul, MN 55103.

Information pertaining to both PEPFF and SERF 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*, follows:

### Funding Policy and Contribution Rates

	PEPFF	SERF
Statutory authority		
Minnesota chapter	353	352
Required contribution rates (%)		
Active plan members	10.80%	5.50%
University	16.20%	5.50%
Required contribution rates (\$)		
University	\$ 1,020	\$ 24,060
Non-employer contributing entity	53	

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, 2017. 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, 2016, through June 30, 2017, 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 2018, are recorded as deferred outflows of resources per GASB 68 and GASB 71.

### Summary of Pension Amounts

	PEPFF	SERF	Total
Proportionate share of the net pension liability (\$)	\$ 7,952	\$ 1,105,713	\$ 1,113,665
Proportionate share of the net pension liability (%)			
2018	0.589%	14.906%	
2017	0.604%	15.200%	
Deferred outflows of resources	24,808	918,228	943,036
Deferred inflows of resources	26,920	691,460	718,380
Net pension expense	1,457	160,337	161,794
Non-operating grant revenue	53		53

## Deferred Outflows of Resources

	PEPFF	SERF	Total
Differences between expected and actual experience	\$ 187	\$ 7,856	\$ 8,043
Changes in actuarial assumptions	11,329	903,912	915,241
Changes in proportion and differences between actual contributions and proportionate share of contributions	12,272	(17,599)	(5,327)
Contributions paid to plan subsequent to measurement date	1,020	24,059	25,079
Total	\$ 24,808	\$ 918,228	\$ 943,036

## Deferred Inflows of Resources

	PEPFF	SERF	Total
Differences between expected and actual experience	\$ 2,190	\$ 31,840	\$ 34,030
Changes in actuarial assumptions	11,290	606,783	618,073
Differences between projected and actual investment earnings	625	26,488	27,113
Changes in proportion and contributions allocated	12,815	26,349	39,164
Total	\$ 26,920	\$ 691,460	\$ 718,380

## Net Deferred Outflows (Inflows) of Resources Recognized as Pension Expense or a Reduction in Net Pension Liability

Fiscal year	PEPFF	SERF	Total
2019	\$ (372)	\$ 61,966	\$ 61,594
2020	437	153,211	153,648
2021	(195)	158,273	158,078
2022	(680)	(170,741)	(171,421)
2023	(2,322)		(2,322)
Net pension expense	\$ (3,132)	\$ 202,709	\$ 199,577
Contributions paid to plan subsequent to measurement date	1,020	24,059	25,079
Net deferred outflows	\$ (2,112)	\$ 226,768	\$ 224,656

The University's net pension liability was measured as of June 30, 2017, 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	6/30/2017	6/30/2017
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	3.56% ***	3.56% ***
Inflation	2.50%	2.50%
Salary increases	Service related rates	Service related rates
Payroll growth	3.25%	3.25%
Experience study dates	2016 ****	2008 - 2014

\* Mortality rates were based on RP-2014 Mortality Tables.

\*\*Mortality rates were based on RP-2014 Mortality Tables projected with mortality improvement scale MP-2015 from a base year of 2014.

\*\*\* Based on the Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2017.

\*\*\*\* 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, 2017 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 stocks	39%	5.10%
International stocks	19%	5.30%
Bonds	20%	0.75%
Alternative assets	20%	5.90%
Unallocated 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 at June 30, 2017, 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, 2049 for SERF and June 30, 2061 for PEPFF to determine the total pension liability. After those dates in time, the "risk-free" municipal bond rate of 3.56 percent was used for remaining time periods arriving at a single discount rate of 5.42 percent for SERF and 7.5 percent for PEPFF.

Notable impacts affecting the University's total net pension liability reported for fiscal year ended June 30, 2018 compared to fiscal year ended June 30, 2017, involve changes to SERF's and PEPFF's actuarial valuation assumptions. Part of the assumption changes included changes to the single discount rates. For PEPFF, the single discount rate changed from 5.6 percent to 7.5 percent, and for SERF, the single discount rate changed from 4.17 percent to 5.42 percent.

The following presents the University's proportionate share of the net pension liability, calculated using the discount rate of 5.42 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 (\$)	\$	14,976	\$	7,952	\$	2,153
SERF						
Discount rate (%)		4.42%		5.42%		6.42%
Net pension liability (\$)	\$	1,549,237	\$	1,105,713	\$	743,292

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 Supplemental Benefits Plan (SBP) is a closed plan sponsored by the University pursuant to the Board of Regents governing authority. This plan is in addition to the Faculty Retirement Plan (FRP), where faculty members employed prior to 1963 and female participants employed prior to July 1, 1982, may be eligible to receive additional benefits. SBP is designed to provide additional retirement benefits for certain groups of

individuals who participated in the FRP, but who, due to plan design, have retirement income levels that are significantly lower than those of current participants. It accounts for 90 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 Faculty Retirement Plan (FRP) is a mandatory retirement savings/investment plan contingent on meeting certain prescribed eligibility requirements. Pursuant to the University's Board of Regents governing authority, in compliance with Section 401(a) of the Internal Revenue Code, it authorizes the University to contribute to the plan and governs the requirements of this plan. Eligibility requirements involve an employee appointment of at least nine months; employee appointments between 67 to 99 percent time are granted prorated participation. The 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 9,700 active faculty and professional and administrative (P&A) staff. This amount includes approximately 4,800 with hire dates on or after January 2, 2012.

#### **University of Minnesota Optional Retirement Plan (ORP)**

The Optional Retirement Plan (ORP) is a voluntary retirement savings/investment plan covered under Section 403(b) of the Internal Revenue Code. All faculty and staff members who are paid on a continuous basis are eligible to participate in this plan. The plan is funded mainly through employee pre-tax contributions. However, the University may make discretionary contributions for select staff based on employment contracts. Approximately 3,800 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 1,000 full- and part-time employees contribute to this plan.

## University of Minnesota 415(m) Retirement Plan

The 415(m) Retirement Plan is a qualified excess benefit plan authorized under Section 415(m) of the Internal Revenue Code that is administered by the University of Minnesota. 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. Seven University employees are part of this plan.

### Contributions Made for Fiscal Year 2018

	FRP	ORP	457	415(m)
Employee	\$ 34,730	\$ 41,370	\$ 15,085	N/A
University	111,172	293	N/A	\$ 425

### Due to plan at June 30\*

	FRP	ORP	457	415(m)
Employee	\$ 2,057	\$ 2,314	\$ 808	N/A
University	6,481	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 \$105,616 on June 30, 2018. The estimated cost to complete these facilities is \$248,981, which is to be funded from plant fund assets and \$103,027 in appropriations available from the State of Minnesota as of June 30, 2018.

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, 2014, with a contract end date of May 2019. Under the agreement, the University must make minimum fixed payments for certain operating and maintenance costs, as well as contingent payments based upon performance requirements.

The University is obligated under various operating leases for the use of real property and equipment. Total operating lease expenditures for the years ended June 30, 2018 and 2017, were \$26,583 and \$17,864, respectively, of which \$23,162 and \$14,235 were for real property and \$3,421 and \$3,629 were for equipment, respectively.



The future steam plant and operating lease commitments as of June 30, 2018, for the next five years and in subsequent five-year periods are as follows:

	Steam plant	Operating leases	Total
Fiscal year ending June 30			
2019	246	14,740	14,986
2020		11,786	11,786
2021		11,294	11,294
2022		10,106	10,106
2023		2,593	2,593
2024-2028		8,569	8,569
2029-2033		8,534	8,534
2034-2038		2,261	2,261
2039-2043		241	241
Total commitments	\$ 246	\$ 70,124	\$ 70,370

The University receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the University. Management is not aware of any material disallowed claims at this time.

The University is a defendant in cases involving claims of medical malpractice, personal injuries, breach of contract, and other civil matters. While any litigation has an element of uncertainty and the University cannot, therefore, predict how these cases will be finally resolved, management and its general counsel believe the outcomes of the cases, individually and combined, will not have a material adverse effect on the overall financial position of the University.

## 9. Self-Insurance Programs

The University is self-insured for medical malpractice, general liability, directors and officers liability, and automobile liability through RUMINCO, Ltd., a wholly-owned, single parent captive insurance company (see Note 1). Claims are reported to a third-party administrator, which pays expenses and estimates claim liabilities. The total expense of a claim is estimated and booked as a liability when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In addition, an actuarial liability is established for incurred but not reported (IBNR) claims using a discount rate of 2.44 percent.

The University is also self-insured for workers' compensation through an internally maintained fund, and excess claims insurance is maintained through the Workers' Compensation Reinsurance Association (WCRA). The internal fund for workers' compensation is maintained only to fund the current year's expected payouts. Each year, an actuarial estimate of the University's liability for workers' compensation is compiled and recorded within the consolidated statements of net position, but the liability is not separately funded.

The University's medical (health) coverage for faculty and staff and their dependents is a self-insured program (UPlan). Under UPlan Medical, the University pays claims and establishes reserves, and the administration of the program is handled by two independent administrators: Medica for medical plan administration, and Prime Therapeutics for pharmacy benefit management. The University also carries stop-loss coverage, which protects the University against the risk that an individual participant will incur medical



expenses greater than \$800,000 in a single year. An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded within the consolidated statements of net position.

The University's dental coverage for faculty and staff and their dependents is also a self-insured program (UPlan). Under UPlan Dental, the University pays claims and establishes reserves, and the administration of the program is handled by two independent administrators, Delta Dental and HealthPartners. An annual actuarial estimate of the University's liability for dental claims, including IBNR, is recorded.

Medical coverage for eligible graduate assistants is a self-insured program. Under the graduate assistant medical plan, the University pays claims and establishes reserves. The program is administered by HealthPartners. The University also carries stop-loss coverage, which protects the University against the risk that an individual participant will incur medical expenses greater than \$400,000 in a single year. An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded. The Graduate Assistant Plan also offers self-insured Dental Plan benefits at Boynton Health Service without a third party administrator.

The University's medical (health) coverage for eligible students and their dependents is a self-insured program (Student Health Benefit Plan). Under the Student Health Benefit Plan, the University pays claims and establishes reserves, and the administration of the program is handled by Blue Cross and Blue Shield of Minnesota. The administrator offers medical conversion policies to eligible University students who are able to convert their SHBP coverage to single coverage after graduation. The University also carries stop-loss coverage, which protects the University against the risk that an individual participant will incur medical expenses greater than \$350,000 in a single year in addition to aggregate stop-loss coverage for claims totals over 115 percent of plan year claims. An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded. The University also carries a student health plan for the Academic Health Center (AHC). The plan is self-insured and the health carrier is Blue Cross and Blue Shield of Minnesota. An estimated claims liability ensures that funds are available to cover claims up to the point where stop-loss coverage begins. The AHC Plan also offers self-insured Dental Plan preventive benefits at Boynton Health Service without a third party administrator.

Medical coverage for eligible Medical Residents and Fellows is also a self-insured program. Under the Medical & Resident medical plan, the University pays claims and establishes reserves. The program is administered by HealthPartners. An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded. The Medical & Resident group also offers a fully insured Dental Benefit Plan through Delta Dental.

Reported liabilities as of June 30, 2018, are shown below:

	Liability beginning of year	New claims	Claim payments	Other adjustments	Liability end of year
RUMINCO, Ltd.	\$ 9,255	\$ 2,979	\$ (2,512)	\$ (348)	\$ 9,374
Workers' compensation	13,718	4,136	(4,136)	(1,369)	12,349
UPlan medical	18,912	244,870	(245,511)	4,238	22,509
UPlan dental	1,014	17,369	(16,829)	(538)	1,016
Graduate assistant health plan	3,764	21,541	(21,541)	513	4,277
Student health plan	4,882			226	5,108
Medical residents & fellows	456			247	703

*Other adjustments reflect reserve changes on prior years' claims and changes in estimated IBNR.*

Reported liabilities as of June 30, 2017, are shown below:

	Liability beginning of year	New claims	Claim payments	Other adjustments	Liability end of year
RUMINCO, Ltd.	\$ 8,178	\$ 3,145	\$ (2,325)	\$ 257	\$ 9,255
Workers' compensation	12,765	3,357	(3,357)	953	13,718
UPlan medical	18,616	226,062	(227,150)	1,384	18,912
UPlan dental	835	17,512	(17,017)	(316)	1,014
Graduate assistant health plan	1,278	20,863	(20,863)	2,486	3,764
Student health plan	4,819			63	4,882
Medical residents & fellows	679			(223)	456

*Other adjustments reflect reserve changes on prior years' claims and changes in estimated IBNR.*

## 10. Other Postemployment Benefits

### Description of Plan

The University administers the UPlan—a self-insured, single-employer, defined benefit healthcare plan. It is a partnership between the University and its employees to provide quality, cost-effective health benefits to employees, retirees, and their families. Pursuant to the University's Board of Regents governing authority, non-Medicare retirees and former employees can purchase medical and dental insurance coverage. The 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 Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (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

<u>UPlan membership</u>	
Active plan members	19,331
Inactive plan members or beneficiaries currently receiving benefits	470
Total	19,801

## OPEB Liability

The University's OPEB liability was measured and determined as of June 30, 2018 in accordance with GASB 75.

The components that contributed to the change in the University's OPEB liability are as follows:

OPEB liability—June 30, 2017	32,461
Changes in net OPEB liability:	
Service cost	3,763
Interest	1,202
Differences between expected and actual experience	2,596
Changes of actuarial assumptions or other inputs	(120)
Benefit payments	(4,966)
Increase in OPEB liability	2,475
OPEB liability—June 30, 2018	\$ 34,936

## 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	6/30/2018
Actuarial cost method	Entry age normal, level percent of pay
Asset valuation method	N/A
Discount rate	3.62% *
Inflation	2.75%
Salary increases	4.00% average including inflation
Mortality	RP-2014 rolled back to 2006 and projected by modified 2016 scale
Experience applied	FY2015 - FY2017

\* Based on a AA/Aa or higher rated 20-year tax exempt municipal bond rate.

The University's OPEB liability is sensitive to changes in the discount rate and healthcare cost trends 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 (2.62%)	Discount rate (3.62%)	1.0% Increase (4.62%)
OPEB liability (\$)	\$ 36,934	\$ 34,936	\$ 32,949

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 (6.0 percent decreasing to 4.0 percent) or 1.0 percentage point higher (8.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

#### Healthcare Cost Trend Rate Sensitivity

	1.0% Decrease (6.0% decreasing to 4.0%)	Healthcare cost trend rates (7.0% decreasing to 5.0%)	1.0% Increase (8.0% decreasing to 6.0%)
OPEB liability (\$)	\$ 30,381	\$ 34,936	\$ 40,343

### OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

In accordance with GASB 75, the University recorded \$6,686 in OPEB expense for the fiscal year ended June 30, 2018. 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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,314	\$ 165
Changes in assumptions	1,223	96
Total	\$ 4,537	\$ 261

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
	2019 \$	1,720
	2020	1,477
	2021	641
	2022	438
Net deferred outflows	\$	4,276

Additional information related to OPEB is presented in Required Supplementary Information (RSI) following the Notes to the Consolidated Financial Statements.

## 11. Operating Expenses by Natural Classification

Operating expenses by natural classification for the year ended June 30, 2018, are summarized as follows:

Function	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation	Total
Instruction	\$ 727,585	\$ 99,615			\$ 827,200
Research	508,796	259,341			768,137
Public service	192,082	93,169			285,251
Academic support	371,087	94,232			465,319
Student services	115,880	26,985			142,865
Institutional support	229,068	85,701			314,769
Operation and maintenance of plant	136,189	174,485			310,674
Scholarships and fellowships	10,570	2,930	\$ 51,089		64,589
Depreciation				\$ 221,797	221,797
Auxiliary enterprises	131,045	166,666			297,711
Other operating expenses, net			120		120
	\$ 2,422,302	\$ 1,003,124	\$ 51,209	\$ 221,797	\$ 3,698,432

Operating expenses by natural classification for the year ended June 30, 2017, are summarized as follows:

Function	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation	Total
Instruction	\$ 729,649	\$ 98,131			\$ 827,780
Research	506,469	256,941			763,410
Public service	202,876	101,392			304,268
Academic support	375,410	86,132			461,542
Student services	116,591	28,235			144,826
Institutional support	240,864	56,515			297,379
Operation and maintenance of plant	144,823	143,765			288,588
Scholarships and fellowships	10,623	2,891	\$ 48,546		62,060
Depreciation				\$ 208,645	208,645
Auxiliary enterprises	138,518	154,266			292,784
Other operating expenses, net			294		294
	\$ 2,465,823	\$ 928,268	\$ 48,840	\$ 208,645	\$ 3,651,576

## 12. Subsequent Events

### University of Minnesota Health Agreement

On September 28, 2018, the University's Board of Regents approved an agreement with Fairview Health Services and University of Minnesota Physicians to create a nationally renowned academic health system. The agreement expands the organizations' current University of Minnesota Health (M Health) partnership to bring together the University of Minnesota Medical Center and Fairview's 11 hospitals, 56 primary care clinics, and other services into a shared delivery system. The agreement is effective January 1, 2019 and will continue through December 31, 2026, with an option for a 10-year extension in 2023.

Fairview will continue with its investment of \$111 million in University of Minnesota Medical Center and Masonic Children's Hospital. The capital improvements funded by the investment will focus on improvements in operating rooms, conversions to private patient rooms, and enhanced education space. In addition, Fairview will pay University of Minnesota Medical School fixed academic support payments at an annualized rate of \$35 million, prorated to December 31, 2018. The University will receive approximately \$185 million, for the calendar years 2019 to 2022. For calendar year 2023 and each succeeding year of the agreement, the University will receive an amount equal to the Fixed Academic Support payment of the preceding calendar year increased by the consumer price index (CPI) for the preceding calendar year.

### Debt Issuance

Subsequent to fiscal year-end, the University issued additional Commercial Paper (CP) Notes under the revolving CP facility that was discussed in Note 5.

Series G Notes were issued on August 21, 2018 in the amount of \$1,100 to cover costs related to the Athletes Village Project.

Series H Notes were issued on July 10, 2018, August 24, 2018, September 24, 2018 and October 25, 2018 in the amount of \$20,000, \$6,400, \$5,263 and \$1,189, respectively. The proceeds of Series H are being used to cover a portion of the costs of six discrete projects including the Pioneer Hall renovation and the Health Science Education Center construction on the Twin Cities Campus, and the construction of the Chemical and Advanced Materials Science Building on the Duluth campus.

### 13. Component Units

#### Discretely Presented Component Units

Based on significant balances reported in the University's discretely presented component units' Statements of Financial Position, the note disclosures for investments, temporarily restricted net assets, and permanently restricted net assets, as reported in the separately issued financial statements of the University of Minnesota Foundation (UMF), are presented below.

#### Investments

Investments in cash equivalents, corporate bonds, other fixed income securities, equity securities, 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 UMF's annual report (traditional structures). Investments held in alternative structures, except those reported as Level 3 in Note 3 of UMF's annual report, are recorded at net asset values provided by external investment managers as a practical expedient in determining fair value. Because such investments are not readily marketable, the estimated value is subject to uncertainty and therefore may differ materially from the value that would have been used had a ready market for such investments existed.

Donated investments are recorded at their fair values, as determined on the date of donation. Investment income and gains and losses are recorded in the period incurred.

For management efficiency, investments of the unrestricted and restricted net assets are pooled, except for certain net assets that the board of trustees or donors have designated to be segregated and maintained separately.

Receivables from pending liquidations represent sales of investments made prior to the end of the fiscal year, but settled after the fiscal year-end.

The investments as of June 30 are summarized (in thousands) as follows:

	<b>2018</b>		
	<b>Traditional structures</b>	<b>Alternate structures</b>	<b>Total</b>
Cash and cash equivalents	\$ 151,796		\$ 151,796
Fixed income	863,464	\$ 539,571	1,403,035
Global equity	209,978	55,845	265,823
Hedge funds	18,990	78,758	97,748
Natural resources	10,966	108,848	119,814
Treasury inflation protected securities (TIPS)	35,380		35,380
Real estate		56,929	56,929
Private equity		546,969	546,969
Other investments		6,258	6,258
Subtotal	1,290,574	1,393,178	2,683,752
Less charitable gift annuities reported separately			(29,146)
Total			\$ 2,654,606

	2017		
	Traditional structures	Alternate structures	Total
Cash and cash equivalents	\$ 552,244		\$ 552,244
Fixed income	579,107	\$ 427,627	1,006,734
Global equity	1,738	49,977	51,715
Hedge funds	31,167	57,766	88,933
Natural resources	25,675	115,376	141,051
Treasury inflation protected securities (TIPS)	148,396		148,396
Real estate		55,239	55,239
Private equity		464,108	464,108
Other investments		5,428	5,428
Subtotal	1,338,327	1,175,521	2,513,848
Less charitable gift annuities reported separately			(30,404)
Total			\$ 2,483,444

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 UMF in custodial accounts with financial institutions. Investments held in alternative structures include those held through interests in collective trust funds, limited partnerships, commingled funds, and limited liability companies.

Net asset values provided by external investment managers for alternative structures include estimates, appraisals, assumptions, and methods that are reviewed by management. It is possible that the redemption rights may be restricted by the funds in the future in accordance with the underlying fund agreements. Changes in market conditions and the economic environment may impact the net asset value of the funds and, consequently, the fair value of UMF's interests in the funds. At June 30, 2018 and 2017, UMF has \$1,393,178 and \$1,175,521 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 LLC in Note 3 of 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 UMF were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

### Fair Value Measurements

UMF allows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, UMF has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- **Level 1:** Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access.



- **Level 2:** Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fixed income securities are generally traded in the over-the-counter market and are valued at a price that reflects fair value as quoted by dealers in these securities or by an independent pricing service. These prices are based on observable market data for the same or similar securities, including quoted prices in markets that are not active, or matrix pricing or other similar techniques that use observable market inputs, such as benchmark yields, expected prepayment speeds and volumes, and issuer ratings.
- **Level 3:** Inputs that are unobservable inputs for the asset or liability, 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 (in thousands) UMF's financial assets and other liabilities measured at fair value on a recurring basis at June 30, 2018 and 2017:

	2018			
	Fair value measurements using			Total
	Level 1	Level 2	Level 3	
<b>Investments</b>				
<b>Fixed income</b>				
Asset backed securities		\$ 4,304		\$ 4,304
Mortgages		3,673		3,673
Corporate bonds		27,381		27,381
Government		823,687		823,687
Other	\$ 2,082	2,337		4,419
<b>Global equity</b>				
Small cap	1,670			1,670
Large cap	208,308			208,308
<b>Hedge funds</b>				
Long/short non-equity	18,990		\$ 1,831	20,821
<b>Natural resources</b>	10,966			10,966
<b>Treasury inflation protected securities (TIPS)</b>		35,380		35,380
Total investments	\$ 242,016	\$ 896,762	\$ 1,831	1,140,609
Cash and cash equivalents				151,796
Investments measured at net asset value or its equivalent				1,222,930
Private partnerships invested in nonmarketable receivables and loans measured at cost				132,476
Investment held in LLC				35,941
Total investments and cash				\$ 2,683,752
Gift annuities not categorized above	\$ 1,729			\$ 1,729
Beneficial interest in perpetual trusts			\$ 63,443	63,443
Assets held in charitable trusts	20,001			20,001
Beneficial interest in trusts			3,003	3,003
UGC derivative financial instrument		\$ (1,136)		(1,136)

Assets held in charitable trusts consist of equities, bonds, and cash.

	2017			
	Fair value measurements using			Total
	Level 1	Level 2	Level 3	
<b>Investments</b>				
<b>Fixed income</b>				
Asset backed securities		\$ 8,399		\$ 8,399
Mortgages		3,748		3,748
Corporate bonds		39,512		39,512
Government		516,701		516,701
Small cap	\$ 21			21
Other	4,551	6,175	\$ 2,767	13,493
<b>Global equity</b>				
Small cap	1,738			1,738
<b>Hedge funds</b>				
Long/short non-equity	31,167		3,379	34,546
<b>Natural resources</b>	25,675			25,675
<b>Treasury inflation protected securities (TIPS)</b>		148,396		148,396
<b>Total investments</b>	<b>\$ 63,152</b>	<b>\$ 722,931</b>	<b>\$ 6,146</b>	<b>792,229</b>
Cash and cash equivalents				552,244
Investments measured at net asset value or its equivalent				1,121,297
Private partnerships invested in nonmarketable receivables and loans measured at cost				48,078
<b>Total investments and cash</b>				<b>\$ 2,513,848</b>
Gift annuities not categorized above	\$ 1,759			\$ 1,759
Beneficial interest in perpetual trusts			\$ 63,287	63,287
Assets held in charitable trusts	21,244			21,244
Beneficial interest in trusts			3,313	3,313
UGC derivative financial instrument		\$ (1,774)		(1,774)

The changes in investments measured at fair value on a recurring basis included as Level 3 measurements are summarized (in thousands) as follows at June 30:

	<b>Beginning balance at July 1, 2017</b>	<b>Investment income</b>	<b>Net realized and unrealized gain (loss)</b>	<b>Purchases</b>	<b>Sales</b>	<b>Ending balance at June 30, 2018</b>
<b>Fixed income</b>						
Other	\$ 2,767	\$ 1,128	\$ (288)		\$ (3,607)	
<b>Hedge funds</b>						
Long/short non-equity	3,379	74	359	\$ 70	(2,051)	\$ 1,831
	<u>\$ 6,146</u>	<u>\$ 1,202</u>	<u>\$ 71</u>	<u>\$ 70</u>	<u>\$ (5,658)</u>	<u>\$ 1,831</u>

	<b>Beginning balance at July 1, 2016</b>	<b>Investment income</b>	<b>Net realized and unrealized gain (loss)</b>	<b>Purchases</b>	<b>Sales</b>	<b>Ending balance at June 30, 2017</b>
<b>Fixed income</b>						
Other	\$ 14,518		\$ (2,078)	\$ 28,151	\$ (37,824)	\$ 2,767
<b>Hedge funds</b>						
Long/short non-equity	\$ 4,279	\$ 59	142	204	(1,305)	3,379
	<u>\$ 18,797</u>	<u>\$ 59</u>	<u>\$ (1,936)</u>	<u>\$ 28,355</u>	<u>\$ (39,129)</u>	<u>\$ 6,146</u>

The changes in other investments or financial assets measured at fair value on a recurring basis included as Level 3 measurements are summarized (in thousands) as follows:

	<b>Beginning balance at July 1, 2017</b>	<b>Change in carrying value of trusts</b>	<b>Ending balance at June 30, 2018</b>
Beneficial interest in trusts	\$ 3,313	\$ (310)	\$ 3,003
Beneficial interest in perpetual trusts	63,287	156	63,443

	<b>Beginning balance at July 1, 2016</b>	<b>Change in carrying value of trusts</b>	<b>Ending balance at June 30, 2017</b>
Beneficial interest in trusts	\$ 3,326	\$ (13)	\$ 3,313
Beneficial interest in perpetual trusts	65,259	(1,972)	63,287

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 at June 30 (in thousands):

<b>2018</b>				
	<b>Net asset value</b>	<b>Unfunded commitments</b>	<b>Redemption frequency</b>	<b>Redemption notice period</b>
<b>Alternative investments</b>				
Fixed income	\$ 384,954	\$ 281,269	None or quarterly	None or 60 days
Global equity	42,045		None or daily to quarterly	None or 0-60 days
Hedge funds	76,928		None or monthly to quarterly	None or 0-90 days
Natural resources	108,847	20,154	None	None
Real estate	56,929	30,567	None	None
Private equity	546,969	166,336	None	None
Other investments	6,258		None	None
Total	<u>\$ 1,222,930</u>	<u>\$ 498,326</u>		

<b>2017</b>				
	<b>Net asset value</b>	<b>Unfunded commitments</b>	<b>Redemption frequency</b>	<b>Redemption notice period</b>
<b>Alternative investments</b>				
Fixed income	\$ 376,782	\$ 356,358	None	None
Global equity	49,977		None or annually	None or 0-30 days
Hedge funds	54,387		None or monthly to annually	None or 30-180 days
Natural resources	115,376	29,988	None	None
Real estate	55,239	36,240	None	None
Private equity	464,108	151,612	None	None
Other investments	5,428		None	None
Total	<u>\$ 1,121,297</u>	<u>\$ 574,198</u>		

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, 2018, UMF also had unfunded commitments of \$24,251 and \$1,957 for Loans Measured at Cost and Investment Held in LLC, respectively.

In addition to the unfunded commitments noted above, UMF has entered into investment commitments of \$89,800 since June 30, 2018 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 UMF and changes therein are classified into the following three categories:

1. Unrestricted net assets represent the portion of expendable funds that are available for support of the operations of UMF.
2. Temporarily restricted net assets consist of contributions that have been restricted by the donor for specific purposes or are time restricted.
3. Permanently restricted net assets consist of contributions that have been restricted by the donor that stipulate the resources be maintained permanently, but permit UMF to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as a release from restriction.

## Temporarily Restricted Net Assets

Temporarily restricted net assets are available as of June 30 for the following purposes (in thousands):

The portion of unexpended investment return generated from donor-restricted endowment funds subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) consists of:

	2018	2017
Capital improvement/facilities	\$ 9,503	\$ 8,874
Faculty and staff support	13,035	11,920
Scholarships and fellowships	156,868	137,650
Lectureships, professorships, and chairs	214,788	195,904
Program support	59,548	57,636
Research and outreach/community engagement	19,832	15,082
Other	2,699	2,668
Subtotal	\$ 476,273	\$ 429,734

Gifts and other unexpended revenues and gains available for:

Capital improvement/facilities	\$ 130,839	\$ 130,757
Faculty and staff support	22,079	21,856
Scholarships and fellowships	144,110	135,504
Lectureships, professorships, and chairs	45,492	45,685
Program support	408,654	348,853
Research and outreach/community engagement	170,031	152,865
Trusts	7,571	9,013
Other	8,231	6,829
Subtotal	937,007	851,362
Total temporarily restricted net assets	\$ 1,413,280	\$ 1,281,096

## Permanently Restricted Net Assets

Permanently restricted net assets are restricted to investment in perpetuity. The permanently restricted net asset balances and purposes the income is expendable to support as of June 30 are as follows (in thousands):

	2018	2017
Capital improvement/facilities	\$ 10,004	\$ 9,945
Faculty and staff support	29,598	28,184
Scholarships and fellowships	553,711	512,368
Lectureships, professorships, and chairs	405,811	388,372
Program support	98,401	96,712
Research and outreach/community engagement	71,325	64,768
Trusts	69,126	68,941
Other	3,738	3,375
Total permanently restricted net assets	\$ 1,241,714	\$ 1,172,665

## 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, 2018 and 2017 for RUMINCO, Ltd, a blended component unit of the University, are as follows (in thousands):

<b>Condensed statements of net position</b>	<b>2018</b>	<b>2017</b>
Current assets	\$ 106	\$ 93
Noncurrent assets	48,386	45,330
Total assets	48,492	45,423
Deferred outflows of resources		
Total assets & deferred outflows of resources	48,492	45,423
Current liabilities	2,822	2,580
Noncurrent liabilities	2,520	2,341
Total liabilities	5,342	4,921
Deferred inflows of resources		
Total liabilities & deferred inflows of resources	5,342	4,921
Unrestricted net position	\$ 43,150	\$ 40,502
<b>Condensed statements of revenues, expenses, and changes in net position</b>	<b>2018</b>	<b>2017</b>
Operating revenues:		
Net underwriting income	\$ 895	\$ 304
Operating expenses	1,459	1,180
Operating loss	(564)	(876)
Nonoperating revenues:		
Investment income, net	3,212	4,621
Increase in net position	2,648	3,745
Net position at beginning of year	40,502	36,757
Net position at end of year	\$ 43,150	\$ 40,502
<b>Condensed statements of cash flows</b>	<b>2018</b>	<b>2017</b>
Net cash provided (used) by:		
Operating activities	\$ 226	\$ 631
Investing activities	(237)	(602)
Net increase (decrease) in cash	(11)	29
Cash at beginning of year	60	31
Cash at end of year	\$ 49	\$ 60

**Required Supplementary Information (Unaudited)**

- 84 Schedule of Employer's Contributions for Other Postemployment Benefits
- 84 Schedule of Changes in Total Other Postemployment Benefits Liability
- 85 Schedules of the Employer's Share of Net Pension Liability
- 86 Schedules of Employer's Contributions for Pensions



**Required Supplementary Information (RSI) (Unaudited)**

Years ended June 30, 2018 and 2017 (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
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	2018	2017	2016
Service cost	\$ 3,763	\$ 3,446	\$ 2,961
Interest	1,202	973	1,150
Differences between expected and actual experience	2,596	(281)	3,374
Changes of actuarial assumptions or other inputs	(120)	1,023	1,674
Benefit payments	(4,966)	(5,147)	(5,794)
Increase in OPEB liability	2,475	14	3,365
Total OPEB liability—beginning	32,461	32,447	29,082
Total OPEB liability—ending	\$ 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.*

*Additional information is provided in Note 10.*

**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)
6/30/2017	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)
6/30/2017	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

In the fiscal years ended June 30, 2018 and 2017 for the University, 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. Part of the assumption changes included changes to the single discount rates. For PEPFF, the single discount rate changed from 5.6 percent to 7.5 percent in fiscal year 2018, and from 7.9 percent to 5.6 percent in fiscal year 2017. For SERF, the single discount rate changed from 4.17 percent to 5.42 percent in fiscal year 2018, and from 7.9 percent to 4.17 percent in fiscal year 2017. 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
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
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.

#### Civil Service Retirement System (CSRS)

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
2018	\$ 73	\$ 73		\$ 1,043	7.00%
2017	97	97		1,386	7.00%
2016	109	109		1,557	7.00%
2015	139	139		1,986	7.00%
2014	152	152		2,171	7.00%
2013	172	172		2,457	7.00%
2012	226	226		3,229	7.00%
2011	271	271		3,871	7.00%
2010	281	281		4,014	7.00%
2009	296	296		4,229	7.00%

Additional information is provided in Note 6.

## Civil Service Retirement System Offset Retirement (CSRS Offset)

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess) (c) = a - b	University's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll (e) = b / d
	(a)	(b)		(d)	(e) = b / d
2018	\$ 18	\$ 18		\$ 257	7.00%
2017	22	22		314	7.00%
2016	30	30		429	7.00%
2015	35	35		500	7.00%
2014	35	35		411	8.51%
2013	34	34		400	8.51%
2012	33	33		388	8.51%
2011	32	32		376	8.51%
2010	34	34		400	8.51%
2009	37	37		435	8.51%

## Federal Employees Retirement System (FERS)

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess) (c) = a - b	University's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll (e) = b / d
	(a)	(b)		(d)	(e) = b / d
2018	\$ 893	\$ 893		\$ 6,518	13.70%
2017	892	892		6,511	13.70%
2016	1,232	1,232		8,993	13.70%
2015	938	938		7,106	13.20%
2014	894	894		7,513	11.90%
2013	878	878		7,378	11.90%
2012	900	900		7,563	11.90%
2011	957	957		8,545	11.20%
2010	974	974		8,696	11.20%
2009	1,031	1,031		9,205	11.20%

*Additional information is provided in Note 6.*

**Supplemental Schedules**  
**for the Years Ended June 30, 2018 and 2017**

- 89 Independent Auditors' Report on Supplemental Schedules
- 90 Statements of Net Position by Campus
- 92 Statements of Revenues, Expenses, and Changes in Net Position by Campus

## **INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL SCHEDULES**

The Board of Regents  
University of Minnesota  
Minneapolis, Minnesota

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as of and for the years ended June 30, 2018 and 2017, as a whole. The accompanying schedules of net position by campus, and of revenues, expenses, and changes in net position by campus as of and for the years ended June 30, 2018 and 2017, are presented for the purpose of additional analysis and are not a required part of the basic consolidated financial statements. These schedules are the responsibility of the University's management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. Such schedules have been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion such schedules are fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.

*Deloitte & Touche LLP*

November 2, 2018

**Statements of Net Position by Campus**  
June 30, 2018 (in thousands)  
(Unaudited)

	<b>Crookston</b>	<b>Duluth</b>	<b>Morris</b>	<b>Rochester</b>	<b>Twin Cities</b>	<b>Total</b>
<b>Assets</b>						
Current assets						
Cash and cash equivalents	\$ 192	\$ 31,845	\$ 3,415	\$ 2,379	\$ 425,629	\$ 463,460
Short-term investments					263,676	263,676
Receivables, net	1,067	5,703	1,026	539	301,406	309,741
Inventories	148	2,131	63		17,047	19,389
Student loans receivable, net	100	1,837	171		7,971	10,079
Prepaid expenses	135	970	114	249	35,107	36,575
Other assets					560	560
Total current assets	1,642	42,486	4,789	3,167	1,051,396	1,103,480
Noncurrent assets						
Restricted cash and cash equivalents					25,408	25,408
Investments	4,033	116,983	5,056		1,771,825	1,897,897
Receivables, net			25	1,260	9,754	11,039
Student loan receivables, net	521	9,877	875		52,309	63,582
Prepaid expenses		2		12	14,991	15,005
Other assets					2,780	2,780
Capital assets, net	47,303	221,626	53,089	25,316	2,837,983	3,185,317
Total noncurrent assets	51,857	348,488	59,045	26,588	4,715,050	5,201,028
Total assets	53,499	390,974	63,834	29,755	5,766,446	6,304,508
<b>Deferred Outflows of Resources</b>	10,452	76,300	16,640	3,097	841,784	948,273
<b>Liabilities</b>						
Current liabilities						
Accounts payable	940	5,786	1,321	293	129,424	137,764
Accrued liabilities and other	1,653	10,932	2,410	525	300,176	315,696
Unearned income	909	4,108	115	19	59,738	64,889
Long-term debt					346,794	346,794
Total current liabilities	3,502	20,826	3,846	837	836,132	865,143
Noncurrent liabilities						
Accrued liabilities and other	13,520	103,058	20,967	4,259	1,108,596	1,250,400
Unearned income					44	44
Long-term debt					1,194,995	1,194,995
Total noncurrent liabilities	13,520	103,058	20,967	4,259	2,303,635	2,445,439
Total liabilities	17,022	123,884	24,813	5,096	3,139,767	3,310,582
<b>Deferred Inflows of Resources</b>	8,223	59,756	12,130	1,824	642,699	724,632
<b>Net Position</b>						
Unrestricted	(14,708)	(58,877)	(20,193)	(2,649)	441,985	345,558
Restricted						
Expendable	5,097	53,581	8,513	3,265	831,520	901,976
Nonexpendable	1,014	67,304	2,122		238,967	309,407
Net investment in capital assets	47,303	221,626	53,089	25,316	1,313,292	1,660,626
Total net position	\$ 38,706	\$ 283,634	\$ 43,531	\$ 25,932	\$ 2,825,764	\$ 3,217,567

**Statements of Net Position by Campus**  
June 30, 2017 (in thousands)  
(Unaudited)

	Crookston	Duluth	Morris	Rochester	Twin Cities	Total
<b>Assets</b>						
Current assets						
Cash and cash equivalents	\$ 1,453	\$ 25,983	\$ 2,004	\$ 1,970	\$ 356,362	\$ 387,772
Short-term investments					163,201	163,201
Receivables, net	413	7,472	866	434	260,933	270,118
Inventories	191	2,183	93		17,608	20,075
Student loans receivable, net	101	1,826	190		8,072	10,189
Prepaid expenses	66	752	32	5	35,023	35,878
Other assets					205	205
Total current assets	2,224	38,216	3,185	2,409	841,404	887,438
Noncurrent assets						
Restricted cash and cash equivalents					48,933	48,933
Investments	3,707	109,276	4,821		1,810,785	1,928,589
Receivables, net			30	1,748	10,091	11,869
Student loan receivables, net	510	9,707	973		51,463	62,653
Prepaid expenses		27		18	31,877	31,922
Other assets					1,280	1,280
Capital assets, net	49,112	197,297	57,766	27,790	2,809,094	3,141,059
Total noncurrent assets	53,329	316,307	63,590	29,556	4,763,523	5,226,305
Total assets	55,553	354,523	66,775	31,965	5,604,927	6,113,743
<b>Deferred Outflows of Resources</b>	15,125	106,268	22,594	4,077	1,184,476	1,332,540
<b>Liabilities</b>						
Current liabilities						
Accounts payable	723	5,757	1,184	433	131,492	139,589
Accrued liabilities and other	1,659	10,717	2,513	557	293,670	309,116
Unearned income	832	3,754	183	67	57,716	62,552
Long-term debt					333,509	333,509
Total current liabilities	3,214	20,228	3,880	1,057	816,387	844,766
Noncurrent liabilities						
Accrued liabilities and other	22,875	167,539	34,175	6,211	1,820,575	2,051,375
Unearned income					86	86
Long-term debt					1,131,467	1,131,467
Total noncurrent liabilities	22,875	167,539	34,175	6,211	2,952,128	3,182,928
Total liabilities	26,089	187,767	38,055	7,268	3,768,515	4,027,694
<b>Deferred Inflows of Resources</b>	2,010	15,252	2,882	519	153,602	174,265
<b>Net Position</b>						
Unrestricted	(12,264)	(55,982)	(19,183)	(2,603)	484,191	394,159
Restricted						
Expendable	4,720	49,242	7,745	3,068	752,622	817,397
Nonexpendable	1,012	67,215	2,104		243,554	313,885
Net investment in capital assets	49,111	197,297	57,766	27,790	1,386,919	1,718,883
Total net position	\$ 42,579	\$ 257,772	\$ 48,432	\$ 28,255	\$ 2,867,286	\$ 3,244,324



**Statements of Revenues, Expenses, and Changes in Net Position by Campus**  
Year ended June 30, 2018 (in thousands)  
(Unaudited)

	Crookston	Duluth	Morris	Rochester	Twin Cities	Total
<b>Revenues</b>						
Operating revenues						
Student tuition and fees, net	\$ 10,921	\$ 92,733	\$ 8,182	\$ 6,682	\$ 678,811	\$ 797,329
Federal grants and contracts	68	6,130	1,138	17	446,145	453,498
State and other government grants	132	4,249	15		81,345	85,741
Nongovernmental grants and contracts	269	2,726	382	87	396,382	399,846
Student loan interest income	21	354	41		1,582	1,998
Sales and services of educational activities, net	405	5,034	291	53	145,554	151,337
Auxiliary enterprises, net	4,510	41,116	7,787	2,380	382,325	438,118
Other operating revenues					108	108
Total operating revenues	16,326	152,342	17,836	9,219	2,132,252	2,327,975
<b>Expenses</b>						
Operating expenses						
Educational and general						
Instruction	11,182	68,999	13,538	2,663	730,818	827,200
Research	263	21,209	830	627	745,208	768,137
Public service	247	6,854	1,342		276,808	285,251
Academic support	3,462	26,262	4,539	1,626	429,430	465,319
Student services	3,563	16,779	5,377	2,039	115,107	142,865
Institutional support	2,583	14,657	3,290	3,569	290,670	314,769
Operation and maintenance of plant	3,412	31,325	7,536	5	268,396	310,674
Scholarships and fellowships	412	2,308	1,473	2,392	58,004	64,589
Depreciation	2,339	11,444	4,085	5,839	198,090	221,797
Auxiliary enterprises	7,182	34,681	9,226	394	246,228	297,711
Other operating expenses, net	(9)	(184)	(33)		346	120
Total operating expenses	34,636	234,334	51,203	19,154	3,359,105	3,698,432
<b>Operating Loss</b>	(18,310)	(81,992)	(33,367)	(9,935)	(1,226,853)	(1,370,457)
<b>Nonoperating Revenues (Expenses)</b>						
Federal appropriations					21,690	21,690
State appropriations	11,637	48,209	22,307	8,258	593,850	684,261
Grants	4,660	24,382	6,222		168,754	204,018
Gifts	926	6,073	1,991	56	186,566	195,612
Investment income, net	684	11,847	862	98	152,735	166,226
Interest on capital asset-related debt					(46,157)	(46,157)
Other nonoperating revenues (expenses), net	9	(166)	212	1,787	5,464	7,306
Net nonoperating revenues	17,916	90,345	31,594	10,199	1,082,902	1,232,956
<b>Income (Loss) Before Other Revenues</b>	(394)	8,353	(1,773)	264	(143,951)	(137,501)
Capital appropriations					74,587	74,587
Capital grants and gifts		1,789			33,922	35,711
Additions to permanent endowments		68	9		369	446
Transfers	(144)	34,739	1,101	1,300	(36,996)	
Other internal charges	(3,335)	(19,087)	(4,238)	(3,887)	30,547	
Total other revenues (expenses)	(3,479)	17,509	(3,128)	(2,587)	102,429	110,744
<b>Increase (Decrease) in Net Position</b>	(3,873)	25,862	(4,901)	(2,323)	(41,522)	(26,757)
Net position at beginning of year	42,579	257,772	48,432	28,255	2,867,286	3,244,324
Net position at end of year	\$ 38,706	\$ 283,634	\$ 43,531	\$ 25,932	\$ 2,825,764	\$ 3,217,567

**Statements of Revenues, Expenses, and Changes in Net Position by Campus**  
Year ended June 30, 2017 (in thousands)  
(Unaudited)

	Crookston	Duluth	Morris	Rochester	Twin Cities	Total
<b>Revenues</b>						
Operating revenues						
Student tuition and fees, net	\$ 11,390	\$ 91,637	\$ 8,980	\$ 5,910	\$ 656,910	\$ 774,827
Federal grants and contracts	95	7,004	927		431,384	439,410
State and other government grants	38	3,333	16		70,333	73,720
Nongovernmental grants and contracts	327	2,406	287	(2)	385,171	388,189
Student loan interest income	18	296	38		1,476	1,828
Sales and services of educational activities, net	369	5,247	188	31	141,318	147,153
Auxiliary enterprises, net	4,576	38,767	7,279	1,994	350,472	403,088
Other operating revenues					114	114
Total operating revenues	16,813	148,690	17,715	7,933	2,037,178	2,228,329
<b>Expenses</b>						
Operating expenses						
Educational and general						
Instruction	11,393	70,195	14,063	2,496	729,633	827,780
Research	132	21,988	758	614	739,918	763,410
Public service	272	7,450	1,468	6	295,072	304,268
Academic support	3,358	25,272	4,531	1,751	426,630	461,542
Student services	3,771	17,866	5,576	1,968	115,645	144,826
Institutional support	2,542	17,007	3,584	5,163	269,083	297,379
Operation and maintenance of plant	4,584	32,857	5,555		245,592	288,588
Scholarships and fellowships	342	2,272	1,314	1,971	56,161	62,060
Depreciation	2,124	11,354	3,302	3,006	188,859	208,645
Auxiliary enterprises	7,120	34,191	9,503	322	241,648	292,784
Other operating expenses, net	(15)	128	(44)		225	294
Total operating expenses	35,623	240,580	49,610	17,297	3,308,466	3,651,576
<b>Operating Loss</b>	(18,810)	(91,890)	(31,895)	(9,364)	(1,271,288)	(1,423,247)
<b>Nonoperating Revenues (Expenses)</b>						
Federal appropriations					17,481	17,481
State appropriations	10,915	44,218	20,828	8,284	566,504	650,749
Grants	4,066	22,196	5,935		170,847	203,044
Gifts	875	5,538	917	54	183,658	191,042
Investment income, net	616	5,659	702		140,403	147,380
Interest on capital asset-related debt					(51,107)	(51,107)
Other nonoperating revenues (expenses), net	(16)	(47)	577		6,824	7,338
Net nonoperating revenues	16,456	77,564	28,959	8,338	1,034,610	1,165,927
<b>Income (Loss) Before Other Revenues</b>	(2,354)	(14,326)	(2,936)	(1,026)	(236,678)	(257,320)
Capital appropriations					78,130	78,130
Capital grants and gifts	424	1,006			40,748	42,178
Additions to permanent endowments		321	10		645	976
Transfers	1,043	12,870	723	880	(15,516)	
Other internal charges	(3,078)	(18,681)	(4,209)	(3,816)	29,784	
Total other revenues (expenses)	(1,611)	(4,484)	(3,476)	(2,936)	133,791	121,284
<b>Decrease in Net Position</b>	(3,965)	(18,810)	(6,412)	(3,962)	(102,887)	(136,036)
Net position at beginning of year	46,544	276,582	54,844	32,217	2,970,173	3,380,360
Net position at end of year	\$ 42,579	\$ 257,772	\$ 48,432	\$ 28,255	\$ 2,867,286	\$ 3,244,324

# Fiscal Year 2018 Annual Financial Report

Board of Regents Meeting

December 14, 2018

**SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS**

World Class Services for a World Class University



# FY 2018 Highlights

- Continued strong financial position with total net assets of \$3.2 billion
  - *May 2018: S&P affirmed UM's "AA" long-term credit rating and stable outlook, based on very strong enterprise and financial risk profiles reflecting stable enrollment, with very good selectivity and student quality, a solid management team, and the University's consistent financial performance on a cash basis.*
- Total operating revenues (as defined by GASB) increased slightly to \$2.3 billion, compared to FY 2017
- FY 18 MSRS and PERA pension plan expense (GASB 68/71) decreased by \$99.1 million, compared to FY 17

# Overview of Balance Sheet

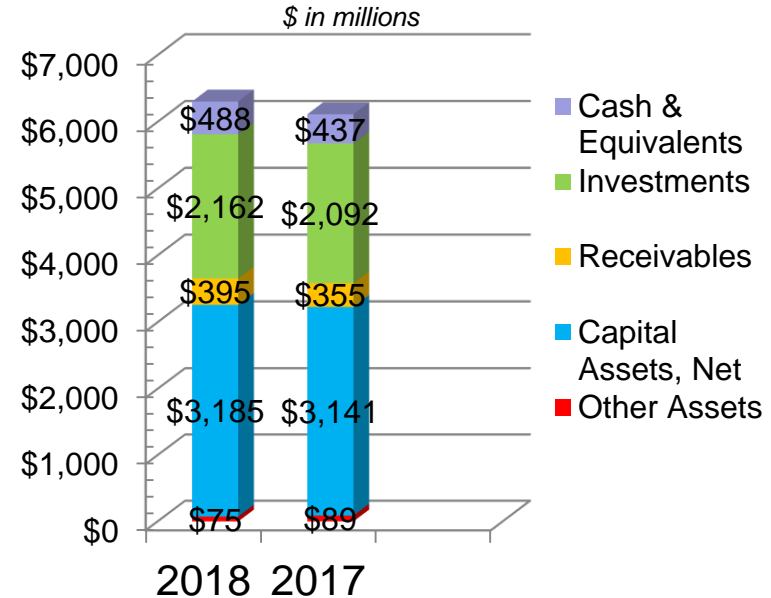
<b>\$ in Millions</b>	<b>2018</b>	<b>2017</b>
Current Assets	\$ 1,103.5	\$ 887.4
Noncurrent Assets	<u>5,201.0</u>	<u>5,226.3</u>
Total Assets	6,304.5	6,113.7
Deferred Outflows	948.3	1,332.5
Current Liabilities	865.1	844.8
Noncurrent Liabilities	<u>2,445.5</u>	<u>3,182.9</u>
Total Liabilities	3,310.6	4,027.7
Deferred Inflows	724.6	174.2
Net Position	\$ 3,217.6	\$ 3,244.3
Refer to Annual Financial Report – page 27 for additional information		

# Balance Sheet – Overview of Assets

## 2018 versus 2017

**Total assets increased by \$191 million  
(3.1%)**

- Cash & equivalents increased \$51 million
- Investments increased \$70 million - primarily due to favorable market conditions
- Capital assets (net) increased \$44 million – due to Chemical Sciences & Advanced Materials Building, Pioneer Hall renovation and the Health Sciences Education Center.

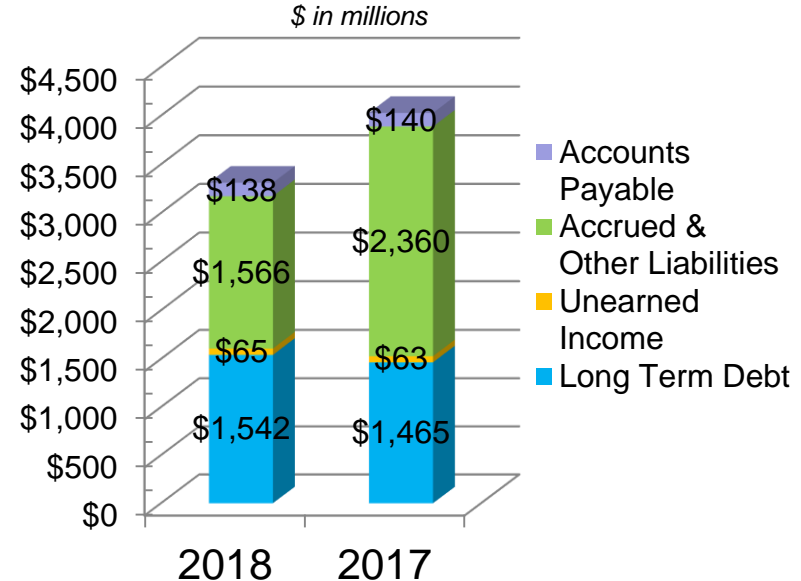


# Balance Sheet – Overview of Liabilities

## 2018 versus 2017

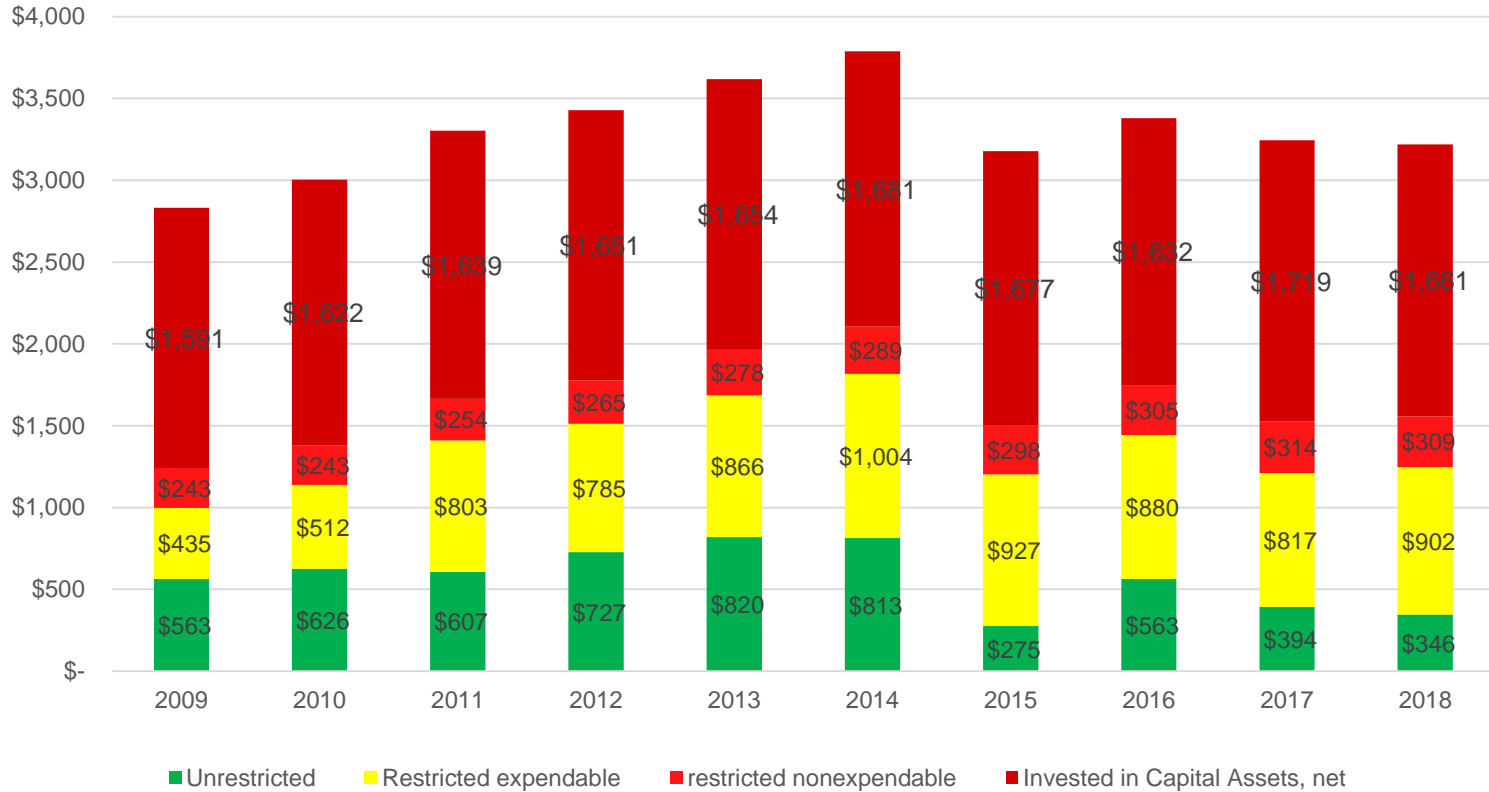
***Total liabilities decreased by \$717 million (17.8%)***

- Decrease in accrued & other liabilities of \$794 million – GASB 68/71 net pension liability impact.
- Long-term debt increased \$77 million (net) – issuance of GO Bonds 2017A, B and C; Commercial Paper Notes, Series G offset by scheduled debt service payments



# Net Position, 2009-2018

Dollars in millions

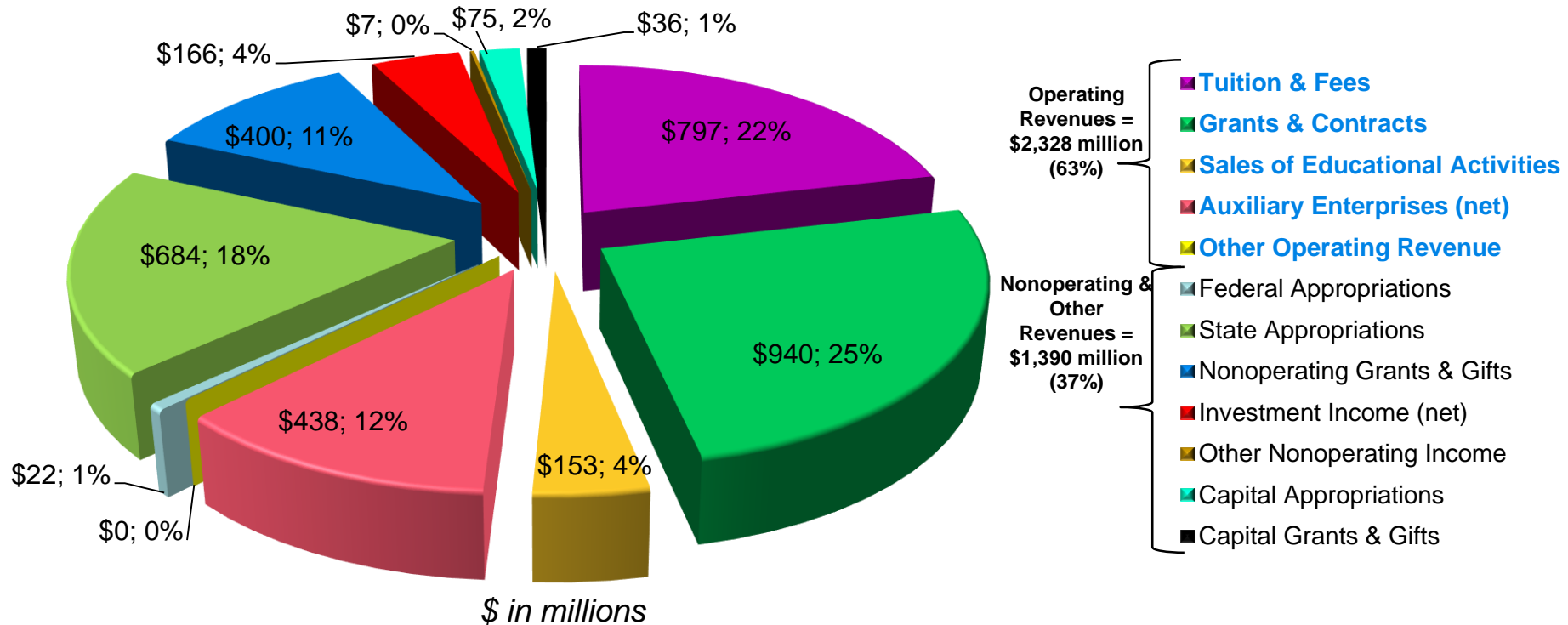




# Overview of Revenues, Expenses, and Changes in Net Position

\$ in Millions	<u>2018</u>	<u>2017</u>
Total Operating Revenues	\$2,327.9	\$2,228.3
Total Operating Expenses	<u>3,698.4</u>	<u>3,651.5</u>
Net Operating Loss (as defined by GASB)	(1,370.5)	(1,423.2)
Net Non-Operating Revenues, includes State appropriations	1,233.0	1,165.9
Other Revenues	<u>110.7</u>	<u>121.3</u>
<b>Decrease in Net Position</b>	<b><u>\$ (26.8)</u></b>	<b><u>\$ (136.0)</u></b>

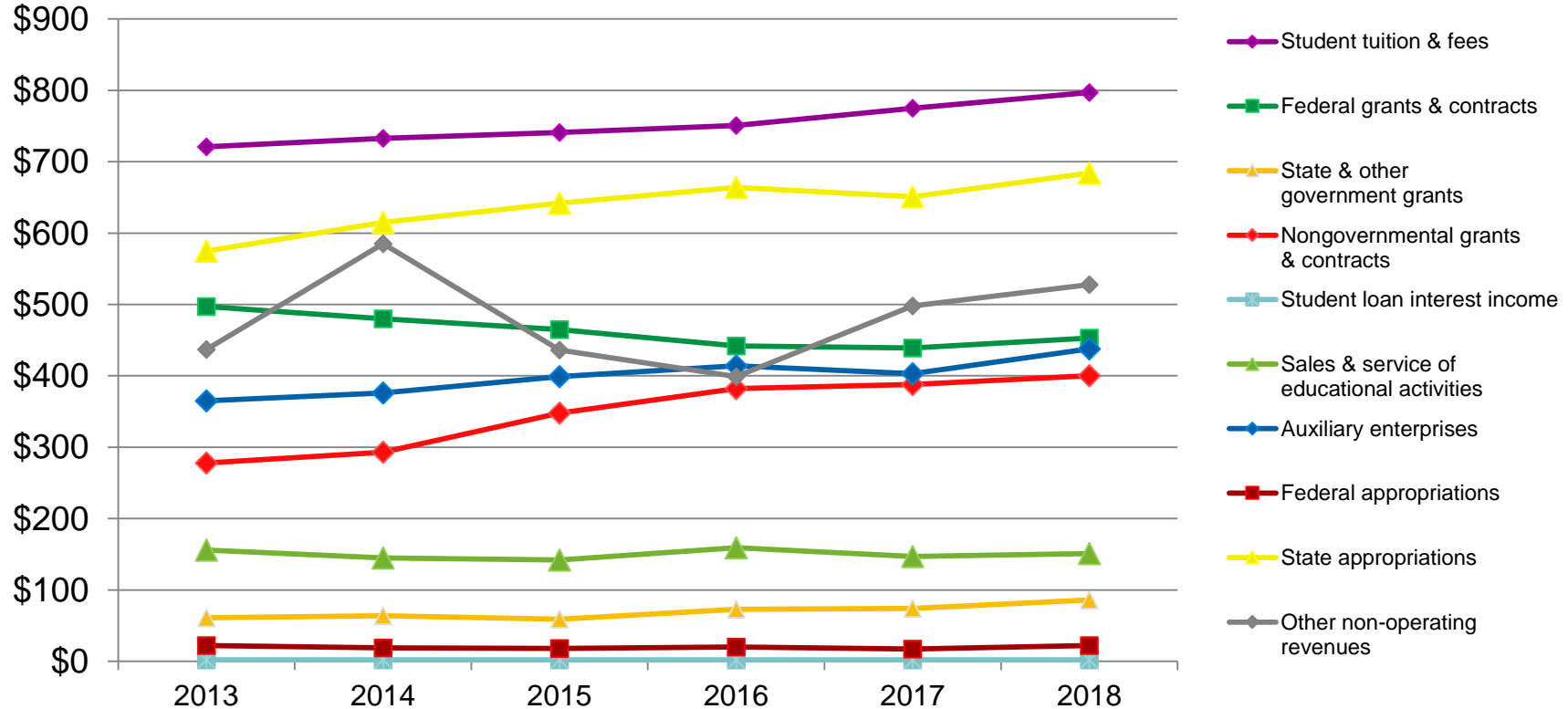
# FY 2018 Total Revenues – \$3.7 Billion



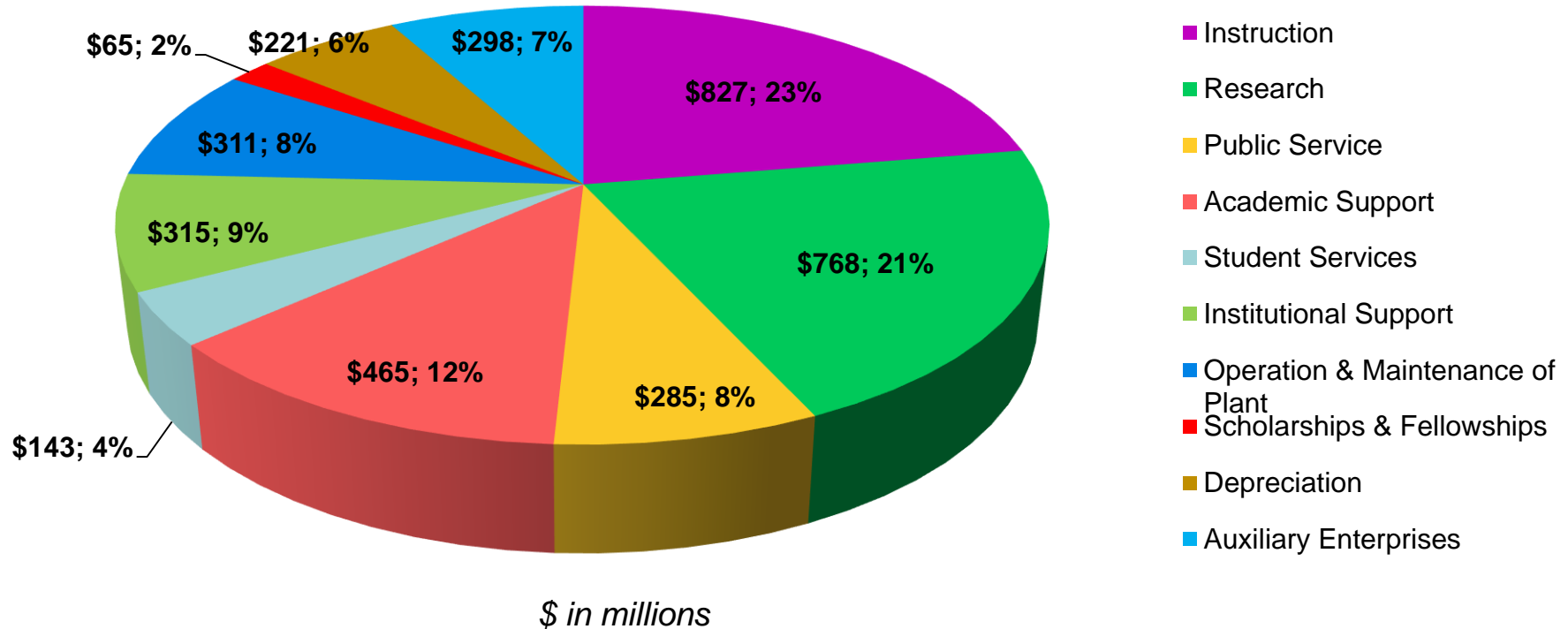
# Revenue Trends

## Fiscal Years 2013 – 2018

(Audited amounts; \$ in millions)



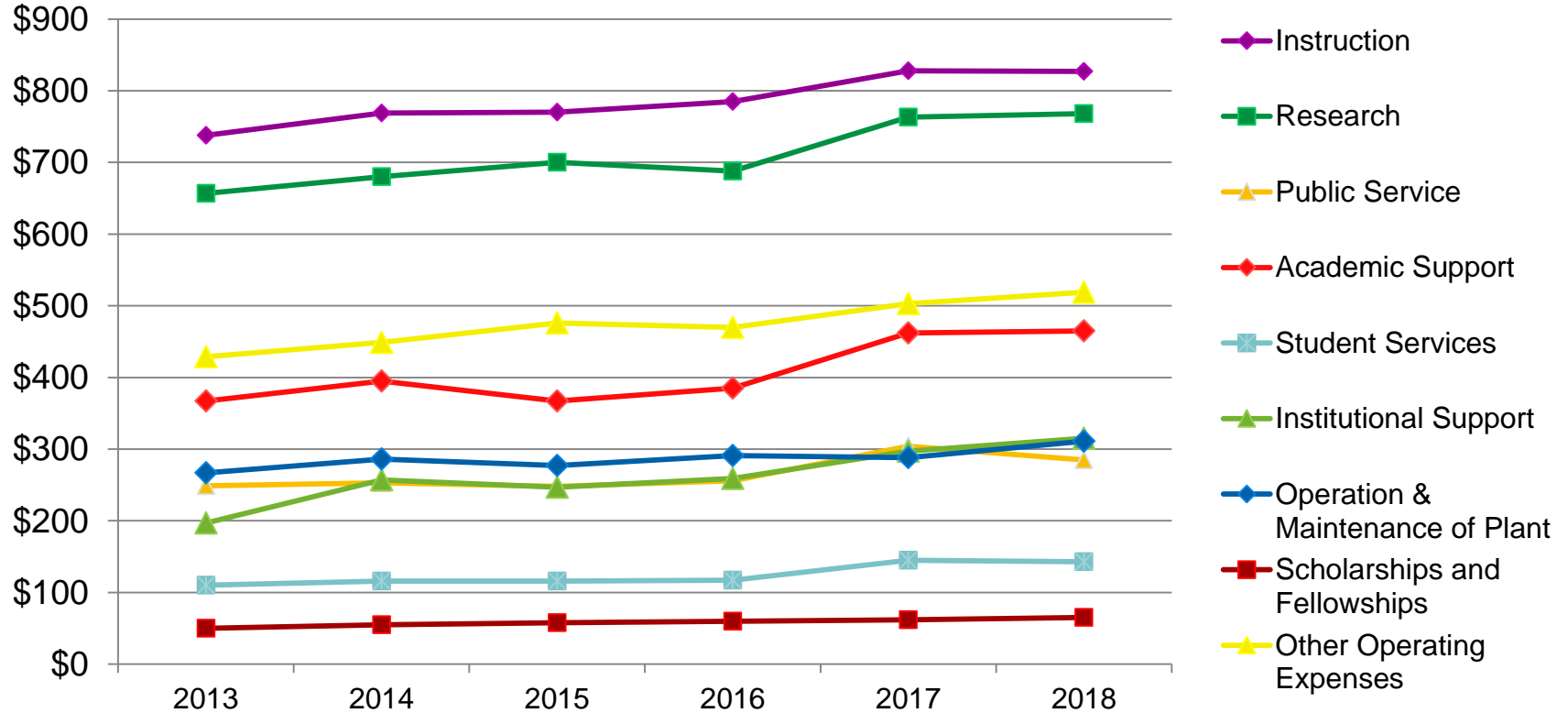
# FY 2018 Total Operating Expenses – \$3.7 Billion



# Operating Expense Trends – Functional Classification

## Fiscal Years 2013 – 2018

(Audited amounts; \$ in millions)



# The GASB Pension Effect

*Changes in pension plan's actuarial assumptions, combined with GASB's prescribed methodologies, led to volatility in the U's net pension liability and expense:*

- A decrease of **\$795,205,000** in net pension liability (balance sheet) in FY18 compared to an increase of **1,664,469,000** in FY17
- A decrease in pension expense (income statement) of **\$99,094,000** in FY18 compared to an increase of **\$330,483,000** in FY17

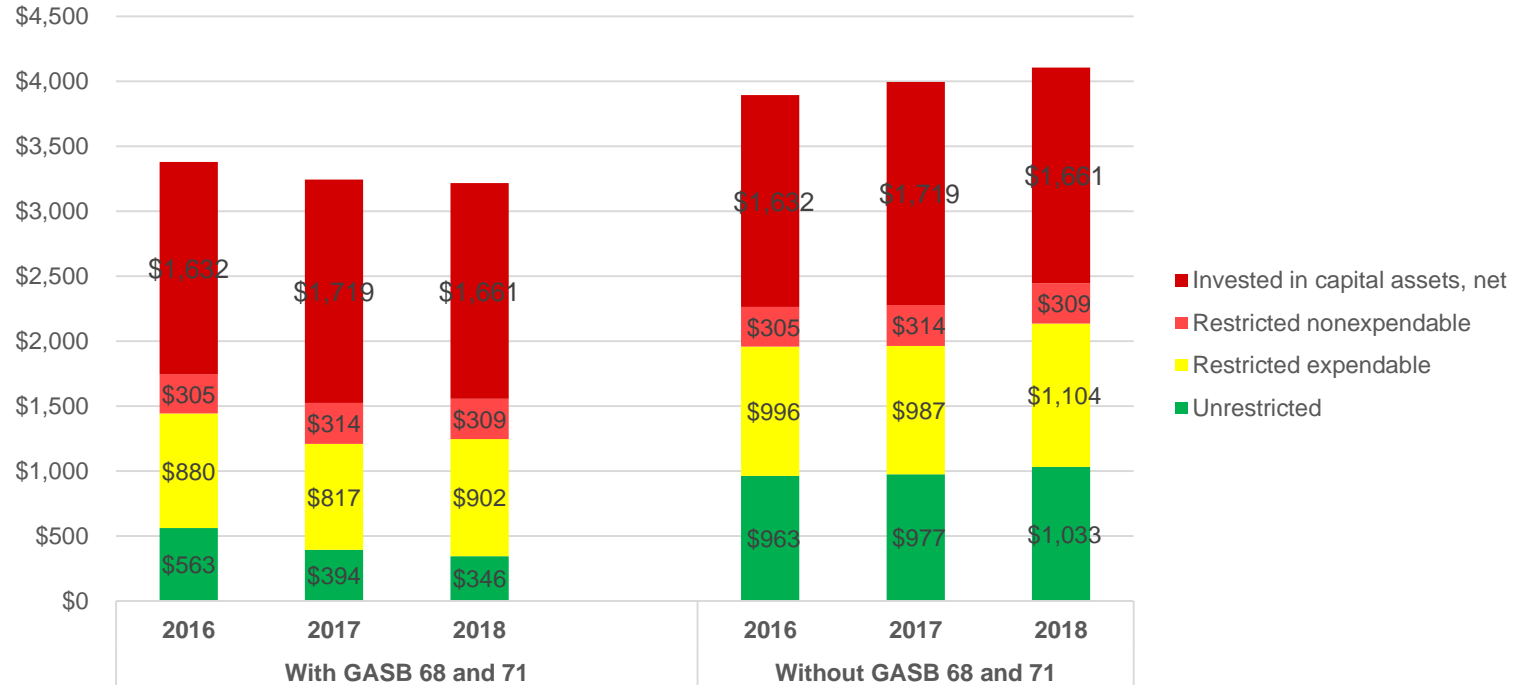
# Net Position Impact of GASB 68/71

	With GASB 68/71			Without GASB 68/71	
	2018	2017		2018	2017
Total assets	\$6,305	\$6,114		\$6,305	\$6,114
Deferred outflows of resources	949	1,332		5	4
Total liabilities	3,311	4,028		2,197	2,119
Deferred inflows of resources	725	174		6	2
Net Position:					
Unrestricted	346	394		1,033	977
Restricted – expendable	902	817		1,104	987
Restricted – nonexpendable	309	314		309	314
Net investment in capital assets	<u>1,661</u>	<u>1,719</u>		<u>1,661</u>	<u>1,719</u>
Total net position	\$3,218	\$3,244		\$4,107	\$3,997

# Net Position, 2016-2018

With and Without GASB 68 & 71

Dollars in millions





# Managing Future GASB Pension Effects

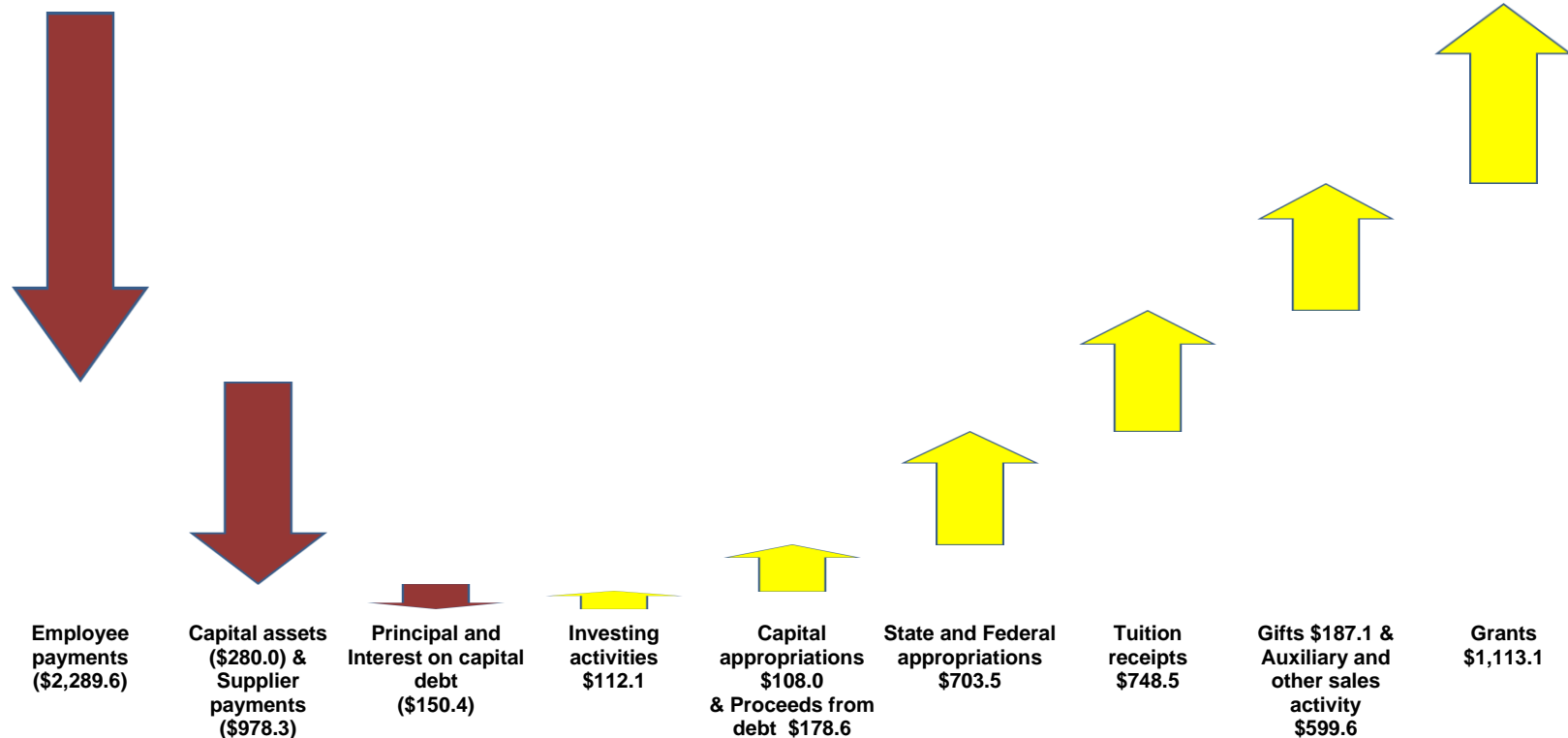
- Strengthen
  - Our understanding of the state of Minnesota's governance, strategies, and activities relative to these plans
- Engage
  - With the State; be a more active participant
- Inform
  - Continue to inform and influence the State's investment strategies, actuarial assumptions, and legislative priorities.

# Cash Flows, Fiscal Year 2018

(\$ in millions)

6/30/2017  
\$436.7

6/30/2018  
\$488.9



# Discretely Presented Component Units

## FY 2018 Overview

(\$ in millions)

	UMF	UMP
Total Assets	\$3,139.4	\$ 223.9
Total Liabilities	<u>361.0</u>	<u>125.5</u>
Net Assets	2,778.4	98.4
Total Revenues	457.8	571.1
Total Expenses	<u>249.0</u>	<u>587.5</u>
Increase (Decrease) in Net Assets	\$ 208.8	\$ (16.4)
Refer to Annual Financial Report – pages 28, 30 and 31 for additional information		

# FY 2018: Overall Summary

- ✓ ***University of Minnesota has a strong balance sheet***
- ✓ ***Operating performance (excluding GASB 68 / 71 adjustments) continues to be strong***
- ✓ ***GASB pension reporting continues to create unexpected volatility***
- ✓ ***Financial strength supports AA/Aa1 credit rating, and lowers overall cost of borrowing***



UNIVERSITY OF MINNESOTA

**Driven to Discover®**

Crookston Duluth Morris Rochester Twin Cities

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

University of Minnesota  
Analysis of Consolidated Statements of Net Position  
To Accompany June 30, 2018 Financial Statements  
Excluding Component Units, in thousands

	6/30/2018	6/30/2017	Increase / (Decrease)		Explanation
			\$	%	
<b>Assets:</b>					
<b>Current Assets:</b>					
Cash & cash equivalents	463,460	387,772	75,688	20%	\$70m increase in TIP cash due to investment strategy to have commercial trades mature at year-end in order to decrease the CP securities in the portfolio.
Short-term investments	263,676	163,201	100,475	62%	\$4.2m increase in SIT due to VCM manager terminated and securities moved to SIT. SIT and VCM are investment firms
Receivables, net	309,741	270,118	39,623	15%	\$24m increase in A/R due to delay in payments received from UMP
Inventories	19,389	20,075	(686)	-3%	\$6m increase due to timing of sponsored invoices and payments
Student loans receivable, net	10,079	10,189	(110)	-1%	
Prepaid expenses	36,575	35,878	697	2%	
Other assets	560	205	355	173%	Increase due to recording of Sedgwick Escrow balance to pay claims
<b>Total current assets</b>	<b>1,103,480</b>	<b>887,438</b>	<b>216,042</b>	<b>24%</b>	
<b>Noncurrent assets:</b>					
Restricted cash and cash equivalents	25,408	48,933	(23,525)	-48%	Decrease in unspent bond proceeds due to increased spending on construction projects, specifically Chemical Sciences & Advanced Materials Building at UMD and Pioneer Hall Renovation
Investments	1,897,897	1,928,589	(30,692)	-2%	
Receivables, net	11,039	11,869	(830)	-7%	
Student loan receivables, net	63,582	62,653	929	1%	
Prepaid expenses	15,005	31,922	(16,917)	-53%	Decrease due to timing of software maintenance agreements
Other assets	2,780	1,280	1,500	117%	Increase due to Greek Housing Loan Program
Capital assets, net	3,185,317	3,141,059	44,258	1%	
<b>Total noncurrent assets</b>	<b>5,201,028</b>	<b>5,226,305</b>	<b>(25,277)</b>	<b>0%</b>	
<b>Total assets</b>	<b>6,304,508</b>	<b>6,113,743</b>	<b>190,765</b>	<b>3%</b>	
<b>Deferred Outflows of Resources</b>	<b>948,273</b>	<b>1,332,540</b>	<b>(384,267)</b>	<b>-29%</b>	Decrease due to recording of the University's FY18 Net Pension liability (GASB 68/71)
<b>Liabilities:</b>					
<b>Current liabilities:</b>					
Accounts payable	137,764	139,589	(1,825)	-1%	
Accrued liabilities and other	315,696	309,116	6,580	2%	
Unearned income	64,889	62,552	2,337	4%	
Long-term debt	346,794	333,509	13,285	4%	
<b>Total current liabilities</b>	<b>865,143</b>	<b>844,766</b>	<b>20,377</b>	<b>2%</b>	
<b>Noncurrent Liabilities:</b>					
Accrued liabilities and other	1,250,400	2,051,375	(800,975)	-39%	\$795m decrease due to FY18 recording of Net Pension Liability
Unearned income	44	86	(42)	-49%	Decrease in noncurrent due to remaining balance of prepaid Dental Tuition is current
Long-term debt	1,194,995	1,131,467	63,528	6%	
<b>Total noncurrent liabilities</b>	<b>2,445,439</b>	<b>3,182,928</b>	<b>(737,489)</b>	<b>-23%</b>	
<b>Total liabilities</b>	<b>3,310,582</b>	<b>4,027,694</b>	<b>(717,112)</b>	<b>-18%</b>	
<b>Deferred Inflows of Resources</b>	<b>724,632</b>	<b>174,265</b>	<b>550,367</b>	<b>316%</b>	Increase due to recording of the University's FY18 Net Pension liability (GASB 68/71)
<b>Net Position:</b>					
Unrestricted	345,558	394,159	(48,601)	-12%	Decrease due to FY18 recording of Net Pension Liability
Restricted Expendable	901,976	817,397	84,579	10%	\$84m increase due to increase in both cash and investments, partially offset by a \$32m decrease due to FY18 recording of Net Pension Liability
Nonexpendable	309,407	313,885	(4,478)	-1%	
Net investment in capital assets	1,660,626	1,718,883	(58,257)	-3%	
<b>Total net position</b>	<b>3,217,567</b>	<b>3,244,324</b>	<b>(26,757)</b>	<b>-1%</b>	

University of Minnesota  
Analysis of Consolidated Statements of Revenues, Expenses and Changes in Net Position  
To Accompany June 30, 2018 Financial Statements  
Excluding Component Units, in thousands

	6/30/2018	6/30/2017	Increase / (Decrease)		Explanation
			\$	%	
<b>Revenues:</b>					
<b>Operating revenues:</b>					
Student tuition and fees, net of scholarship allowances	797,329	774,827	22,502	3%	Increased revenue due to new projects in FY18, offset by normal business activity of new projects starting and projects ending.
Federal grants and contracts	453,498	439,410	14,088	3%	
State and other government grants	85,741	73,720	12,021	16%	Increased revenue due to new projects in FY18, offset by normal business activity of new projects starting and projects ending, and increases due to the timing of invoices.
Nongovernmental grants and contracts	399,846	388,189	11,657	3%	Specific new revenues include: Energy Management rebate for recognition of Energy Saving capacity of the Main Energy Plant, increase in Anesthesiology clinical trials resulted in increase in funding to pay for increased expenses
Student loan interest income	1,998	1,828	170	9%	
Sales and services of educational activities, net of scholarship allowances	151,337	147,153	4,184	3%	
Auxiliary enterprises, net of scholarship allowances	438,118	403,088	35,030	9%	Increase due to: \$15m new Big Ten media agreement \$7m new facility rental leasing
Other operating revenues	108	114	(6)	-5%	
<b>Total operating revenues</b>	<b>2,327,975</b>	<b>2,228,329</b>	<b>99,646</b>	<b>4%</b>	
<b>Expenses</b>					
<b>Operating expenses:</b>					
Education and general:					
Instruction	827,200	827,780	(580)	0%	
Research	768,137	763,410	4,727	1%	
Public service	285,251	304,268	(19,017)	-6%	
Academic support	465,319	461,542	3,777	1%	
Student services	142,865	144,826	(1,961)	-1%	
Institutional support	314,769	297,379	17,390	6%	Increase due to expenses related to the Next Generation Network Project
Operation and maintenance of plant	310,674	288,588	22,086	8%	Increase due to repairs & maintenance projects, specifically the Mechanical Engineering Lab Programming, PWB CTSI Research Clinic, Shepherd Labs Robotics Lab & UMD Sports & Health Center HVAC
Scholarships and fellowships	64,589	62,060	2,529	4%	
Depreciation	221,797	208,645	13,152	6%	
Auxiliary enterprises	297,711	292,784	4,927	2%	
Other operating expenses, net	120	294	(174)	-59%	
<b>Total operating expenses</b>	<b>3,698,432</b>	<b>3,651,576</b>	<b>46,856</b>	<b>1%</b>	
<b>Operating Loss</b>	<b>(1,370,457)</b>	<b>(1,423,247)</b>	<b>52,790</b>	<b>-4%</b>	
<b>Nonoperating Revenues (Expenses)</b>					
Federal appropriations	21,690	17,481	4,209	24%	
State appropriations	684,261	650,749	33,512	5%	
Grants	204,018	203,044	974	0%	
Gifts	195,612	191,042	4,570	2%	
Investment income, net	166,226	147,380	18,846	13%	\$12.7m increase due to favorable market conditions for CEF & GIP \$3.9m increase due to active daily portfolio trading due to increased market rates
Interest on capital-asset related debt	(46,157)	(51,107)	4,950	-10%	Decrease due to timing of issuance and amortization of net gain on defeasance
Other nonoperating revenues (expenses), net	7,306	7,338	(32)	0%	
<b>Net nonoperating revenues</b>	<b>1,232,956</b>	<b>1,165,927</b>	<b>67,029</b>	<b>6%</b>	
<b>Loss Before Other Revenues</b>	<b>(137,501)</b>	<b>(257,320)</b>	<b>119,819</b>	<b>-47%</b>	
Capital appropriations	74,587	78,130	(3,543)	-5%	
Capital grants and gifts	35,711	42,178	(6,467)	-15%	Decrease primarily due to less revenue for Athlete's village compared to FY17 due to project nearing completion.
Additions to permanent endowments	446	976	(530)	-54%	
<b>Total other revenues</b>	<b>110,744</b>	<b>121,284</b>	<b>(10,540)</b>	<b>-9%</b>	
<b>Decrease in Net Position</b>	<b>(26,757)</b>	<b>(136,036)</b>	<b>109,279</b>	<b>-80%</b>	
Net position at beginning of year	3,244,324	3,380,360	(136,036)	-4%	
<b>Net position at end of year</b>	<b>3,217,567</b>	<b>3,244,324</b>	<b>(26,757)</b>	<b>-1%</b>	



# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Board of Regents**

**December 14, 2018**

**AGENDA ITEM:** Consent Report

☐

**Review**

☒

**Review + Action**

☐

**Action**

☐

**Discussion**

☐

*This is a report required by Board policy.*

**PRESENTERS:** Regent David J. McMillan

## **PURPOSE & KEY POINTS**

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

### **A. Gifts**

The President recommends approval of the Summary of Report of Gifts to the University of Minnesota through September 30, 2018.

### **B. Report of the All-University Honors Committee**

The President recommends approval of the All-University Honors Committee recommendations forwarded to the Board in a letter dated December 6, 2018.



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

**December 2018 Regents Meeting**

	<u>September</u>		<u>Year-to-Date</u>	
	<u>2018</u>	<u>2017</u>	<u>07/01/18 09/30/18</u>	<u>07/01/17 09/30/17</u>
<b>U of M Gift Receiving</b>	\$ 123,145	\$ 73,240	\$ 172,552	\$ 356,284
<b>Arboretum Foundation</b>	1,762,605	2,405,763	2,722,415	3,036,231
<b>Univ of MN Foundation</b>	<u>29,653,316</u>	<u>29,626,746</u>	<u>96,657,286</u>	<u>78,993,656</u>
<b>Total Gift Activity</b>	<u><u>\$ 31,539,066</u></u>	<u><u>\$ 32,105,749</u></u>	<u><u>\$99,552,253</u></u>	<u><u>\$ 82,386,171</u></u>

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

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

## Gifts to benefit the University of Minnesota

### Gifts received in September 2018

<u>Donor</u>	<u>Gift/Pledge</u>	<u>Purpose of gift</u>
<b><u>\$1 Million and Over</u></b>		
The Hormel Fdn	Gift	Hormel Institute
Schwan's Corporate Giving Fdn	Pledge	Various Colleges
Harriet T Ludwick Estate	Gift	Minnesota Landscape Arboretum
Stone Uncle Trust	Gift	College of Pharmacy
Mary E Murphy Estate	Gift	Carlson School of Management
<b><u>\$500,000 - \$1,000,000</u></b>		
Chainbreaker	Gift	Academic Health Center
Robert E and Gail Buuck	Gift	College of Education and Human Development
<b><u>\$250,000 - \$500,000</u></b>		
Robert O Delaney Jr and Jill Delaney	Gift	Intercollegiate Athletics, College of Liberal Arts
Anonymous	Gift	Minnesota Landscape Arboretum
Kathleen and Andy Cecere Fund-Ayco Charitable Fdn	Gift	Carlson School of Management
Rosemary H and David F Good Family Fdn	Pledge	College of Liberal Arts
<b><u>\$100,000 - \$250,000</u></b>		
Anonymous	Gift	College of Science and Engineering, College of Food, Agricultural and Natural Resource Sciences
Elwood F Caldwell Estate	Gift	College of Food, Agricultural and Natural Resource Sciences
Olga B Hart Education Fdn	Pledge	Intercollegiate Athletics
Schwan's Co	Pledge	Carlson School of Management
Patricia S Kane	Pledge	Academic Health Center
S Walter and Paula K Richey	Pledge	Law School
Shah Corp	Pledge	Intercollegiate Athletics
Alan E and Linda J Shapiro	Pledge	Libraries
Bruce A Poulsen	Gift	College of Liberal Arts
Robina Fdn	Gift	Law School
Supervalu Inc	Gift	Academic Health Center

**\$50,000 - \$100,000**

A Marilyn Sime Estate	Gift	Center for Spirituality and Healing, College of Education and Human Development
Holmes/CSM Family Fdn	Pledge	Medical School
David C McFarland Jr Estate	Gift	Carlson School of Management, School of Nursing
David J and Klaartje J Stegmaier	Pledge	College of Food, Agricultural and Natural Resource Sciences
Niron Magnetics Inc	Gift	College of Science and Engineering
Karl Potach Fdn	Gift	Hormel Institute
Bentson Fdn	Pledge	Medical School
Parravano Fund-Fidelity Charitable	Gift	College of Science and Engineering
Alvin E McQuinn	Gift	Minnesota Landscape Arboretum
Susan K Shorter Estate	Gift	Scholarships
BASF Corp	Gift	College of Science and Engineering, College of Food, Agricultural and Natural Resource Sciences
Milton and Danae Andrews	Pledge	College of Biological Sciences
ICM Inc	Gift	College of Food, Agricultural and Natural Resource Sciences
Randolph A Koski	Gift	University of Minnesota Duluth
ExxonMobil Fdn	Pledge	University of Minnesota Duluth
Lester Wold and Patricia Simmons	Gift	Weisman Art Museum
Barbara J Lutz	Pledge	Intercollegiate Athletics
Be a Hero, Become a Donor Fdn	Gift	Medical School
Carol E Macpherson Memorial Scholarship Fund	Gift	Scholarships
Fletcher Family Fdn	Gift	College of Food, Agricultural and Natural Resource Sciences
Ganoe Charitable Fdn-UBS Donor Advised Fund	Gift	Medical School
Jennifer Melin Miller and David Miller	Pledge	Carlson School of Management
Karen E Hawley and Charlaire E Tolkien	Pledge	Intercollegiate Athletics
Leopold D and Bella L Yau	Pledge	College of Science and Engineering
Lisa Huey	Pledge	Intercollegiate Athletics
Margaret Grieve Fund of the St Paul Fdn	Gift	Carlson School of Management
Michael and Jennifer Zechmeister	Pledge	Carlson School of Management
Robert J Burgett	Pledge	Scholarships
Target Fdn	Gift	Weisman Art Museum
Ted M Pass	Gift	Scholarships

**\$25,000 - \$50,000**

Jolife AB	Gift	Medical School
William S Marvin Fund-MN Comm Fdn	Gift	College of Science and Engineering
The McKnight Fdn	Gift	College of Food, Agricultural and Natural Resource Sciences, Carlson School of Management
Chinese Academy of Sciences	Gift	College of Science and Engineering
Paul D and Betsy Mitchell	Gift	Intercollegiate Athletics
Anonymous	Gift	Medical School
Medtronic Inc	Gift	College of Science and Engineering, Medical School
Room and Board Inc	Gift	College of Food, Agricultural and Natural Resource Sciences
General Mills Inc	Gift	College of Food, Agricultural and Natural Resource Sciences
Guy Grove Family Fdn	Gift	Academic Health Center
Judith A Christensen Estate	Gift	Various Colleges
Minnesota Department of Human Services	Gift	College of Food, Agricultural and Natural Resource Sciences
The Diabetesity Research Fdn	Gift	Medical School
Arvid Olson Estate	Gift	Medical School
Graco Fdn	Gift	College of Science and Engineering, University of Minnesota Duluth
Ellen Messer-Davidow	Gift	College of Liberal Arts
G Edward Evans	Gift	College of Liberal Arts
Midwest Dairy Assn	Gift	College of Veterinary Medicine
Trust for the Meditation Process	Gift	Center for Spirituality and Healing
Guangzhou Wisdom Bio-Technology Co Ltd	Gift	College of Food, Agricultural and Natural Resource Sciences
Martha Pitel Estate	Gift	School of Nursing
Steven M Andersen	Gift	Weisman Art Museum
Mary Kay Cosmetics	Gift	Academic Health Center
Bertha A Lewis Estate	Gift	College of Science and Engineering, Minnesota Landscape Arboretum
Jerome K Robertson	Gift	School of Nursing
Osmose Utilities Services Inc	Gift	College of Science and Engineering
Anonymous	Gift	College of Science and Engineering
Compeer Financial	Gift	University of Minnesota Extension, Carlson School of Management
Cynthia Breen	Gift	Carlson School of Management
Dan McDonald Fund-Fidelity Charitable	Gift	Law School
Justin and Crystal Truckenbrod	Pledge	Intercollegiate Athletics
Pelican Lake Assn of Crow Wing County	Gift	College of Food, Agricultural and Natural Resource Sciences

**\$25,000 - \$50,000**

Peter T Beniares	Pledge	Intercollegiate Athletics
Rosemary T Dahl	Gift	College of Food, Agricultural and Natural Resource Sciences
RoxAnn D Kosmoski	Gift	Minnesota Landscape Arboretum

**\$10,000 - \$25,000**

Donald F Mowbray	Gift	University of Minnesota Duluth
The Karlson Family Fdn	Gift	Medical School
Dennis L Maki	Gift	University of Minnesota Duluth
Paul A Crowell	Gift	College of Science and Engineering
Craig H Blakely	Gift	Boynton Health Services
David and Sharon Lentz Charitable Gift Fund	Gift	Medical School
Lori D Jones	Gift	College of Food, Agricultural and Natural Resource Sciences
Marguerite Henry Family Trust	Gift	College of Education and Human Development
Dermod F and Christine K Norton	Gift	Medical School
Jean E Schroepfer	Gift	College of Food, Agricultural and Natural Resource Sciences
Mylan and Kathleen Radulovich	Gift	University of Minnesota Duluth
Ryan Companies US Inc	Gift	Medical School
Stand Up 2 Ataxia	Gift	Medical School
Benjamin F Nelson Estate	Gift	Medical School
3M Co	Gift	School of Dentistry
Anonymous	Pledge	College of Veterinary Medicine
Chanhassen Dinner Theatre LLC	Gift	University of Minnesota Duluth
Christie S Heikes	Gift	Intercollegiate Athletics
George A Schwartz	Gift	Minnesota Landscape Arboretum
George P and Barbara M Hagemann	Pledge	Intercollegiate Athletics
John A and Rebecca L Siekmeier	Gift	Intercollegiate Athletics
Mark S Moilanen	Gift	Minnesota Landscape Arboretum
Rob and Barb Schaller Charitable Fund- Fidelity Charitable	Gift	College of Food, Agricultural and Natural Resource Sciences, Minnesota Landscape Arboretum
Shakopee Mdewakanton Sioux Community	Gift	Intercollegiate Athletics, Medical School
Chen and Yao Family Charitable Fund- Vanguard Charitable	Gift	Medical School
Hall Family Fdn	Gift	Medical School
Cathy and John Muggee Fund-Catholic Comm Fdn MN	Gift	Medical School
Calvin H and Sandra Simmons	Gift	Intercollegiate Athletics

**\$10,000 - \$25,000**

The Mosaic Co	Gift	College of Food, Agricultural and Natural Resource Sciences
Iowa Corn Growers Assn	Gift	College of Food, Agricultural and Natural Resource Sciences
Center for Computer-Assisted Legal Instruction	Gift	Law School
Muriel M Orcutt Estate	Gift	Libraries
Bradley A and Arlene T Forrest	Gift	Medical School
Roxanne M Givens	Gift	Libraries
Swine Services Unlimited Inc	Pledge	College of Veterinary Medicine
Jaffe Family Fdn	Gift	College of Design
National Recoveries Inc	Gift	Academic Health Center
Anthony R and Vicky R Dorso	Gift	Medical School
Beckman Coulter Fdn	Gift	Scholarships
Boston Scientific Corp	Gift	Medical School
Datamark inc	Gift	Carlson School of Management
Debra A and Gregory A Peterson	Gift	Carlson School of Management
Diane M Berthel Charitable Fund-Vanguard Charitable	Gift	School of Public Health
Edward W and Cora L Remus	Gift	College of Science and Engineering
Hennepin County 4-H Federation	Gift	University of Minnesota Extension
James J and Mary L Kunza	Gift	Academic Health Center
Janet L Warner	Gift	College of Science and Engineering
Joel and Nicole Kunza	Gift	Academic Health Center
John and Mary Pappajohn Scholarship Fdn	Gift	College of Design
John E and Joyce R Miklausich	Gift	University of Minnesota Duluth
Joseph P and Carol Z Sullivan	Gift	Law School
Lucy and Timothy Jung	Gift	Medical School
Marjorie and Dwight Peterson Fund-St Paul Fdn	Gift	Carlson School of Management
Mike and Linda Fiterman Family Fdn	Gift	Scholarships
NovaVive Inc	Gift	College of Veterinary Medicine
Pathways to Children Fdn	Gift	School of Public Health
Stephen J Lukasik	Gift	Libraries
Super Radiator Coils	Gift	Intercollegiate Athletics
Tomajean and Howard Haugerud Charitable Fund	Gift	College of Liberal Arts
Unisys Corp	Gift	College of Science and Engineering
Uplifting Athletes Inc	Gift	Academic Health Center
William R Pritchard	Gift	College of Veterinary Medicine

**\$5,000 - \$10,000**

E Charles Meslow	Gift	College of Food, Agricultural and Natural Resource Sciences
James H Hammill Charitable Fund-UBS Donor- Gift Advised		College of Food, Agricultural and Natural Resource Sciences
Science Museum of Minnesota	Gift	College of Science and Engineering
Thomas M and Laura L Davidson	Gift	College of Veterinary Medicine
Bayer Corp	Gift	College of Food, Agricultural and Natural Resource Sciences
612Brew	Gift	Medical School
Jester Concepts	Gift	Medical School
Brian E Engdahl	Gift	Medical School
William C Pettit Jr	Gift	Intercollegiate Athletics
Mary Jackson	Gift	Minnesota Landscape Arboretum
West Central Inc	Gift	College of Food, Agricultural and Natural Resource Sciences, University of Minnesota Extension
Patricia A Robertson	Gift	School of Nursing
Citizens for Backus	Gift	University of Minnesota Extension
Royden A Belcher	Gift	University of Minnesota Alumni Assn, Medicine and Health
TCF National Bank	Gift	Academic Health Center
Miller Entertainment and Events	Gift	Medical School
Kathleen G Dineen Estate	Gift	School of Nursing
John Bauer	Gift	College of Veterinary Medicine
University of Minnesota Physicians	Gift	Medical School
Janet and George Schwartz	Gift	Unrestricted
Helen D Haupt	Gift	Minnesota Landscape Arboretum
Patricia R Thayer	Gift	Carlson School of Management
Pepper Schwartz	Pledge	Medical School
Robert D Shumer	Gift	College of Education and Human Development
Xcel Energy	Gift	Institute on the Environment
Ardes M Johnson	Gift	College of Liberal Arts
Dakota Aggregates LLC	Gift	College of Science and Engineering
Mary L Topp	Gift	College of Education and Human Development
Ruth A Draut Estate	Gift	University of Minnesota Extension
UnitedHealth Group Inc	Pledge	Various Colleges
Edith H Lylum Trust	Gift	Medical School
Thrivent Financial	Gift	Carlson School of Management
Monrovia Growers	Gift	Minnesota Landscape Arboretum
Albert Victor Ravenholt Fund	Gift	College of Food, Agricultural and Natural Resource Sciences

**\$5,000 - \$10,000**

Alice M Kuramoto	Gift	School of Nursing
Barbara R Spannaus	Gift	Minnesota Landscape Arboretum
Bette Soderstrom	Gift	College of Liberal Arts
Brian P Newell	Gift	College of Science and Engineering, Scholarships
Briand M Morrison	Gift	University of Minnesota Duluth
Carla Pavone	Pledge	Carlson School of Management
Carol and Perry Hackett Charitable Fund- Schwab Charitable	Gift	Medical School
Casey and Mary Whelan	Gift	College of Liberal Arts
CentraCare Health	Gift	School of Public Health
Dave E and Deborah R Peterson	Gift	University of Minnesota Morris
Dean Foods Co	Gift	College of Food, Agricultural and Natural Resource Sciences
Dwight W and Georgia E Day	Gift	University of Minnesota Crookston
Eli Lilly and Co	Gift	College of Pharmacy
Golden Dunkers Booster Club Inc	Gift	Intercollegiate Athletics
Henry A and Barbara E Hanson	Gift	College of Science and Engineering
J Frank Schmidt Family Charitable Fdn	Gift	Minnesota Landscape Arboretum
Janet Thome	Gift	College of Food, Agricultural and Natural Resource Sciences
Jason S Patzlaff	Gift	University of Minnesota Morris
John F and Dorothy H Magee Fdn	Gift	College of Science and Engineering
John S and James L Knight Fdn Fund/St Paul Fdn	Gift	Carlson School of Management
Johnson and Johnson Services Inc	Gift	Medical School
Kristopher J Anderson	Gift	Intercollegiate Athletics
Leon W Hoyer	Gift	Medical School
LG Academy	Gift	Carlson School of Management
Mary A and Jan H Tanghe	Gift	Medical School
Mary and Jim Frey	Gift	Academic Health Center
Mercy Health System	Gift	School of Public Health
Michael W Keran	Gift	College of Liberal Arts
MOAC Mall Holdings LLC	Gift	Carlson School of Management
Mortenson Family Fdn	Gift	College of Food, Agricultural and Natural Resource Sciences
Mpls Area Assn of Realtors Fdn Inc	Gift	Libraries
Mulvahill Yoo Family Fund-Vanguard Charitable	Gift	Carlson School of Management
Patrick T and Angela L Lee Charitable Fund- Vanguard	Gift	Carlson School of Management
Peter A Michalski	Gift	Law School
Prairie Livestock Supply Co	Gift	College of Veterinary Medicine



**\$5,000 - \$10,000**

Randy L and Mary Kay Pearce	Gift	Academic Health Center
Rebecca Knill	Gift	Minnesota Landscape Arboretum
Riverview Fund-West Central Initiative	Gift	College of Food, Agricultural and Natural Resource Sciences
Robert A Stein Family Fdn	Gift	Law School
Satish C and Cynthia P Gupta	Gift	College of Food, Agricultural and Natural Resource Sciences
Scott K and Susan R Oelkers	Gift	Scholarships
Solutran Inc	Gift	College of Liberal Arts
Stephanie F Callanan	Gift	College of Biological Sciences
Stephen M Ditman	Gift	Carlson School of Management
Steven R and Sharon D Gordon	Gift	School of Public Health
TDN Fund-Vanguard Charitable	Gift	Medical School
The Richard E Capri Fdn	Gift	Academic Health Center
The Stable	Gift	Medical School
Thenappan Thenappan	Gift	Medical School
Tracie and Derek Vandenburg	Gift	Medical School
Vivian V Olson	Gift	College of Veterinary Medicine

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

**December 2018 Regents Meeting**

	<b>October</b>		<b>Year-to-Date</b>	
	<b>2018</b>	<b>2017</b>	<b>07/01/18 10/31/18</b>	<b>07/01/17 10/31/17</b>
<b>U of M Gift Receiving</b>	\$ 537,752	\$ 78,270	\$ 710,304	\$ 434,554
<b>Arboretum Foundation</b>	598,221	671,247	3,320,636	3,707,479
<b>Univ of MN Foundation</b>	28,925,893	25,234,254	125,583,179	104,227,910
<b>Total Gift Activity</b>	<b>\$ 30,061,866</b>	<b>\$ 25,983,771</b>	<b>\$ 129,614,119</b>	<b>\$ 108,369,943</b>

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

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

## Gifts to benefit the University of Minnesota

### Gifts received in October 2018

<u>Donor</u>	<u>Gift/Pledge</u>	<u>Purpose of gift</u>
<b><u>\$1 Million and Over</u></b>		
Stone Uncle Trust	Pledge	Medical School
Robert K Eddy	Gift/Pledge	Intercollegiate Athletics, Medical School
Robert E and Gail Buuck	Pledge	College of Education and Human Development
Pat and Tom Grossman Family Fnd-MN Comm Fdn	Gift	Medical School
Walton Family Fdn	Gift	School of Public Health
Kuhrmeyer Family Fdn-St Paul Fdn	Gift	College of Science and Engineering
<b><u>\$500,000 - \$1,000,000</u></b>		
Thomas M Grossman Family Charitable Trust	Gift	Medical School
Esther J Perlman Estate	Gift	College of Veterinary Medicine
John W and Nancy E Peyton	Pledge	College of Education and Human Development
<b><u>\$250,000 - \$500,000</u></b>		
Carlson Family Fdn	Pledge	Humphrey School of Public Affairs
Susan G and James I Swenson	Gift	University of Minnesota Duluth
The McKnight Fdn	Gift	Humphrey School of Public Affairs
Berger Transfer and Storage Inc	Pledge	College of Liberal Arts
Richard P Burke Estate	Gift	Intercollegiate Athletics
Toysmith Inc	Gift	Academic Health Center
<b><u>\$100,000 - \$250,000</u></b>		
Howard F Kidder Estate	Gift	College of Science and Engineering
Medica	Gift	Business and Community Economic Development, Medical School, School of Public Health
Bill and Melinda Gates Fdn	Gift	Child_Parent Center
Armand E Brachman	Gift	Minnesota Landscape Arboretum
Ilo E and Peggy W Leppik	Gift	College of Pharmacy
Childrens Cancer Research Fund	Pledge	Medical School
Millicent Atkins Estate	Gift	College of Food, Agricultural and Natural Resource Sciences
The Hormel Fdn	Gift	Hormel Institute
Dennis and Pamela Schulstad	Pledge	Intercollegiate Athletics

**\$100,000 - \$250,000**

S Bartley and Harriet V K Osborn	Pledge	Intercollegiate Athletics
The Bush Fdn	Gift	Carlson School of Management
James and Elaine Halls Estate	Gift	Academic Health Center, College of Liberal Arts
Elizabeth S Borman	Gift	College of Liberal Arts, Intercollegiate Athletics
Eugene and Sharon Brumm	Pledge	College of Science and Engineering
Frederick Bollum and Lucy Chang	Gift	Medical School
Weinand Family Fdn	Pledge	Carlson School of Management

**\$50,000 - \$100,000**

Robert L and Pamela W Senkler	Gift	Carlson School of Management
Robert H Wilder Jr	Gift	College of Veterinary Medicine
Fidelity Pooled Income CB Fund Account	Gift	College of Science and Engineering
Minnesota Lions Diabetes Fdn Inc	Gift	Medical School
Peter L and Katherine K Rottier	Pledge	Carlson School of Management
Katherine R Lillehei Charitable Lead Unitrust	Gift	Medical School, School of Nursing
Arnold G Fredrickson Estate	Gift	College of Science and Engineering
Susan K Shorter Estate	Gift	Minnesota Landscape Arboretum
Arvid Olson Estate	Gift	Medical School
PPG Industries Inc	Gift	College of Science and Engineering
Toray Industries Inc	Gift	College of Science and Engineering
Total American Services Inc	Gift	College of Science and Engineering
Starke and Virginia Hathaway Trust	Gift	College of Liberal Arts
Robert H Putnam Estate	Gift	College of Liberal Arts
Scott D Hanson	Pledge	Intercollegiate Athletics
Donna M Anderson	Gift	School of Public Health
Rosemary H and David F Good	Gift, Pledge	Weisman Art Museum, College of Liberal Arts
Judith A Christensen Estate	Gift	Various Colleges
Christopher J Brown and Kelly J King-Ellison	Pledge	Intercollegiate Athletics
Anonymous	Gift	College of Food, Agricultural and Natural Resource Sciences
Supervalu Inc	Gift	Academic Health Center
Michael Ormond	Gift	Center for Spirituality and Healing
Ann M Bajari	Pledge	School of Public Health
Bernard J Robichaud Jr	Pledge	Carlson School of Management
Brent G and Karen J Blackey	Pledge	Intercollegiate Athletics
Brian E Engdahl and Raina E Eberly	Gift	Medical School
Charles L and Lynne A Beck	Pledge	Medical School

**\$50,000 - \$100,000**

Clifford M Phibbs Jr and Patricia Phibbs	Gift	Intercollegiate Athletics
Laurie A and M Mitchell Davis	Pledge	Intercollegiate Athletics
National Fluid Power Assn	Gift	College of Science and Engineering
Peter T Beniares	Pledge	Intercollegiate Athletics
Ryan D Steensland	Pledge	Intercollegiate Athletics

**\$25,000 - \$50,000**

George W Taylor Charitable Trust	Gift	College of Science and Engineering
3M Co	Gift	College of Science and Engineering, College of Veterinary Medicine, Carlson School of Management
Neuromeka Co Ltd	Gift	College of Science and Engineering
Chainbreaker	Gift	Academic Health Center
Karen Gundersheimer	Gift	Libraries
Dow International Finance Sarl	Gift	College of Science and Engineering
Anonymous	Gift	Medical School, Carlson School of Management
MN Golf Course Superintendents Assn Inc	Gift	College of Food, Agricultural and Natural Resource Sciences
PTC Inc	Gift	College of Science and Engineering
Sabic Innovative Plastics US LLC	Gift	College of Science and Engineering
Eddy Fdn Charitable Trust U/W	Gift	University of Minnesota Duluth
Sleep Number Corp	Gift	College of Science and Engineering
Google Inc	Gift	College of Science and Engineering
UMMC Medical Staff Services	Gift	Medical School
Olga Wise Estate	Gift	College of Pharmacy
Wayland E Noland Fdn	Gift	College of Science and Engineering
Ralph C Lauer Estate	Gift	College of Food, Agricultural and Natural Resource Sciences
Boeing Shared Services Group	Gift	College of Science and Engineering, Carlson School of Management
Patricia A Beithon	Pledge	Law School
Wells Fargo Bank N A	Gift	Carlson School of Management
John O Lee	Gift	College of Science and Engineering
Kenneth J and Marlys J Jenson	Gift	School of Nursing
Alice Warren Gaarden Fund-Mpls Fdn	Gift	College of Science and Engineering
Bentson Fdn	Pledge	Scholarships, Law School
Biersdorf Hosch Giving Fund-Fidelity Charitable	Gift	Intercollegiate Athletics
Catherine A Vesley	Pledge	School of Public Health
FarmersEdge Inc	Pledge	College of Food, Agricultural and Natural Resource Sciences

**\$25,000 - \$50,000**

Francis A Lonsway	Pledge	College of Education and Human Development
General Mills Inc	Gift	College of Science and Engineering
Gerald D Cavanaugh	Gift	School of Dentistry
Hawkins Family Fdn	Gift	Medical School
Huron Consulting Group Inc	Gift	Carlson School of Management
Isora Wells Fdn	Gift	Medical School
Janet L Utech	Pledge	University of Minnesota Crookston
Janet M Anderson Estate	Gift	College of Design
Julie M Jensen and Lawrence J Shelley	Pledge	Intercollegiate Athletics
Lee O and Patricia A Ronhovde	Gift	University of Minnesota Morris
Lloyd K Johnson Fdn	Gift	University of Minnesota Duluth
Mary B and Benjamin G Rae	Gift	Medical School
Phyllis L Kahn	Gift	College of Liberal Arts
Prati and Norman Wojtal	Pledge	College of Pharmacy
The Scott Richards North Star Charitable Fdn	Gift	Medical School
Wilson Family Charitable Fund-Vanguard Charitable	Gift	College of Education and Human Development
Zoll	Gift	Medical School

**\$10,000 - \$25,000**

Citizens for Backus	Gift	University of Minnesota Extension
William Kreykes	Gift	School of Public Health
Andrews Family Charitable Fund-American Gift Fund	Gift	College of Science and Engineering
Dave and Shannon Keller Charitable Fund	Gift	Academic Health Center
Dorsey and Whitney Fdn	Gift	Law School
George R Klacan	Gift	Minnesota Landscape Arboretum
Laurence F and Jean Y LeJeune	Gift	Academic Health Center, College of Veterinary Medicine, Medical School
Ralph D Ebbott	Gift	Medical School
Valdemar J Olson	Gift	Carlson School of Management, College of Education and Human Development
Carolyn J Sorensen	Gift	College of Liberal Arts
Anthony Garofalo Education Fund-St Paul Fdn	Gift	Scholarships
Richard and Donna Smetzer	Gift	College of Veterinary Medicine
James A Zeese Jr	Gift	College of Science and Engineering, Medical School

**\$10,000 - \$25,000**

ICL Specialty Products Inc	Gift	College of Food, Agricultural and Natural Resource Sciences
Valent USA LLC	Gift	College of Food, Agricultural and Natural Resource Sciences
Patricia A Lyon Charitable Fund-Schwab Charitable	Gift	Intercollegiate Athletics
Sundet Fdn	Gift	College of Veterinary Medicine
Abbott	Gift	Medical School
Aveda Corp	Gift	Carlson School of Management
BioMatrix Inc	Gift	College of Food, Agricultural and Natural Resource Sciences
Chieh Ouyang	Gift	Unrestricted
Presidents Discretionary Fund-Mpls Fdn	Gift	Libraries
Robert H Bruininks	Gift	Various Colleges
Robert O Pepin	Gift	College of Science and Engineering
Steven G Hentges	Gift	College of Science and Engineering
The Gary and Vicki Lubben Family Charitable Fnd	Gift	Academic Health Center
Karen A Nelson	Gift	Minnesota Landscape Arboretum
Anonymous	Gift	Medical School
American Legion Family Brain Sciences Fdn	Gift	Medical School
Johnson and Johnson	Pledge	Carlson School of Management
Harvey A Bartz	Gift	Academic Health Center
Sally A Callahan	Gift	Intercollegiate Athletics
Fastenal Co Purchasing	Gift	University of Minnesota Duluth
John M Underwood and Renee Fair-Underwood	Pledge	College of Liberal Arts
Susan Harker Brunn	Pledge	Carlson School of Management
Warren F Davis	Gift	University of Minnesota Duluth
UnitedHealth Group Inc	Gift/Pledge	Various Colleges
John Deere US Ag	Gift	College of Food, Agricultural and Natural Resource Sciences
Rondi C Erickson	Gift	College of Liberal Arts
Wells Fargo Fdn	Gift/Pledge	Various Colleges
Arvonne S Fraser Estate	Gift	Humphrey School of Public Affairs, Law School
Robert E and Kathleen J Greiling	Gift	College of Science and Engineering
Ameriprise Financial Inc	Gift	College of Science and Engineering
Deidra J Wager	Gift	University of Minnesota Duluth
Sonifer-Lofgren Revocable Trust	Gift	Medical School
Steven F Kittay	Gift	College of Veterinary Medicine

**\$10,000 - \$25,000**

Peter Kiedrowski	Gift	Humphrey School of Public Affairs
Alan C and Constance M Kotula	Gift	University of Minnesota Duluth
Andrew Paesani Jr and Judith Bartell Paesani	Gift	Global Programs and Strategy Alliance
Anna W Ordway and Samuel H Ordway Jr Fdn Inc	Gift	University of Minnesota Morris
Anonymous	Gift	Academic Health Center
Ardent Mills LLC	Gift	College of Food, Agricultural and Natural Resource Sciences
Barbara Roesler Gilb	Gift	Academic Health Center
Carol J and Grant E Nelson	Gift	Intercollegiate Athletics
Coyne Family Fund at Renaissance Charitable Fdn	Gift	College of Veterinary Medicine
Donald C and Janet A Wegmiller	Pledge	University of Minnesota Duluth
E I DuPont De Nemours and Co	Gift	College of Food, Agricultural and Natural Resource Sciences
Ernest C and Caryl K Pierson Fdn	Gift	College of Education and Human Development
Gold Country Inc	Gift	Intercollegiate Athletics
Island Cove Ventures Co	Gift	Intercollegiate Athletics
Jason J Callan	Gift	Intercollegiate Athletics
John J Hunt Jr and Rita M Hunt	Gift	College of Pharmacy
John M Barry and Toni L Eigner-Barry	Gift	Medical School
John N Schwartz Charitable Fund-Schwab Charitable	Gift	School of Public Health
Josep C Oliu	Gift	College of Liberal Arts
KGP Logistics	Gift	Carlson School of Management
Land O'Lakes Inc	Gift	Medical School
Lawrence H and Cindy K Mohr	Gift	Carlson School of Management
Lisa Stuart Schmoker Family Fdn	Gift	Academic Health Center
Lynne and Andrew Redleaf Fdn	Gift	Law School
Marcelo and Josefina Montero	Gift	Carlson School of Management
Merz North America Inc	Gift	Medical School
Midwest Food Products Assn	Gift	College of Food, Agricultural and Natural Resource Sciences
Paul Citron	Gift	College of Education and Human Development
Paulette E Saffle	Gift	University of Minnesota Crookston
Robert M and Kathleen M Carlson	Gift	University of Minnesota Duluth
Rodney H Forristall	Gift	Minnesota Landscape Arboretum
Roman Health Ventures Inc	Gift	Medical School
Rosengren Mangelsdorf Family Fund-Fidelity Charitable	Gift	College of Education and Human Development



**\$10,000 - \$25,000**

Schwan's Shared Services LLC	Gift	Carlson School of Management
Scrooby Fdn	Gift	College of Veterinary Medicine
The Patrick R McMullen Smile In My Heart Fdn	Gift	Academic Health Center
Tracy L Peterson	Pledge	College of Liberal Arts
Trust For Mutual Understanding	Gift	Weisman Art Museum

**\$5,000 - \$10,000**

June B Hendrickson	Gift	University of Minnesota Duluth
Voya Fdn	Pledge	College of Science and Engineering
North Central Cheese Industries Assn	Gift	College of Food, Agricultural and Natural Resource Sciences
Sherwin-Williams Co	Gift	College of Science and Engineering
West Central Inc	Gift	College of Food, Agricultural and Natural Resource Sciences
Yvonne P Oaks Estate	Gift	Medical School
Sue's Charities Fund-U S Charitable Gift Trust	Gift	Medical School
Syvilla M Turbis Estate	Gift	Medical School, Academic Health Center
Center for Computer-Assisted Legal Instruction	Gift	Law School
Brian S Mark	Pledge	Intercollegiate Athletics
ExxonMobil Corp	Gift	College of Science and Engineering, Carlson School of Management
Lang Family Fdn	Gift	Minnesota Landscape Arboretum
Lord Fletchers	Gift	Academic Health Center
Martinson Clinic Fdn	Gift	School of Public Health
Pioneer Hi-Bred International Inc	Gift	College of Food, Agricultural and Natural Resource Sciences
Greater Twin Cities United Way	Gift	Unrestricted
Charles M Goethe Estate	Gift	College of Biological Sciences
Jack A Kochie	Gift	Various Colleges
Kristin and Karl Bennett	Gift	College of Science and Engineering, School of Nursing, School of Public Health
F D Conrad and J McIntyre Conrad Fund-Mpls Fdn	Gift	School of Nursing
Patricia A Zajac	Gift	Intercollegiate Athletics
Cafe Latte	Gift	Medical School
Elizabeth Firestone Graham Fdn	Gift	Weisman Art Museum
Mark J Merila	Gift	Intercollegiate Athletics
Nancy A Miller	Gift	School of Nursing

**\$5,000 - \$10,000**

Pentair Inc	Gift	Weisman Art Museum
Groves Fdn	Gift	Medical School
QualiTech Inc	Gift	College of Food, Agricultural and Natural Resource Sciences
Weck Donor Advised Fund-Schwab Charitable	Gift	Humphrey School of Public Affairs
Lisa Huey	Gift	Academic Health Center
Abigail Gewirtz	Gift	College of Education and Human Development
WIPFLI Fdn Inc	Gift	Carlson School of Management, University of Minnesota Duluth
Clyde M Reedy Estate	Gift	Carlson School of Management
Hearing Components Inc	Gift	College of Science and Engineering
Stryker Orthopaedics	Gift	Medical School
Annette R Levey	Gift	Academic Health Center
Target Corp	Gift	College of Pharmacy
Frank H Burton	Gift	Medical School
Honeywell Aerospace	Gift	College of Science and Engineering
John W Mooty Fdn Trust	Gift	University of Minnesota Alumni Assn
Knopf Family Fdn	Gift	Minnesota Landscape Arboretum
Minnesota Farm Bureau Fdn	Gift	University of Minnesota Extension
Sandra L Johnson	Gift	College of Science and Engineering
Satoshi Otake	Gift	College of Veterinary Medicine
The Crutchfield Dermatology Fdn	Gift	Medical School
Betty A Lewis Univ Environmental Charitable Trust	Gift	University of Minnesota Extension
Mary J Baggenstoss Estate	Gift	College of Food, Agricultural and Natural Resource Sciences
Blythe A Brenden	Gift	Academic Health Center
Joan E Videen	Gift	Medical School
Kalsec Inc	Gift	College of Food, Agricultural and Natural Resource Sciences
Dakota Aggregates LLC	Gift	College of Science and Engineering
May/Drolet Fund at Fidelity Charitable	Gift	Medical School
Michael S Hickman	Pledge	Intercollegiate Athletics
Securian Fdn	Pledge	Carlson School of Management
Clark R Burbee	Gift	College of Biological Sciences
IBM International Fdn	Pledge	Various Colleges
Accenture LLP	Gift	Carlson School of Management
Actelion Pharmaceuticals US Inc	Gift	Medical School
Alan L Eliason Trust	Gift	College of Science and Engineering
Alan R Johnston	Gift	Minnesota Landscape Arboretum

**\$5,000 - \$10,000**

Amy and Kenneth Pucel	Gift	College of Education and Human Development
Betsy Packard Charitable Gift Fund-BOA Charitable	Gift	Minnesota Landscape Arboretum
BioMatrix International	Gift	College of Food, Agricultural and Natural Resource Sciences
Cambridge Technologies	Pledge	College of Veterinary Medicine
Carl and Carolyn Mohn Gift Fund-Schwab Charitable	Gift	College of Food, Agricultural and Natural Resource Sciences
Cub Cares Community Fund-Signature Fund Mpls Fdn	Gift	Academic Health Center
David A and Lisa M Goldberg	Gift	University of Minnesota Duluth
David and Mary Anderson Family Fdn	Gift	Center for Spirituality and Healing
David C Norback	Gift	College of Design
David J Emmons	Gift	College of Veterinary Medicine
David J Olive	Gift	College of Liberal Arts
Dennis L and Joann E Johnson	Gift	Intercollegiate Athletics
Edward M and Janet M Foster	Gift	College of Liberal Arts
Elisabeth Lucas Inc	Gift	Weisman Art Museum
Elizabeth B Anderson	Gift	College of Education and Human Development
Ergodyne Corp	Gift	Medical School
Fairview Health Services	Gift	Medical School
Frances T Atwood Estate	Gift	Minnesota Landscape Arboretum
Jack N and Evelyn E Reif	Pledge	Carlson School of Management
James A MacDonald	Gift	College of Science and Engineering
Jason A Schenkel	Pledge	Intercollegiate Athletics
Jeanne L D and Christopher R Carroll	Pledge	University of Minnesota Duluth
Joan A Enerson	Gift	College of Liberal Arts
Kathleen W Bryant and Jonathan K Lindfors	Gift	Academic Health Center
Kathy T Goldstein	Gift	College of Pharmacy
Kirsten M Burton	Gift	Intercollegiate Athletics
Larry and Kathy Mottl	Gift	College of Veterinary Medicine
Lino A and Nancy A Rauzi	Gift	University of Minnesota Duluth
Londa Tushie	Gift	Minnesota Landscape Arboretum
Lougee Family Fund-Minneapolis Fdn	Gift	Libraries
Luther I Replogle Fdn	Gift	College of Education and Human Development
Martin A Segal	Gift	Medical School
Mary L Devlin	Gift	College of Liberal Arts
Mc Kinsey and Co Inc	Gift	Carlson School of Management

**\$5,000 - \$10,000**

McHugh Charitable Contribution Fnd-Fidelity Charitable	Gift	Intercollegiate Athletics
Mercy Health System	Gift	School of Public Health
National Wild Turkey Federation Inc	Gift	University of Minnesota Extension
Oliver H and Sharlene J Hagen	Gift	Hormel Institute
Onan Family Foundaton	Gift	Sailing Race Team Club
Park Dental Fdn	Gift	School of Dentistry
Paul R Stembler	Gift	Humphrey School of Public Affairs
Paulita LaPlante	Gift	College of Food, Agricultural and Natural Resource Sciences
Philip O and Ludmilla J Isaacson	Gift	College of Veterinary Medicine
Physical Electronics USA Inc	Gift	College of Science and Engineering
Precision of New Hampton Inc	Gift	Academic Health Center
Qiwei Lu	Gift	College of Science and Engineering
R J and Teresa Devick Charitable Fund-Schwab Charitable	Gift	Medical School
Rasmussen - Northeast Bank Fdn	Gift	Medical School
Robert W and Brenda J Flynn	Gift	Medical School
Robin J Torgerson Charitable Fund	Gift	Weisman Art Museum
Steven D Carlson	Pledge	Intercollegiate Athletics
TCF Financial Corp	Gift	Intercollegiate Athletics
TDN Fund-Vanguard Charitable	Gift	Medical School
The Baseline Club Inc	Gift	Intercollegiate Athletics
Tim Harris	Gift	Intercollegiate Athletics
William J McGinnis	Gift	Law School
Mills Fleet Farm	Gift	Intercollegiate Athletics



# BOARD OF REGENTS DOCKET ITEM SUMMARY

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Board of Regents

December 14, 2018

**AGENDA ITEM:** 2018 University Performance and Accountability Report

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

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

**PRESENTERS:** President Eric W. Kaler  
Karen Hanson, Executive Vice President and Provost

## PURPOSE & KEY POINTS

The purpose of this item is review of the annual *University Performance and Accountability Report* and related institutional data.

This report provides the Board of Regents with the information needed to fulfill its accountability role. Throughout the year, the Board of Regents and others use the report as a reference guide to the University's progress toward strategic goals.

The report that is included in the docket is a near-final draft provided to the Board for review. A final printed report will be brought to the Board for approval in February, which will incorporate any revisions based on feedback from the Board and will correct any errors uncovered during a final proofreading review of the draft undertaken by section authors and administrative staff.

## BACKGROUND INFORMATION

In 2000, the Board approved the creation of the *University Plan, Performance, and Accountability Report*. In its resolution, the Board noted that it "...holds itself accountable to the public for accomplishing the mission of the University" and that the report was to become the principal annual documentation of that accountability. The first report was published in 2001. In 2014, the Board revised the timetable for the production of the report to each December. In 2018, the Board changed the name to the *University Performance and Accountability Report*. The 2018 edition is the seventeenth edition produced for the Board of Regents.



# 2018 University Performance and Accountability Report

December 3, 2018 DRAFT



# Table of Contents

<b>1 Introduction .....</b>	<b>1</b>	<b>5 Research and Discovery.....</b>	<b>84</b>
<b>2 An Accountable University .....</b>	<b>3</b>	<b>6 Outreach, Service, and</b>	
University Progress Card .....	6	Engagement .....	92
<b>3 Planning for Success .....</b>	<b>8</b>	<b>7 Operational Excellence:</b>	
Twin Cities Campus .....	9	Faculty and Staff .....	103
Duluth Campus .....	13	<b>8 Operational Excellence:</b>	
Morris Campus .....	16	Organization .....	109
Crookston Campus .....	22	<b>9 Appendices</b>	
Rochester Campus .....	27	Appendix A: Key Links .....	113
<b>4 Education .....</b>	<b>31</b>	Appendix B: Board of Regents.....	115
Undergraduate Education.....	33	Appendix C: Senior Leadership .....	116
<i>Twin Cities Campus</i> .....	33	Appendix D: Tables and Figures .....	117
<i>Duluth Campus</i> .....	41	Appendix E: Progress Card Measures	
<i>Morris Campus</i> .....	47	Definitions .....	120
<i>Crookston Campus</i> .....	53		
<i>Rochester Campus</i> .....	59		
Graduate Education .....	63		
Professional Education .....	70		





# Introduction

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

## University Mission

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

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

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

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

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

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

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

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

## University Overview

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

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

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

### **Governance and Leadership**

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

### **Accreditation**

All campuses of the University of Minnesota operate with the accreditation of the Higher Learning Commission. The Twin Cities campus has been accredited continuously since 1913. The Duluth campus has been accredited since 1968, and the Morris and Crookston campuses were first accredited

in 1970 and 1971. The Rochester and Twin Cities campuses are accredited jointly. Each campus is accredited to offer the bachelor’s degree; the Duluth campus is accredited to offer the master’s degree and the Doctor of Education (Ed.D.) degree; and the Twin Cities campus is accredited to grant master’s, doctoral, and professional degrees (see accreditation discussion on page 5).

### **Enrollment**

Total enrollment at the University’s campuses for fall 2018 was 66,880. Sixty-six percent of registered students were undergraduates. Non-degree-seeking students represented eight percent of total enrollment. In 2017–18, the University granted 10,736 bachelor’s degrees, 3,561 master’s degrees, and 1,675 doctoral degrees (Ph.D., M.D., D.V.M., D.D.S., Pharm.D., J.D.) **(Progress Card Measure).**

# An Accountable University

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

*—University charter, 1851 Territorial Statutes, Chapter 3, Section 16*

Since the University’s inception over 165 years ago, public and University leaders have established and continuously reaffirmed a principle of accountability. Accountability for an institution as important and complex as the University of Minnesota, however, has myriad forms and interpretations. For some, accountability requires a discussion about the University’s ability to address its mission. For others, accountability may necessitate a precise accounting of revenue and expenditures, an assurance of efficient and competent management of institutional resources, or records and institutional data about students and performance. Yet others may hold that accountability is best met by examining leadership and its ability to employ strategies that advance a vision. Still others understand accountability in terms of return on investment and so look for evidence of direct impact on the state of Minnesota and its citizens.

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

## University of Minnesota Board of Regents

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

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

These twelve regents—eight of whom are elected to represent Minnesota’s eight congressional districts and four elected at large—represent the interests and needs of the citizens of Minnesota and, on their behalf, hold the University’s senior leadership accountable. The board’s fundamental accountability documents are the Systemwide Strategic Plan, (president.umn.edu/strategic-vision/system-wide) University Performance and Accountability Report (z.umn.edu/accountabilityreport); the Annual Operating Budget (finance.umn.edu/budget.html); and the Capital Budget (finance.umn.edu/budget\_capital.html).

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

## University Progress Card

In October 2015, the Board of Regents, in consultation with the administration, approved a Progress Card

framework ([oir.umn.edu/planning-metrics/progress-card](http://oir.umn.edu/planning-metrics/progress-card)) to drive performance and support oversight. The development effort focused on identifying the areas in which the Board of Regents should set specific aspirational goals. The board's intent was to focus oversight on a limited number of measurable goals and trends that indicate or drive excellence, understanding that the University measures progress and accountability broadly throughout the institution in many ways, including the University's Plan, Performance, and Accountability Report.

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

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

## Major, University-level Accountability Activities

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

- The president's annual State of the University address;
- Government & Community Relations reports on the University's impact by county and legislative district ([government-relations.umn.edu/content/universitys-impact](http://government-relations.umn.edu/content/universitys-impact));
- Annual report of University research activity ([research.umn.edu/resources/research-statistics](http://research.umn.edu/resources/research-statistics));
- Annual accounting of student services fee allocations ([ssf.umn.edu](http://ssf.umn.edu));
- Public Engagement reports ([www.engagement.umn.edu/our-impact/reports](http://www.engagement.umn.edu/our-impact/reports));
- Institutional success and demographic data managed by the Office of Institutional Research ([oir.umn.edu](http://oir.umn.edu));
- Annual reports on real estate, sustainability, capital planning, and project management;
- Annual updates on energy management and utilities and facilities condition and utilization;
- Survey findings, including citizen, alumni, student, and employer satisfaction;
- University participation in higher education consortia, such as the Association of American Universities, Association of Public and Land-grant Universities, American Council on Education, and Big Ten Academic Alliance.

## Office and Program Reports

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

## Government and Other External Organization Requirements

The University provides a number of reports to the Minnesota Legislature and other organizations, including:

- Postsecondary Planning: A joint report to the Minnesota Legislature by Minnesota State and University of Minnesota;
- Compliance reports to such agencies as the U.S. Department of Education, National Science Foundation, National Institutes of Health, U.S. Department of Agriculture, National Collegiate Athletic Association, University Institutional Review Board, City of Minneapolis, Hennepin

County, and Minnesota Office of Higher Education;

- Testimony to local, state, and federal governments;
- Assessment and evaluation reports to philanthropic foundations.

## Institutional and Program Accreditation

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

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

The Crookston, Rochester, and Twin Cities campuses were reviewed by the Higher Learning Commission in 2015, and were granted continued accreditation status. In July 2018, the Higher Learning Commission officially continued Duluth's accreditation based on the successful review conducted in the spring. In particular, the review team noted the campus's "work and progress on the strategic plan" as well as the "great work with regard to the assessment of student learning."

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

To learn more about both types of accreditation at the University, see [provost.umn.edu/academic-oversight/accreditation](http://provost.umn.edu/academic-oversight/accreditation).

## Media and the General Public

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

## The University Performance and Accountability Report

As noted earlier, Board of Regents operations policy identifies this report as one of four fundamental accountability and planning documents. Specifically, the University Performance and Accountability Report:

- publicly demonstrates the University's accountability for progress in reaching its stated goals and objectives articulates the mission and vision of the University;
- links planning, performance evaluation, and resource allocation at the system and campus/college level;
- illustrates and analyzes longitudinal trends in key areas;
- provides a means for comparisons with peer institutions; and
- identifies areas for continued work.

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

# University Progress Card

## Gold Measures

Entering Year	Campus	2011	2012	2013	2014	Goal/Year	See page
4-year graduation rate	Crookston	44.5%	46.5%	46.2%	45.2%	45%/2017 cohort	57–58
	Duluth	39.0%	38.9%	40.9%	46.6%	45%/2017 cohort	45–46
	Morris	52.6%	54.3%	48.9%	49.1%	60%/2017 cohort	51
	Rochester	63.1%	56.4%	60.0%	55.4%	60%/2017 cohort	61
	Twin Cities	63.3%	65.2%	68.4%	71.1%	65%/2017 cohort	38–39
Entering Year		2009	2010	2011	2012	Goal/Year	
6-year graduation rate	Crookston	48.4%	56.7%	58.9%	53.0%	60%/2015 cohort	57–58
	Duluth	66.5%	64.7%	65.1%	64.9%	68%/2015 cohort	45–46
	Morris	68.1%	69.1%	64.1%	69.9%	80%/2015 cohort	51
	Rochester	60.0%	62.0%	69.4%	66.4%	60%/2015 cohort	61
	Twin Cities	77.6%	78.9%	80.6%	80.4%	82%/2015 cohort	38–39
Entering Year		2011	2012	2013	2014	Goal/Year	
4-year graduation rate of Pell-eligible students	System	45.4%	47.4%	50.9%	53.6%	54%/2017 cohort	31
		2015–16	2016–17	2017–18	2018–19	Goal	
Freshman average ACT	Twin Cities	28.2	28.3	28.4	28.4	>28.0	36
		2013–14	2014–15	2015–16	2016–17	Goal/Year	
Institutional gift aid	System	\$223M	\$233M	\$246M	\$260M	\$275M/2021	32
		FY2014	FY2015	FY2016	FY2017	Goal/Year	
R&D expenditures	Twin Cities	\$877M	\$881M	\$910M	\$922M	\$900M/2021	85
		FY2014	FY2015	FY2016	FY2017	Goal/Year	
Medical School ranking	Twin Cities/ Duluth	30	32	34	33	Top 20/2021	76
		2011–12	2012–13	2013–14	2014–15	Goal/Year	
Faculty awards N and (Rank: Public Universities)	Twin Cities	33 (5th)	32 (6th)	26 (8th)	35 (7th)	35+ (Top 10)/2021	105
		2013	2014	2015	2017	Goal/Year	
% Participation in Employee Engagement Survey	System	57%	64%	67%	71%	72%/2021	104
		FY2015	FY2016	FY2017	FY2018	Goal/Year	
Op-Ex—continued progress on \$90M	System	\$40.4M	\$57.8M	\$68.4M	\$79.1M	\$90M/FY19	111

See pages 3–4 for background on this Progress Card,  
and Appendix E for definitions of the measures.



# Maroon Measures

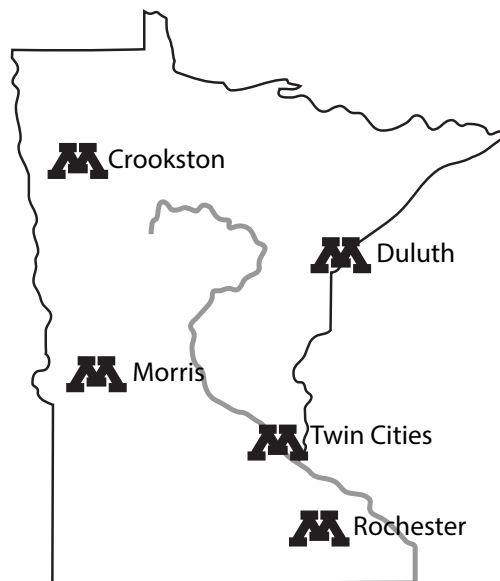
Strategic Focus	Campus	Performance Drivers/Outcomes	2012	2013	2014	2015	Goal	See page
Undergraduate Education	Twin Cities	Transfer student 3-year graduation rate	61.4%	62.4%	64.6%	63.8%	>65%	36
			2014–15	2015–16	2016–17	2017–18	Goal	
Graduate Education	Twin Cities/ Duluth	Graduate and professional degrees awarded	5,305	5,184	5,372	5,236	>5,250	2
			2013–14	2014–15	2015–16	2016–17	Goal	
Financial Accessibility	System	Median undergraduate debt at graduation	\$24,854	\$24,776	\$24,645	\$24,268	Grow no faster than CPI; Correct for federal/state policy changes	32
			2014	2015	2017	2018	Goal	
Inclusive Success	Twin Cities	Students of color with a favorable sense of belonging on campus (SERU survey)	58.9%	57.3%	52.3%	49.9%	Match non-SOC response (currently 63.1%)	36
			2014	2015	2016	2017	Goal	
Serving Minnesota Students	System	Percent of incoming new (and all currently enrolled undergraduate) students who are Minnesota high school graduates	71.0% (71.4%)	70.0% (71.0%)	70.6% (71.1%)	69.4% (70.6%)	Maintain historical access	32
	System	Percent of Minnesota high school graduates that elect to attend college in Minnesota and enroll at the University as freshmen	16.7%	16.6%	18.8%	19.6%	Maintain historical access	32
			2015–16	2016–17	2017–18	2018–19	Goal	
Health Sciences	Twin Cities/ Duluth/ Rochester	Enrollment in in-demand health science specialties (Nursing, Pharmacy, Dentistry)	2,085	2,072	2,075	2,163	>2,100	78
	Twin Cities/ Duluth/ Rochester	Total combined fall enrollment in Academic Health Center schools and AHC Center for Allied Health	6,198	6,316	6,176	6,567	>6,350	78
			2014–15	2015–16	2016–17	2017–18	Goal	
Research	Twin Cities	National public research ranking	8	8	8	9	Maintain top 10	86
	System	MN-IP agreements	69	81	72	86	10% annual growth	89
			2013–14	2014–15	2015–16	2016–17	Goal	
Land Grant Mission	System	Public service expenditures	\$253M	\$248M	\$258M	\$306M	>\$245M	94
			2012–13	2013–14	2014–15	2015–17	Goal	
Academic Excellence	Twin Cities	Citations per faculty member	126	124	133	n/a	>125	85
			2000–05		2005–10	2010–15	Goal	
	System	National scholarships awarded to students		31	52	75	>80 from 2015–2020	32
			FY2014	FY2015	FY2016	FY2017	Goal/Year	
Operational Excellence	System	Spending on leadership & oversight vs. mission and mission support (%)	8.4%	8.1%	8.3%	8.2%	Decrease over time	111
	System	GSF in poor or critical condition (facility condition assessment)	7.73M	8.32M	8.43M	8.50M	Decrease over time	112
	System	Sustainability—Metric tons of greenhouse gasses (2008 base level: 703,311)	603,504	592,269	571,595	581,779	50% reduction from 2008 levels by 2021 (351,656)	112
	System	Credit rating	Aa1	Aa1	Aa1	Aa1	Maintain per Board policy	110
			2005–08	2006–09	2007–10	2008–11	Goal	
Athletics	Twin Cities	Graduation Success Rate (GSR)	88.2%	90.2%	91.9%	93.1%	Maintain recent gains	39



# Planning for Success

The distinctiveness of the University's five campuses and the comprehensive and distributed nature of the system allow the University of Minnesota to be greater than the sum of its parts. Each campus has an individual history and strategy for contributing to the University's mission and vision in the way that best serves its students, the region, and the state. Together, the Crookston, Duluth, Morris, Rochester, and Twin Cities campuses encompass a rich variety of academic departments and degree programs, all of them essential components of the University system.

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





# Twin Cities Campus

## Founded

1851

## Leadership

Eric W. Kaler, President

Karen Hanson, Executive Vice President and Provost

## Colleges and Schools

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

## Degrees/Majors Offered

151 undergraduate degree programs; 184 master's degree programs; 107 doctoral degree programs

## Student Enrollment (Fall 2018)

Undergraduate	31,4555	(62%)
Graduate	12,189	(24%)
Professional	3,757	(7%)
Non-degree	3,450	(7%)
<b>Total</b>	<b>50,943</b>	

## Employees (Fall 2018)

Direct Academic Providers	7,116	(29%)
Fellows, Trainees, and Students in Academic Jobs	6,254	(26%)
Higher Education Mission Support	3,998	(16%)
Intercollegiate Athletics	139	(1%)
Facilities-related Jobs	1,355	(6%)
Organizational Support	4,523	(19%)
Leadership	992	(4%)
<b>Total Employees</b>	<b>24,377</b>	

## Degrees Awarded (2017–18)

Bachelor's	7,811	(61%)
Master's	3,349	(26%)
Doctoral and Professional	1,666	(13%)
<b>Total</b>	<b>12,826</b>	

## Campus Physical Size (2018)

<i>Minneapolis</i>	
Number of Buildings	165
Assignable Square Feet	11,433,866
<i>St. Paul</i>	
Number of Buildings	100
Assignable Square Feet	2,577,964

## Budget Expenditures (FY2018)

\$3.4 billion

## Planning at the University of Minnesota Twin Cities

The Twin Cities campus continues to implement “Driving Tomorrow,” its multifaceted strategic plan to accelerate advancement of excellence in research, teaching, and outreach.

The plan builds on the strengths of the campus as Minnesota’s globally engaged research university and one of few major land-grant research institutions situated in a major metropolitan area. The plan recognizes the special opportunities and responsibilities the campus has to innovate and lead through transformative research and teaching engaged with the most pressing and complex challenges of the state of Minnesota and the world.

The *Driving Tomorrow* plan frames many actions that will further expand the impact of the campus in carrying out its distinctive responsibilities as Minnesota’s land-grant university, dedicated to serving the public good; and as the state’s designated research institution, charged with positioning Minnesota at the forefront of emerging knowledge and educating highly skilled workers, professionals, leaders, and global citizens to thrive in a diverse and changing world.

### Strategic Priorities

The Twin Cities campus strategic plan was developed with broad input by a campus-wide work group and extended teams of faculty, staff, and students. Approved by the Board of Regents in fall 2014, the plan includes four supporting goals for advancing the quality, impact, and reputation of the University’s flagship research campus. Many initiatives and collaborations are under way to implement the plan across the four goal areas:

- **Build an exceptional university that leverages its research and curricular strengths for powerful impact on grand societal challenges.** Develop and support more ambitious and innovative collaborations across disciplines as well as through new learning and career pathways that prepare students to be outstanding leaders, innovators, and global citizens.

- **Reject complacency to foster an invigorated campus culture of ambition, challenge, exploration, and innovation.** Create a more nimble and integrative university to better serve our students and state; support highest expectations in all aspects of our mission.
- **Recruit and retain the best field-shaping researchers and teachers spanning diverse disciplines and backgrounds.** Make Minnesota a magnet for diverse high achievers and innovators who will advance excellence in research, outreach, and engagement and provide world-class educational experiences for graduate, professional, and undergraduate students.
- **Capitalize on the campus’s unique location and its global reach to build a culture of reciprocal engagement.** Expand partnerships and shared purposes to benefit the state and our students, strengthen community, and deepen Minnesota’s connections around the globe.

### Implementation Steps and Progress

To implement the plan as a broad-based framework for institutional reinvigoration, the campus has made its goals central to the compact planning and budget planning processes that shape academic directions and strategic investment decisions. Colleges and departments across the campus are working in a variety of ways to align and integrate the plan with core research, teaching, and outreach activities. The plan’s strategic priorities have also been incorporated into work plans in the central administrative areas of undergraduate education, graduate and professional education, faculty and academic affairs, student affairs, equity and diversity, human resources, and others.

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

### Curricular and Research Transformations

The campus has placed special emphasis on jumpstarting curricular and research goals as key components of the larger vision for institutional reinvigoration and excellence. To more powerfully marshal exceptional research strengths spanning

multiple disciplines, a slate of priority “Grand Challenges” has been established through a faculty-driven process. Criteria include global impact and local relevance, extent of existing faculty strength and leadership, disciplinary diversity, interconnection with education and external partners, and other criteria outlined in the strategic plan. The slate of challenges highlights five areas where the University is positioned for great impact: assuring clean water and sustainable ecosystems; fostering just and equitable communities; enhancing individual and community capacity for a changing world; feeding the world sustainably; and advancing health through tailored solutions.

The Provost’s Grand Challenges Research Initiative has reallocated internal resources to expand ambitious research collaborations in these areas. Two phases to date have made internal investments totaling \$3.6 million in team projects and research collaboratives aimed at strengthening food sustainability, closing health disparities, mitigating water pollution, promoting healthy child development, and addressing other critical issues. The teams span hundreds of researchers and scholars across the University’s 17 colleges and schools, along with external partners. A third phase, in 2018–19, will make further investments in ambitious work leveraging a wide range of exceptional research strengths at the University in collaboration with community partners.

These collaborations will provide learning and research opportunities for undergraduate and graduate students, strengthen opportunities for competitive outside funding, and lead to new strategies to support and sustain innovative and ambitious research benefiting students and the public.

The Driving Tomorrow investments are synergistic with the systemwide strategic research goals of the Office of the Vice President for Research and complement publicly engaged work already under way at the University, such as MnDRIVE initiatives on food and the environment, Academic Health Center initiatives, and interdisciplinary collaborations to foster vibrant communities. The expanded initiatives also dovetail with ongoing efforts by colleges and departments to build productive collaborations across structural and disciplinary boundaries.

A Grand Challenges Curriculum also has been launched, with courses focusing on foundational competencies students can apply across a range of topics. The solution-driven courses, team taught by cross-disciplinary instructors, immerse students in the critical thinking and discovery that are central to the University’s educational mission. The innovative courses address issues with both local and global relevance and integrate diverse expertise, methods, and perspectives. Topics have ranged from fracking to global hunger to reconciliation and justice.

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

### **Ongoing and Emerging Initiatives**

In addition to making progress on curriculum and research goals, the campus is moving forward to achieve the other components of the plan. Priority initiatives focus on strongly supporting faculty excellence across the career span; building a broad-based public engagement agenda; advancing equity, diversity, and a vibrant and inclusive campus community; and strengthening opportunities and practices that harness the full collaborative potential of a comprehensive research campus.

The strategic plan for the Twin Cities campus will be connected with the plans of the Crookston, Duluth, Morris, and Rochester campuses as part of the overarching strategic framework for the excellence of the University of Minnesota system. University leaders will continue to engage both campus and external stakeholders in discussing progress toward goals and in refining the framework as a dynamic roadmap for the future.

### **Comparison Group Institutions**

To assist with campus planning and assessing success, the Twin Cities campus has identified ten public

research universities for primary comparison. While these institutions are among the most similar in size and complexity to the Twin Cities campus and the best available for comparison, the institutions have significant differences that should be noted. Table 3-1 shows the variance among the eleven schools across type, scope, size, and students.

Notably, the Twin Cities campus comparison group includes the very best public research universities in the United States. In using this peer group as a benchmark, the University intentionally measures itself against the highest standards in the nation.

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

	TYPE			SCOPE				SIZE				STUDENTS	
Institution	Land Grant	City Size (2)	State Pop. (3)	Institution Includes:				Enrollment (9)		Faculty (10)	R&D (11)	ACT 25 <sup>th</sup> -75 <sup>th</sup> Percentiles (12)	Percent in-state (13)
				Agricult. College	Law School	Med. School	Hospital	Under- grad.	Grad. & Prof.				
Ohio State U.–Columbus	●	Large	11.5	●	●	●	●	59,482 44,762	13,651	2,431	\$864	26.4-31.3	67%
Penn. State U.–University Park	●	Small	12.7	●	○(4)	○(5)	○(5)	47,789 40,891	6,430	1,775	\$855	24.2-29.0	53%
U. of California–Berkeley	●(1)	Mid-size	37.3		●			40,154 29,309	10,844	1,831	\$771	29.3-34.6	76%
U. of California–Los Angeles	●(1)	Large	37.3		●	●	●	43,548 30,859	12,675	1,373	\$1,077	26.3-33.0	75%
U. of Florida–Gainesville	●	Mid-size	18.8	●	●	●	○(6)	52,367 33,309	17,813	1,743	\$801	26.5-31.0	83%
U. of Illinois–Urbana-Champaign	●	Small	12.8	●	●	●	○(7)	46,951 32,752	13,019	1,974	\$642	26.6-32.2	74%
U. of Michigan–Ann Arbor		Mid-size	9.9		●	●	●	44,718 28,761	15,735	1,757	\$1,530	29.0-33.2	51%
U. of Minnesota–Twin Cities	●	Large	5.3	●	●	●	○(6)	51,579 30,974	16,709	2,752	\$922	26.0-31.2	64%
U. of Texas–Austin		Large	25.1		●	○(8)	○(8)	51,331 39,676	11,163	2,173	\$652	25.5-32.0	88%
U. of Washington–Seattle		Large	6.7		●	●	●	45,591 29,831	14,658	2,711	\$1,348	24.7-31.3	68%
U. of Wisconsin–Madison	●	Mid-size	5.7	●	●	●	●	42,582 29,536	11,624	1,936	\$1,193	26.8-31.2	57%

1 The U.C. System is the land-grant university of California.

2 City size estimates, U.S. Census Bureau, 2010.

3 State population in millions, U.S. Census Bureau, 2010.

4 The Penn State U. Law School is located on the Dickinson campus.

5 The Penn State U. Medical School is located on the Hershey campus.

6 Hospital affiliated with but not owned by campus.

7 The U. of I. Medical Center is located on the Chicago campus.

8 The U. of T. medical programs are located on several other campuses.

9 Fall 2016 enrollment. Total enrollment includes non-degree-seeking students; undergraduate enrollment includes only degree-seeking students. Integrated Postsecondary Data System.

10 Fall 2016 full-time instructional faculty that are tenured/tenure track. Integrated Postsecondary Education Data System.

11 Fiscal year 2017 higher education R&D expenditures in millions. National Science Foundation, Higher Education Research Survey.

12 Fall 2016 ACT test scores of first-time degree-seeking students; SAT scores were converted to ACT scores using the College Board ACT and SAT Concordance. Integrated Postsecondary Education Data System.

13 Fall 2016 percentage of first-time undergraduates who are state residents; residency is required reporting in even years. Integrated Postsecondary Education Data System.





# Duluth Campus

## Founded

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

## Campus Leadership

Lendley (Lynn) Black, Chancellor

## Colleges and Schools

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

## Academic Partnerships

College of Pharmacy  
 Medical School

## Degrees/Majors Offered

91 undergraduate degree programs; 25 graduate programs;  
 participates in two all-University doctoral programs

## Student Enrollment (Fall 2018)

Undergraduate	9,109	(83%)
Graduate	682	(6%)
Professional*	351	(3%)
Non-degree	898	(8%)
<b>Total</b>	<b>11,040</b>	

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

## Employees (Fall 2017)

Direct Academic Providers	682	(36%)
Fellows, Trainees, and Students in Academic Jobs	259	(13%)
Higher Education Mission Support	272	(14%)
Intercollegiate Athletics	54	(3%)
Facilities-Related Jobs	170	(9%)
Organizational Support	406	(21%)
University Leadership	77	(4%)
<b>Total Employees</b>	<b>1,920</b>	

## Degrees Awarded (2017–18)

Bachelor's	2,096	(91%)
Master's	209	(9%)
Doctoral	9	(<1%)
<b>Total</b>	<b>2,314</b>	

## Campus Physical Size (2018)

Number of Buildings	81
Assignable Square Feet	1,887,006

## Budget Expenditures (FY2018)

\$271 million

# Planning at the University of Minnesota Duluth

## Strategic Planning

The University of Minnesota Duluth (UMD) successfully updated its strategic plan, originally created in 2011, by adapting its six goals and updating the associated initiatives and action steps. After significant internal and external consultation and discussion, the updated and modified goals as well as the initiatives were approved through the campus's shared governance process in spring 2018.

The campus paid careful attention to the University Progress card maroon and gold measures—connecting existing targets to initiatives and elaborating specific measures to UMD. In addition, the development of the initiatives and updating of goals ran parallel to the system's strategic planning process, assuring connectivity and integration between the campus and system efforts.

## Reflection

The 2017–2018 academic year provided a critical context for reflection as UMD completed its assurance argument in advance of an April 2018 comprehensive visit from the Higher Learning Commission. As strategic planning at UMD ran concurrent with most of the ten years covered since the previous accreditation visit, and UMD connected its campus program prioritization and planning to the accreditation “Quality Initiative” process, the campus had the opportunity to assess what strategic planning foci had become integrated into the campus operational culture and what efforts needed further attention or refinement.

The Quality Initiative report was submitted in August 2017 and the comprehensive assurance argument in March 2018. The result was very positive feedback from the Higher Learning Commission, including a ten-year accreditation, a clean federal compliance report, and a better understanding of how UMD may marshal its considerable strengths to move forward as an institution. Several elements of these processes stand out. One, UMD is increasingly an evidence- and data-driven institution with a better understanding of itself and its strengths and challenges. Two, UMD is

more effective at connecting with external audiences and stakeholders to assess its impact and relevance to the region and state. And, three, UMD is willing to be more focused and is prepared to prioritize its resources to have the most impact on students and external communities. The updated goals and initiatives published in spring 2018 reaffirm these three elements.

## Moving Forward

With more action-oriented and assessable goals, UMD has been able to identify concrete initiatives in support of its updated strategic plan. Since the plan was informed by data collected from internal and external stakeholders, as well as a SWOT analysis, the goals provide the means to propel the campus forward and capitalize on opportunities in the areas of student experiences, academic programming, research, and community and economic development. Across these three core areas, UMD's goals reinforce the basic and defining characteristics of the land-grant mission.

For the 2018–2019 academic year, UMD is further identifying University-wide activities and focal points associated with the campus plan's initiatives. Cross-functional work teams and shared governance committees will play important roles in making measurable progress with respect to the strategic plan. UMD will also connect its strategic efforts to its engagement at the national level—integrating goals and initiatives with other initiatives promoted by the Association of Public Land Grant Universities and the American Association of State Colleges and Universities. Further, UMD will continue to find the connections and crossovers with University system planning.

This year, UMD will pay particular attention to issues of student retention; campus climate and inclusivity; internationalization; community and public engagement; regional economic development; and interdisciplinary academic program development (with a reinforced focus on high impact practices that lead to student success and satisfaction). Each of these issue areas are articulated through UMD's strategic plan and elements of the campus's participation in national initiatives. Consequently, UMD is striving to not only deliver on its promise to students and the state of Minnesota but to also raise the profile of the campus among its actual and aspirational peers.

### Comparison Group Institutions

For purposes of planning and assessment, the Duluth campus revised its peer list in recent years to include eleven higher education institutions as the primary group for comparison. These institutions are listed in

Table 3-2 and were identified based on their similar academic programs, enrollment, degrees awarded, research activities, and their Carnegie Classification as Master's Medium Programs.

**Table 3-2. Comparison group institutions, Duluth campus**

	TYPE			SIZE	STUDENTS		
	Institutional Control	City Size	Highest Degree Offered	Total Enrollment <sup>1</sup>	Percent Degree-seeking Undergrads <sup>2</sup>	Percent Full-time <sup>3</sup>	Percent In-state <sup>4</sup>
CA Poly. State U.–San Luis Obispo	Public	Small	Master's	21,306	96%	96%	83%
Col. of Charleston	Public	Mid-size	Post-Master's Certificate	11,294	89%	94%	58%
Minnesota State U.–Mankato	Public	Small	Doctorate	15,165	80%	89%	83%
South Dakota State U.	Public	Small	Doctorate	12,600	78%	86%	50%
Southern Illinois U.–Edwardsville	Public	Mid-size	Doctorate	14,142	82%	85%	85%
U. of Mass.–Dartmouth	Public	Mid-size	Doctorate	8,647	78%	88%	93%
U. of Michigan–Dearborn	Public	Large	Doctorate	9,131	75%	71%	96%
<b>U. of Minnesota–Duluth</b>	<b>Public</b>	<b>Large</b>	<b>Doctorate</b>	<b>11,018</b>	<b>82%</b>	<b>95%</b>	<b>85%</b>
U. of North Carolina–Charlotte	Public	Large	Doctorate	28,721	81%	87%	92%
U. of Northern Iowa	Public	Mid-size	Doctorate	11,905	84%	92%	91%
Western Michigan U.	Public	Mid-size	Doctorate	23,227	77%	83%	85%
Western Washington U.	Public	Mid-size	Post-Master's Certificate	15,574	93%	92%	83%

<sup>1</sup>Fall 2016 enrollment. Total Enrollment includes non-degree-seeking students.

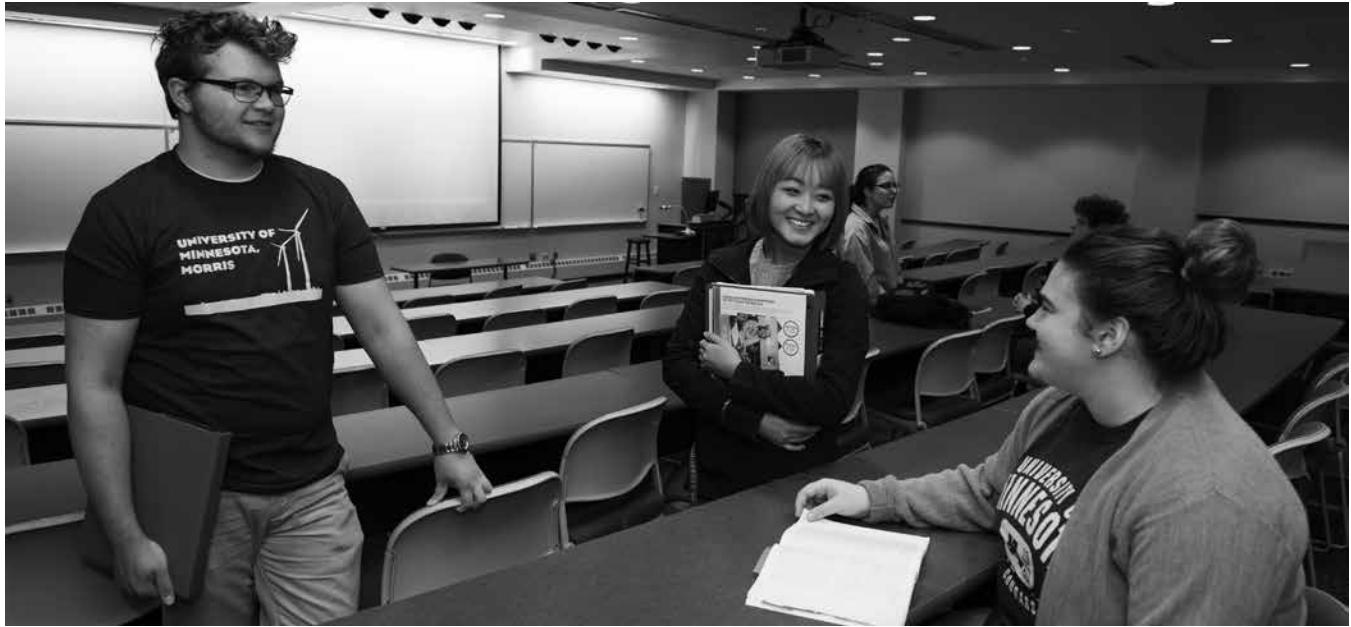
<sup>2</sup>Fall 2016 percentage of total enrollment composed of degree-seeking undergraduate students.

<sup>3</sup>Fall 2016 percentage of degree-seeking undergraduate students who are enrolled full time.

<sup>4</sup>Fall 2016 percentage of first-time students who are state residents; residency is required reporting biennially in even years.

Source: Integrated Postsecondary Data System





# Morris Campus

## Founded

1910—University of Minnesota, West Central School of Agriculture

1960—University of Minnesota Morris

## Campus Leadership

Michelle Behr, Chancellor

## Divisions

Education Division

Humanities Division

Science and Mathematics Division

Social Sciences Division

## Degrees/Majors Offered

35 undergraduate degree programs; 9 pre-professional programs

## Student Enrollment (Fall 2018)

Undergraduate	1,488	(96%)
Non-degree	66	(4%)
<b>Total</b>	<b>1,554</b>	

## Employees (Fall 2018)

Direct Academic Providers	159	(38%)
Fellows, Trainees, and Students in Academic Jobs	1	(<1%)
Higher Education Mission Support	70	(17%)
Intercollegiate Athletics	26	(6%)
Facilities-Related Jobs	51	(12%)
Organizational Support	103	(24%)
University Leadership	14	(3%)
<b>Total Employees</b>	<b>424</b>	

## Degrees Awarded (2017–18)

Bachelor's	338
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## Campus Physical Size (2018)

Number of Buildings	36
Assignable Square Feet	599,467

## Budget Expenditures (FY2017)

\$57 million

## Planning at the University of Minnesota Morris

The Morris campus's strategic plan was approved through its governance system in 2007 and has served as a guiding framework for campus initiatives since then. In fall 2017, the campus began work on a new strategic plan projected to be completed in 2019—imagining and then creating the University of Minnesota Morris of the future. In fall 2018, the University endorsed a campus vision and eight aspirational statements to guide the campus in the achievement of that vision. Morris is also actively engaged in the University's systemwide strategic planning work groups and processes.

### Enrollment Goals

The Morris campus operates in a highly competitive market for undergraduate students, competing with private liberal arts colleges and other Minnesota public universities for undergraduate students. In this challenging environment, Morris has worked strategically to sustain its enrollment of about 400 talented new first-year students and 100 transfer students each year.

Morris campus enrollment planning includes exploration of multiple collaborations to increase student access to Morris, including transfer pathways and articulation agreements with local community colleges. Aligned with the Systemwide Strategic Plan Framework, the campus is seeking more intentional pathways from Morris into University of Minnesota professional and graduate degree programs as an undergraduate recruitment and retention strategy. Seventy-one percent of new Morris students indicate the intent to pursue post-baccalaureate study, and Twin Cities graduate and professional programs find Morris degree holders to be well prepared for such study.

The Morris campus has increased the number of American Indian students and students of color (now 30 percent of degree seekers) to provide a rich learning environment reflective of the growing diversity in Minnesota and the United States. Morris has also continued to increase and support the enrollment of international students (now eleven percent of the degree-seeking student population) to further diversify

the student body as the campus prepares graduates to be global citizens.

### National and International Profile

The Morris campus has elevated its national profile as a public liberal arts college; this is evidenced by national rankings and by its recent receipt of several prestigious and highly competitive grants—a Mellon foundation grant to support collaborative undergraduate research in the humanities; a foundation grant to develop a leadership program with an emphasis on sustainability; and three multi-year U.S. Department of Education awards: TRiO Student Support Services and Ronald E. McNair Post-Baccalaureate Achievement Program grants as well as a Native American Serving Non-tribal Institutions grant.

In addition, the Morris campus has become a national leader in sustainability—a model community for renewable energy and sustainable living. The campus is striving to achieve the goal of carbon neutrality by 2020, primarily through the on-site generation of heat and power. In 2015, the Morris campus was named by the U.S. Environmental Protection Agency as a top-30 national organization for the on-site generation of power. In 2018, Morris was awarded the inaugural Excellence in Sustainability award from the National Association of College and University Business Officers and an AASHE STARS Gold rating, one of only 112 universities in the country.

On average, 70 percent of campus electricity comes from two industrial-scale wind turbines on the Pomme de Terre riverbank overlooking the campus; the combined heating and cooling system uses local biomass to heat and cool the campus and puts money back into the local economy. Solar panels warm the recreational swimming pool and provide energy required for the new Green Prairie Community residence hall. A recent grant addresses the next frontier of renewables by exploring large-scale storage for wind- and solar-produced energy.

With the support of the University's Institute on the Environment and the Minnesota Department of Trade, the Morris campus's leadership is building model platforms for sustainability and on-site generation of renewable energy, work that is

recognized internationally. The campus and Morris community are founding members of the Climate Smart Municipalities project, an international program linking five Minnesota cities to five German cities. The partnership between the city of Morris and the city of Saerbeck in North Rhine Westphalia, Germany, allows leaders to share ways to build a more sustainable future. In summer 2018, Morris officials partnered with local business and civic leaders as part of a delegation to Saerbeck. There they exchanged ideas and goals related to community-level renewable energy projects.

### **Resilient Communities**

The Morris campus, West Central Research and Outreach Center, and other University of Minnesota partners are working with the city of Morris and Stevens County to expand the sustainable and renewable energy platforms piloted on campus into the Morris community. Development of the Morris Model, a small city plan for building a future of self-sufficiency and resiliency, will demonstrate to other communities the path towards a more responsive and carbon-reduced future. From distributed energy platforms to a new partnership with the Morris Area schools that expands the University's composting initiative, Morris is planning for a sustainable future.

### **Facilities Renovation**

*21st-century learning on a historic campus:* The core of the Morris campus is designated as a National Historic District, which recognizes the nation's only remaining intact campus from an experiment to offer agricultural boarding high schools in rural areas from 1910 to the 1960s. While many of the Morris campus's historically significant and beautiful buildings have been updated to beautifully serve the liberal arts campus's current mission, others pose maintenance and improvement challenges. Many are in "critical" condition according to the University's facility analysis. Combining campus resources, HEAPR funds, and renovation funds, the Morris campus is working to make incremental modifications to some of these buildings, including HVAC upgrades and the recent addition of an elevator. Morris received funding through the most recent bonding process for updates to classroom spaces in the Humanities and Blakely buildings.

*21st-century library:* Constructed in 1967, the Morris library remains virtually unchanged and is in need of dramatic renovation to improve access, to recognize the shift from print to digital sources, and to meet the unique needs of 21st-century learners. The campus has completed a predesign plan to transform the library into a learning commons, which would provide a technology-rich environment for students that supports collaboration and creativity.

*Wellness center:* The Morris Physical Education Center was built in 1970 prior to the adoption of Title IX, at a time when only men's sports were emphasized. The facility is not able to support the many female and male athletes who participate in the Morris campus's 19 NCAA Division III sports programs, and it does not compare favorably to facilities of peer institutions, conference competitors, or other colleges considered by prospective students. A predesign shows the promise of a renovated facility and new fieldhouse addition to meet Title IX requirements, support student recruitment and persistence, refocus on student wellness and success, and better serve the region.

### **Expanding the Living/Learning Laboratory**

West central Minnesota provides a rich laboratory for finding solutions to a number of "grand challenges" that face the region and the nation. From invasive species to the impact of climate change to sustainable agriculture, the size and location of the Morris campus positions it as a resource to address these issues. With private support, the Morris campus has completed preliminary work for the creation of an outdoor classroom. In recognition of Morris's national leadership in sustainability and environmental education, a gift of 140 acres in Ottertail County provides another opportunity for research, reflection, and discovery dedicated to environmental stewardship. This space, named the Ecostation, fosters a culture of exploration and innovation while helping students develop an appreciation of and respect for the environment.

### **Faculty Recruitment and Retention**

Morris is a destination for faculty who believe in the University of Minnesota's mission and vision and who care deeply about undergraduate students. Morris

faculty members have been significantly assisted by systemwide resources to support their research. University funds have also helped the faculty address the distance of Morris from major research facilities and commercial airports. These resources have proven a major factor in recruiting and retaining faculty, as has the systemwide pre-doctoral diversity fellowship, which has helped to diversify the faculty. Recruitment and retention of American Indian faculty and faculty of color remain a priority as the diversity of Morris faculty and staff lags behind that of its diverse student population. The campus continues to prioritize the development of community among existing faculty, nearly 40 percent of whom were hired in the last decade.

### Student Retention Initiative

The Morris campus's value proposition is strong, supported by the campus's place in the market alongside much more expensive private liberal arts colleges and by the advantages of being part of the University of Minnesota system. Retaining new students and moving them toward graduation are among the campus's highest priorities. Morris staff and faculty have worked tirelessly to bolster first-year student engagement, success, and persistence. In spite of these efforts, recent first-to-second-year retention rates have fallen short of the campus's 90 percent goal. In fall 2017, Morris began a multi-year campus-wide effort focused on increasing first-year student retention. The three components of the initiative are: conducting a systematic, integrated assessment of the large suite of existing first-year retention efforts; utilizing University system resources to develop and implement a new program and service model to foster student mental health and wellbeing; and making participation in high-impact practices—a hallmark of the Morris experience—more explicit, available, and accessible to first-year students. These efforts jointly address known risk factors and areas of promise for student learning, success, and persistence.

The Morris campus's recent support for retention, enrichment, and mental health initiatives includes:

- securing a **Ronald E. McNair Post-Baccalaureate Achievement Program grant** to prepare low-income, first-generation students and

students from groups underrepresented in graduate education for doctoral study (2018);

- working with other system campuses to **pilot promising mental health programs** (including the “Let’s Talk” program and the use of telemedicine for psychiatry services) (2018);
- reconfiguration of the **Academic Center for Enrichment (ACE)** to increase student engagement with high-impact practices (e.g., study abroad, undergraduate research, honors) and integration of career services, including hiring of a full-time ACE Director (2018);
- securing system funding to support a new model for engaging students to foster **greater mental health and wellbeing** (2017);
- appointing a **Retention Working Group** (2017);
- expanding **New Student Orientation** from three to four days and adding academic content (2017);
- piloting a **student employment initiative** based on data showing a ten percent increase in student persistence for those who work on campus in their first year (2016);
- providing **student success coaches** (piloted 2012–2015 for students from historically underrepresented populations and expanded to all students in 2016);
- creating and implementing the student leadership development program **Morris LEADS** (2016);
- adding time with **faculty academic advisors** during Orientation (2016);
- securing a **TRiO Student Support Services project** to close achievement gaps for first-generation, low-income students (2015);
- creating a **Native American Student Success program** with U.S. Department of Education grant funds (2015);
- establishing a faculty and staff fellows group to create a **Sustainability Leadership certificate** (2015);
- enhancing **communication materials** for new students and their families (2015);
- changing the **advisor assignment process** for students not yet committed to a major (2015);

- increasing coordination across academic advising, academic assistance, disability services, and retention support by creating the **Office of Academic Success** (2015);
- fostering more personal relationships with peers, advisors, and faculty by implementing **peer mentoring** for first- and second-year students and those most at risk (2013–2015);
- expanding data-analysis capacity by hiring a **Senior Director of Institutional Effectiveness** (2015);
- requiring small classes for all students in their first year through **Writing for the Liberal Arts** (2013) and **Intellectual Community** (2010) programs;
- incorporating more relevant information and activities in **New Student Registration** (2014);
- creation of the **Academic Center for Enrichment (ACE) Council**—faculty advocates for engagement in high-impact practices (e.g., study abroad, undergraduate research, honors) (2014);
- creating a **full-time study abroad advisor** position (2014);

- increasing **academic assistance capacity** (2014);
- increasing **disability resource center** capacity (2013);
- improving advisor training and peer support (**Faculty Master Advisor program**, 2012);
- providing more integrated student support (**One Stop**, established 2012); and
- implementing an **academic alert system** to capture and respond to faculty observations of at-risk student behaviors (2004, enhanced in 2011).

This initiative provides an opportunity to assess the efficacy of these efforts, and results will provide a foundation for enhancing and strengthening the first-year student experience on the Morris campus.

### Comparison Group Institutions

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



**Table 3-3. Comparison group institutions, Morris campus**

	TYPE			SIZE	STUDENTS		
	Institutional Control	City Size	Highest Degree Offered	Total Enrollment <sup>1</sup>	Percent Degree-seeking Undergrads <sup>2</sup>	Percent Full-time <sup>3</sup>	Percent In-state <sup>4</sup>
Albion Col.	Private	Small	Bachelor's	1,418	98%	99%	75%
Coe Col.	Private	Small	Bachelor's	1,406	94%	99%	38%
Concordia Col.–Moorhead	Private	Mid-Size	Master's	2,132	95%	99%	67%
DePauw U.*	Private	Small	Bachelor's	2,225	98%	100%	34%
Gustavus Adolphus Col.*	Private	Small	Bachelor's	2,250	100%	99%	75%
Kalamazoo Col.*	Private	Mid-Size	Bachelor's	1,443	98%	100%	61%
Lycoming Col.	Private	Mid-Size	Bachelor's	1,263	99%	100%	50%
Macalester Col.*	Private	Large	Bachelor's	2,146	99%	99%	14%
Mass. Col. of Liberal Arts	Public	Small	Master's	1,644	86%	89%	66%
St. Mary's Col. of Maryland	Public	Small	Master's	1,629	97%	98%	93%
St. Olaf Col.*	Private	Small	Bachelor's	3,040	98%	100%	42%
SUNY at Purchase Col.	Public	Small	Master's	4,156	94%	93%	81%
U. of Virginia's Col. at Wise	Public	Small	Bachelor's	2,212	62%	93%	92%
U. of Maine–Farmington	Public	Small	Master's	2,000	88%	94%	82%
<b>U. of Minnesota–Morris</b>	<b>Public</b>	<b>Small</b>	<b>Bachelor's</b>	<b>1,771</b>	<b>95%</b>	<b>96%</b>	<b>84%</b>
U. of N.C.–Asheville	Public	Large	Master's	3,821	91%	90%	85%

\*Aspirational peer institutions

<sup>1</sup>Fall 2016 enrollment. Total Enrollment includes non-degree-seeking students.<sup>2</sup>Fall 2016 percentage of total enrollment composed of degree-seeking undergraduate students.<sup>3</sup>Fall 2016 percentage of degree-seeking undergraduate students who are enrolled full time.<sup>4</sup>Fall 2016 percentage of first-time students who are state residents; residency is required reporting biennially in even years.

Source: Integrated Postsecondary Data System



# Crookston Campus

## Founded

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

## Campus Leadership

Mary Holz-Clause, Chancellor

## Departments

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

## Degrees/Majors Offered

34 undergraduate degree programs; 16 online majors;  
2 academic programs offered in China

## Student Enrollment (Fall 2018)

Undergraduate	1,834	(65%)
Non-degree	976	(35%)
<b>Total</b>	<b>2,810</b>	

## Employees (Fall 2018)

Direct Academic Providers	133	(42%)
Higher Education Mission Support	62	(20%)
Intercollegiate Athletics	26	(8%)
Facilities-Related Jobs	25	(8%)
Organizational Support	59	(19%)
University Leadership	9	(3%)
<b>Total Employees</b>	<b>314</b>	

## Degrees Awarded (2017–18)

Bachelor's	405
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## Campus Physical Size (2018)

Number of Buildings	41
Assignable Square Feet	482,174

## Budget Expenditures (FY2018)

\$43 million

## Planning at the University of Minnesota Crookston

In 2017–2018, Crookston continued a strategic planning process that aligns with its commitment to continuous improvement and focuses on planning for strategic opportunities emerging from real-time situations. Three key documents—Future Business Model, Institutional Identity Statement, and Strategy Screen—are used to define and select strategic priorities aligning with the mission, vision, and values of the institution. To that end, much of the year was spent refreshing Crookston’s mission statement and updating the vision and values of the institution. Students, faculty, staff, alumni, community members, and other stakeholders were invited to complete the statement “Imagine a University of Minnesota Crookston that...” Themes from these conversations were compiled to create new vision and values statements that were vetted through the same groups.

Crookston’s mission remains the same, however the wording of the statement was refreshed:

The University of Minnesota Crookston delivers educational programs that build upon a broad academic foundation and combine theory, practice, and experimentation in a technologically rich environment. We prepare students for career success, advanced study, and engaged citizenship in a diverse world. We integrate teaching and learning, research and scholarly work, and outreach and engagement to serve the public good.

The updated vision and values provide a new sense of direction for future Crookston planning.

### Vision

Envision a University of Minnesota Crookston that fulfills its modern land grant mission by ensuring we are passionate about learning and discovery to serve the public good. We will achieve this vision by:

- Creating and being leaders who are ethical and innovative, culturally and globally competent, and committed to engagement in their communities.
- Connecting all students—on campus and online—to each other, the campus, faculty, staff, alumni, and community.

- Conducting research and scholarly work that enhance learning and benefit the region and beyond.
- Cultivating a spirit of UMC and Golden Eagle pride.

### Values

- **Student Success:** Realizing individual potential through personal attention, mentorship, high-impact teaching and learning, and encouraging self-discovery
- **Diversity:** Embracing the richness and value of individual differences, ideas, cultures, and communities
- **Leadership:** Making a difference while serving others with integrity, honesty, fairness, and respect
- **Community:** Building relationships with each other and our neighbors for the benefit of all
- **Innovation:** Promoting discovery and problem solving through creative and critical thinking, research, and scholarly work
- **Sustainability:** Making choices that meet the environmental, economic, and societal needs of the present while safeguarding a vibrant future
- **Continuous Improvement:** Using evidence, data, and best practices to improve academic programs, student support and services, and business and operational processes

### Institutionalized Strategic Initiatives

In 2017, Crookston retired its strategic initiative around community engagement. The Crookston Campus-Community Connection (C4) initiative that began in 2015 continues to thrive and serves as a vehicle for campus-community relationship building. A formal planning board—consisting of the Crookston chancellor and the mayor of the city of Crookston as well as business and community leaders, students, faculty, and staff—meets regularly to plan and coordinate events and exchange information in an effort to build the town-gown relationship. Dine Around Town, College Town Forums, and Maroon and Gold Fridays are a few examples of C4’s successful work.



The Crookston campus is close to retiring its Employee Engagement strategic initiative designed to enhance development and leadership opportunities for faculty and staff, a need identified within the E2 Employee Engagement survey results. An ad-hoc committee plans content applicable to both faculty and staff for the two employee professional development days scheduled on the Crookston calendar. In addition, campus employees interested in developing leadership skills may apply to participate in the UMC Leadership Academy, a year-long, cohort-based program that consists of four, half-day core sessions led by the University's Extension. Additionally, participants choose ten hours of elective leadership content customized to fit their desired program outcomes. Sixteen employees completed the program in 2017–2018; an additional 15 will participate in the 2018–2019 academic year.

### Enrollment Management

Over the past five years, a primary goal of campus strategic planning has been to achieve a critical mass of on-campus students while strategically growing online enrollment. While overall enrollment remains flat, a trend of declining on-campus enrollment is concerning. The campus has capacity for growth, and is working to reverse the on-campus trend. In fall 2018, work has begun to move away from a traditional admissions office model to a more comprehensive enrollment management model, creating a home for recruitment as well as retention of students. Selective investment is going to be made in academic programs that are unique, distinctive, and have capacity to grow; marketing dollars made available will be targeted toward those areas.

Crookston begins its third year of the four-year Persistence and Completion Academy sponsored by the Higher Learning Commission. Work from the first two years of the Academy led Crookston to discover that moving away from its traditional ACT-based admission criteria to a more holistic approach will allow for better selection of students fit for success at the campus. In an effort to support all incoming students, three pilot first-year experience courses are in place for fall 2018. Through the work of the Academy, faculty will develop and deploy by fall 2019 a required, first-year experience course that will

create a shared student experience and a more smooth transition to college-level work for all freshmen.

The campus has also developed a predictive model to project enrollments earlier, leading to more accurate budget building, and has assigned additional data responsibilities to ensure a single source for connecting recruitment information from all data sources.

Online enrollment continues to grow, primarily serving adult learners in the workforce who wish to complete a baccalaureate degree. With the fall 2018 addition of the Agricultural Business program, the campus is now offering its first agricultural degree in an online format.

### Diversity, Equity, and Inclusion

Recognizing the importance of preparing students for the highly diverse world into which they will be graduating, the Crookston campus is—with increased intentionality—integrating diversity, equity, and inclusion into campus conversations and programming, with a goal to close the graduation rate gap between students of color and white students while increasing the graduation rate for all students.

In 2017–2018, a task force studied the investments necessary for Crookston to serve and recruit the increasing numbers of Latinx populations graduating from area high schools in the near future. The task force recommendations included Crookston being able to provide Spanish-speaking faculty and staff, translating publications to enable recruitment and support of this population, programming involving the Latinx culture, and continued outreach to the Latinx community. An estimated \$100,000 annual investment would be required to achieve the task force recommendations, and UMC is looking for grant opportunities to further this work. In the meantime, UMC is beginning to explore partnerships with local K-12 education providers to support the regions Latinx populations.

Additionally, the campus has partnered with the Red Lake Nation on a dual enrollment agreement to direct students completing an associate's degree at Red Lake Nation College to Crookston's four-year degree programs. Ongoing conversations are focused on how

faculty at the two institutions might collaborate on research initiatives.

### **UMC Spirit and Golden Eagle Pride**

A surprising theme emerged as the campus held open forums to define a new vision for the institution: the desire among all constituency groups to build a stronger sense of school spirit and institutional pride. Golden Eagle Athletics is beginning this work by initiating a student group “The Flock,” initiating use of a phone app to push events, and revising the Teambacker tailgates to encourage greater alumni and community engagement. Faculty and staff receive frequent “Points of Pride” so they can be better informed and communicate the many assets found at Crookston. Institutionally, there is a renewed emphasis on outreach to the community with respect to campus arts performances and the campus will be working to expand the success of “Maroon and Gold Friday” beyond the Crookston community.

### **Research Infrastructure**

Significant dollars have been invested to expand campus infrastructure to support faculty and undergraduate researchers. Spring 2018 saw the opening of the Center for Collaborative Research, the first self-contained laboratory facility on the Crookston campus allowing work in analytical

chemistry, microbiology, and molecular/cellular biology to be carried out from start to finish. The campus-funded space, which is vital to faculty research involving undergraduate students, is already advancing study of the relationship between the existence of freshwater sponges and water quality.

The 2018 Minnesota state capital investment bill included \$3.2 million for the Crookston campus, allowing for optimization of lab facilities in Dowell Hall to support STEM education, computational research, and teacher education; and renovation of Owen Hall chemistry and biology labs, which will modernize flexible bench space and support independent undergraduate research.

Additional money allocated to the campus will be used to increase capacity for external grant application writing. Grants will advance the scientific research of students and faculty, along with creative works and research in the social sciences. Recent student research has looked at the impact of social media on relationships and on student grade point average.

### **Comparison Group Institutions**

For planning and assessment benchmarking, Crookston has identified eleven institutions similar in academic program mix, enrollment and student profile, and in a relatively rural setting (Table 3-4).

**Table 3-4. Comparison group institutions, Crookston campus**

	TYPE			SIZE	STUDENTS		
	Institutional Control	City Size	Highest Degree Offered	Total Enrollment <sup>1</sup>	Percent Degree-seeking Undergrads <sup>2</sup>	Percent Full-time <sup>3</sup>	Percent In-state <sup>4</sup>
Indiana U.–Kokomo	Public	Small	Master's	4,106	67%	75%	99%
Lake Superior State U.	Public	Small	Doctoral	2,099	98%	88%	90%
Northern State U.	Public	Small	Master's	3,587	43%	86%	66%
Northwest Missouri State U.	Public	Small	Master's	6,530	80%	93%	64%
Northwestern Oklahoma State U.	Public	Small	Master's	2,218	84%	77%	62%
Southwest Minnesota State U.	Public	Small	Master's	7,495	31%	80%	73%
SUNY Col. of A&T at Cobleskill	Public	Small	Bachelor's	2,287	99%	95%	94%
U. of Tennessee–Martin	Public	Small	Master's	6,705	83%	89%	90%
<b>U. of Minnesota–Crookston</b>	<b>Public</b>	<b>Small</b>	<b>Bachelor's</b>	<b>2,676</b>	<b>68%</b>	<b>63%</b>	<b>66%</b>
U. of Pittsburgh–Johnstown	Public	Small	Bachelor's	2,769	100%	98%	94%
U. of Wisconsin–Platteville	Public	Small	Master's	8,779	88%	90%	78%
U. of Wisconsin–River Falls	Public	Small	Master's	5,938	90%	89%	46%

<sup>1</sup>Fall 2016 enrollment. Total Enrollment includes non-degree-seeking students.

<sup>2</sup>Fall 2016 percentage of total enrollment composed of degree-seeking undergraduate students.

<sup>3</sup>Fall 2016 percentage of degree-seeking undergraduate students who are enrolled full time.

<sup>4</sup>Fall 2016 percentage of first-time students who are state residents; residency is required reporting biennially in even years.

Source: Integrated Postsecondary Data System



# Rochester Campus

## Founded

2006

## Campus Leadership

Lori J. Carrell, Chancellor

## Campus Academic Programs

Health Professions

Health Sciences

Biomedical Informatics and Computational Biology<sup>1</sup>

## Degrees/Majors Offered

One baccalaureate degree offered in two academic programs

One master's degree offered in one academic program

One doctoral degree available in one academic program

## Academic Partnerships

School of Nursing, UMTc

Occupational Therapy, UMTc

## Educational Collaborations

College of Science and Engineering, UMTc

Labovitz School of Business and Economics, UMD

Mayo Clinic School of Health Sciences

## Biomedical Informatics and Computational Biology Partnerships

UMTc, Hormel Institute, Mayo Clinic, IBM,

National Marrow Donor Program, Brain Sciences Center

## Student Enrollment (Fall 2018)

Undergraduate	519	(83%)
Partnerships, Graduate & Professional <sup>1</sup>	202	(15%)
Non-degree	14	(2%)
<b>Total</b>	<b>723</b>	

## Employees (Fall 2018)

Direct Academic Providers	40	(42%)
Fellows, Trainees, and Students in Academic Jobs	4	(4%)
Higher Education Mission Support	27	(28%)
Facilities-Related Jobs	1	(1%)
Organizational Support	17	(18%)
University Leadership	7	(7%)
<b>Total Employees</b>	<b>96</b>	

## Degrees Granted (2017–18)

B.S. (Health Sciences)	58
B.S. (Health Professions)	27
M.S. and Ph.D. (Biomedical Informatics and Computational Biology) <sup>1</sup>	8

## Campus Physical Size (2018)<sup>2</sup>

Number of Buildings	3
Assignable Square Feet	154,593
Land for Future Campus	3.1 acres

## Budget Expenditures (FY2018)

\$18 million

<sup>1</sup>All-University graduate degrees granted by the Twin Cities campus with the administrative home on the Rochester campus.

<sup>2</sup>All buildings are leased.

## Planning at the University of Minnesota Rochester

As the Rochester campus enters a new stage of growth, planning efforts are also transitioning. The availability of student success data and delineation of processes and organizational structure has allowed the campus to quickly stabilize efforts and enhance growth planning. While a comprehensive, long-range planning process for scaling the Rochester campus was launched in fall 2018, the recently completed campus strategic plan was shaped by established anchors and initiated by clarifying the grounding values, centering aspirations, and strategic priorities.

### Grounding Values

- Respect
- Human potential
- Community
- Diversity and inclusiveness
- Evidence-based decision making

### Centering Aspirations for Strategic Planning

- Devote expertise and energy to student learning and development
- Generate transformative contributions to the renewal of higher education
- Enhance the diversity of the healthcare workforce
- Optimize the established arenas of distinctiveness
- Sustain UMR as an innovative educational enterprise
- Contribute significantly to the continued development of the Rochester community

The recently completed campus strategic plan is being enacted, with tactical goals assigned to responsible parties for the current academic year. The first step in UMR's strategic planning endeavor was to formulate a five-year Enrollment Management Plan. That plan for enrollment growth has since informed and influenced all other subsequent planning efforts. The core components of the enrollment plan include recommendations for:

- sustaining consistent undergraduate enrollment growth over the next five-year period;

- admitting students for success;
- maintaining affordability and access for Minnesota students;
- providing a high-quality, evidence-based education and student development experience with an anticipated increase in retention;
- valuing ethnic, social, economic, cultural and geographic diversity;
- supporting timely graduation; and
- contributing to and cooperating with system enrollment management planning (embedded in the emerging Systemwide Strategic Plan).

Through 2021, the Rochester campus is working to expand total enrollment in its two undergraduate health sciences degree programs—Bachelor of Science in Health Professions (BSHP) and Bachelor of Science in Health Sciences (BSHS)—by 50 students per year, through recruitment and retention. The campus has been meeting this goal and is expected to continue this growth through the end of the current enrollment management plan period, with a demand for increased lab-classrooms met by campus occupation of Discovery Square and continued pressure in housing and human resources. The campus's current capacity, with no increase in state allocation or tuition, is lower than the healthcare industry's workforce demand in the southeast region and across the state.

Even as the current campus strategic plan is enacted during academic year 2018–2019, a long-range plan is under development to scale the campus significantly with a phased approach to funding that expansion. Current tactical priorities include adding a development staff person and launching a development plan, while pursuing alternate funding mechanisms in an environment of declining resources for public higher education. Other priorities in progress as identified in the campus strategic plan include:

- Academic Innovation and Optimization
- Alumni
- Campus Master Planning
- Community Engagement and Partnerships
- Diversity and Inclusion
- Enrollment Management
- Fiscal Planning

- Healthy Campus Community
- Marketing and Branding
- Operations and Emergency Planning

To date, the timeline and activities for the campus strategic planning process have been:

- The Enrollment Management Plan was completed by the UMR Enrollment Management Team in academic year 2015–2016.
- The UMR Strategic Plan Framework was completed in academic year 2015–2016, with vision, grounding values, arenas of distinctiveness, and centering aspirations.
- The UMR Growth Planning Process was completed in academic year 2016–2017, adding strategic decision-making principles and key priorities.

- Tactical planning and completion of the overall UMR Strategic Growth Plan was completed in academic year 2017–2018.
- Finalization of the plan and alignment with the University's Systemwide Strategic Plan is expected in summer 2018.

Forthcoming, the campus expects the planning process to include:

- Alignment of the campus plan with the University's Systemwide Strategic Plan, awaiting Board of Regents decisions and direction in this presidential transition year.
- Launch of a long-range planning process to scale the Rochester campus, even as the current campus strategic plan is enacted.





# Education

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

# Undergraduate, Graduate, and Professional Education

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

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

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

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

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

The discussions of undergraduate, graduate, and professional programs on the following pages demonstrate the importance the University and its campuses place on providing an extraordinary education. While much of this discussion, particularly that at the undergraduate level, is best considered

campus by campus, there are several priorities and measures that the University monitors at a holistic or system level. Among these are the four-year graduation rates of Pell-awarded students, the amount of institutional gift aid available to students, the median undergraduate debt at graduation, the percent of Minnesota students enrolled, and the number of national scholarship awards earned by University undergraduates.

The percentage of first-time, full-time new entering freshmen who received need-based federal Pell grants their first year and graduated within four years is an important consideration because these students, who are often also first-generation college students, may have challenges that impede their success at the University. Ideally these students would graduate at the same rate as the whole student body, but that is not the case at the University nor at most other institutions across the country. As a result of support efforts targeting these and other students, this rate has risen from 43.9 percent for the cohort entering in 2010 to 53.6 percent for the cohort entering in 2014 (**Progress Card Measure**). The University's goal is for 54 percent of the 2017 cohort of Pell-awarded students to graduate within four years, which would increase their graduation rate at twice the rate of the growth anticipated for the student body overall.

The University has a historical commitment to making education affordable to students and thus monitors the amount of institutional gift aid awarded to students across all of the campuses. This amount includes U Promise scholarships, admissions scholarships, collegiate and department scholarships, athletic scholarships, Regents scholarships, and graduate assistant tuition benefits, but excludes state or federal grants, student employment, and loans. To maintain its commitment to affordable education, the University seeks to increase its available gift aid through fundraising and institutional resources. Total



institutional gift aid has grown from \$216 million in 2012–13 to \$260 million in 2016–17 (**Progress Card Measure**). The University’s goal of awarding \$275 million of gift aid in 2021 represents a three-percent annual increase.

Also related to the commitment to affordable education, the University monitors the median amount of student debt accumulated by undergraduates (not including students who have no debt) at the time of their graduation. The median amount for graduating students in 2016–17 was \$24,268, down from \$24,880 in 2012–13 (**Progress Card Measure**). While many factors—such as federal and state financial aid policies, program choice, time to degree, and student and parent behaviors and choices—shape this measure, the University’s goal is to limit the increase in the median amount of cumulative debt for undergraduates with debt to no greater than the consumer price index, with adjustments according to state and federal policy changes. The percentage of University undergraduates with no debt at their time of graduation has increased from 35 percent in 2013–14 to 40 percent in 2017–18. The total amount of funding for graduate assistants, fellows, and trainees during fiscal year 2018 was \$184,019,746, a 1.9 percent increase over the previous year and an increase of 14.5 percent over five years.

As the state’s flagship land- and sea-grant institution, it is important that the University serve the students of Minnesota. Over the years, the percent of Minnesota high school graduates among both new entering and all undergraduate students throughout the University system has remained consistently high. In 2017, 69.4 percent of the new entering class and 70.6 percent of the whole undergraduate student body came from Minnesota high schools (**Progress Card Measure**). The goal is to maintain this rate of access to the

University for Minnesota high school graduates. The number of graduate students who self-identified as students of color (American Indian, Asian, Black, Hawaiian, or Hispanic) has grown from 1,584, or 11.3 percent, in 2012 to 1,823, or 14.3 percent, in 2017.

Similarly, the University measures its share of the portion of recent Minnesota public high school graduates who enroll at a Minnesota postsecondary institution. In 2016, the portion was 18.7 percent compared to 13.9 percent in 2012 (**Progress Card Measure**). The University’s goal is to maintain this level of access and be an option of excellence and affordability for Minnesota high school graduates who choose to pursue their postsecondary education in state.

Finally, the University tracks at a system level the number of prestigious national awards annually earned by University undergraduate students. This measure gives some indication of the University’s engagement and excellence on a national scale in a wide variety of fields and expertise. The measures includes seven leading student awards: the Beinecke, Churchill, Truman, Rhodes, Fulbright, Goldwater, and Astronaut awards. From 2010–15, University students earned 75 of these awards, which is up from 52 from 2005–10, and 31 in 2000–05 (**Progress Card Measure**). The University’s goal is to have 80 students earn these awards from 2015–2020. In the past year, a 28 new graduate students were awarded National Science Foundation Fellowships, one graduate student received a CIC/Smithsonian Fellowship, and, during 2016–2017, the University was named a “Top Fulbright Producing University.”

# Undergraduate Education

## TWIN CITIES CAMPUS

The University's commitment to the success of undergraduate students begins with outreach to prospective students and extends through recruitment, enrollment, orientation, academic advising, career services, graduation, and beyond. The University attracts outstanding undergraduate students, is accessible to diverse students with a range of backgrounds, and provides a world-class educational experience. Graduates are equipped with the intellectual tools to be productive employees, thoughtful citizens, and creative leaders engaged with the collective challenges we face as a society.

The foundational principles for developing enrollment targets for new first-year and new transfer students on the Twin Cities campus over the past two decades have included admitting students who will benefit from the curriculum and who have a strong probability of graduating in a timely manner; providing a high-quality education and student experience; remaining affordable to a broad cross-section of students; incorporating ethnic, social, economic, and geographic diversity; enrolling new high school and transfer students; and providing students with the opportunities and benefits of attending a world-class research institution.

In spring 2016, the Board of Regents approved the 2016–2021 undergraduate enrollment plan for the Twin Cities campus, which outlined ten enrollment management strategies in support of institutional priorities, including meeting the goals identified in the University Progress Card:

**1. Plan for modest undergraduate growth over the next five-year period.** Increase total undergraduate enrollment from 30,500 (fall 2015) to approximately 32,000 to 33,000.

**2. Admit for success.** Continue to admit those students who will benefit from the University's rigorous curriculum and who have a strong probability of graduating in a timely manner. Continue holistic review of prospective students' records and maintain appropriate levels of selectivity. Maintain an average ACT of 28 or higher for the entering freshman class.

**3. Maintain affordability and access for Minnesota students.** One measure of affordability is average student indebtedness at graduation. Access can be measured by the percent of all Minnesota high school graduates who enroll at the Twin Cities campus as freshmen, and by the percentage of Minnesota high school graduates who choose to attend college in Minnesota and enroll at the Twin Cities campus. Attract a broad cross-section of students from all parts of Minnesota.

**4. Provide a high-quality education and student experience.** Adjust enrollment levels within the capacities of financial, intellectual, and physical resources, with the goal of providing a very high-quality experience. Resources include housing, advising, classrooms, capacity for chemistry courses, student support services, and co-curricular activities. Measure student satisfaction and learning for all students. Measure progress toward "inclusive success" for students of color via annual surveys. One measure of academic excellence in comparison to peers is the number of competitive national scholarships awarded to University of Minnesota students.

**5. Maintain commitment to transfer students.** Enroll a balance of new high school students and transfer students. Facilitate transfer among the University of Minnesota campuses, as well as from institutions in the Minnesota State system. Continue to enroll at least 33 percent of new Twin Cities students as transfer students. Achieve a 65 percent three-year graduation rate for transfer students.

**6. Value ethnic, social, economic, and geographic diversity.** Enhance the educational experiences of all students through interactions with students from different backgrounds, other states, and other countries. Attract a broad range of undergraduate students and serve as a talent magnet for the state. Attract, retain, and graduate students from multicultural backgrounds.

**7. Support timely graduation.** Ensure that students admitted to the Twin Cities campus are adequately supported to graduate in a timely way. Link financial aid strategies and enrollment management strategies. The Twin Cities four-year graduation rate for New High School (NHS) students should reach/exceed 65 percent and the six-year rate should reach/exceed 82 percent; the three-year transfer graduation rate should reach/exceed 65 percent; the four-year graduation rate for Pell-recipient students should reach/exceed 54 percent. Maintain recent gains in the Graduation Success Rates (GSR) for student-athletes. Increasing graduation rates for all students, and specifically the rates for students of color, are also legislative performance measures.

**8. Adjust enrollment levels and set tuition rates to provide revenues.** Adjust enrollment levels and set tuition rates to provide adequate revenue to support high-quality educational programs within the overall mission of the campus.

**9. Continue to enhance need-based and merit-based financial aid programs.** Continue to provide need-based (including middle-income) and merit-based financial aid. The general allocation of financial aid resources should be biased toward need-based financial aid, but strong merit-based scholarships are also needed to attract the best and brightest students. Grow institutional gift aid to \$275 million.

**10. Be attentive to state, national, and global workforce needs.** Be attentive to the workforce needs of the future for the state, the nation, and the world. Increase the number of STEM graduates (a legislative performance measure).

## Maintaining Access to the Twin Cities Campus

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

### Financially Accessible

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

Total financial support to Twin Cities undergraduate degree-seeking students over the past two years is summarized in Table 4-1. The decrease in the total amount of loans over that period is notable, as is the shift of the proportion of total aid to include more gift aid and less loan aid. As shown in Table 4-2, trends over the past five years are moving in the right direction; the proportion of graduates with no debt is increasing, and the average amount of loan debt for those who have debt is stable.

One measure of financial accessibility is the percentage of students who are low-income, defined as federal Pell Grant recipients. In fall 2018, 18 percent of all degree-seeking students enrolled on the Twin Cities campus were Pell recipients. Looking at specific groups of students: Minnesota resident students, 23 percent; freshmen, 17 percent; new transfer students, 27 percent. Another measure is the percentage of first-generation college students, defined as neither parent having completed a college degree. In fall 2018, 26 percent of all degree-seeking students on the

**Table 4-1. Total financial support to Twin Cities campus undergraduate degree-seeking students, 2016–17 and 2017–18**

Aid Category	Aid Year 2016–17	% of total	Aid Year 2017–18	% of total
Gift Aid (scholarships, grants)	\$147,935,320	41%	\$156,172,793	42%
Student Employment (including Work Study)	\$27,688,695	8%	\$27,668,781	7%
Loans (student and parent loans)	\$168,454,230	47%	\$169,541,899	46%
Waivers	\$17,251,194	5%	\$18,357,696	5%
Total	\$361,329,439	100%	\$371,741,169	100%

Source: Office of Institutional Research, University of Minnesota

Twin Cities campus were first-generation. Looking at specific groups of students: Minnesota resident students, 30 percent; new freshmen, 22 percent; new transfer students, 40 percent.

Recognizing the pressures faced by middle-income families, the University continues its commitment to provide financial aid through the U Promise program, which provides aid to nearly 13,000 Minnesota undergraduates systemwide. The program provides funding to families making up to \$120,000.

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

Welcome Week for new students includes a workshop on money management, and One Stop Student Services now has counselors certified in financial wellness who conduct workshops for students and meet with students one-on-one. The One Stop website includes money management resources. A key point of the financial literacy messaging is that graduating in a

timely manner is one of the best ways for students to manage the costs of their education.

### Accessible to Transfer Students

Educating transfer students is an important part of the University’s service to the state, particularly for the Twin Cities campus, as the flagship of the system, because it offers many undergraduate majors not available elsewhere in the state. Of the 9,208 new students enrolling on the Twin Cities campus in 2017–2018, 6,214 were freshmen and 2,994 (33 percent) were transfer students from outside the University. Over 38 percent of these new transfer students come from Minnesota State institutions.

Transfer students add to the diversity of the Twin Cities campus. When compared with those who enter as freshmen, transfer students include proportionately higher numbers of first-generation students, African-American students, Hispanic students, American Indian students, international students, and older-than-traditional-college-age students. The University admits transfer students who can be successful in completing a degree program, and considers students for transfer admission after they have a record of success in one or more years of college courses that are transferable to the campus. Over the past decade,

**Table 4-2. Student loan debt trends for Twin Cities campus undergraduate degree recipients, fiscal years 2014–2018**

Bachelor’s Degree Recipients	2013–14	2014–15	2015–16	2016–17	2017–18
% of Bachelor’s Degree Recipients with no student debt	39%	40%	43%	43%	44%
Average loan debt for those with debt	\$26,406	\$26,091	\$26,068	\$25,994	\$25,573
Median loan debt for those with debt	\$24,433	\$24,000	\$23,318	\$23,009	\$22,760

Source: Office of Institutional Research, University of Minnesota

Federal, state, institutional, and/or private student loans are included in these calculations for any undergraduate studies within the University of Minnesota system. Any student loan certified by or reported to the University is included in these statistics. Other debt instruments, such as a personal line of credit, home equity line of credit, Parent PLUS loan, or loans from family/friends are not included in these statistics.

the three-year graduation rate for transfer students (**Progress Card Measure**) has improved from 52.1 percent (students entering in 2005) to 63.8 percent (entering in 2015). Of the 7,811 undergraduate degrees awarded in 2017–18, 34 percent were awarded to students who had transferred to the campus.

### Accessible to Diverse Students

The University is committed to achieving excellence with a diverse student body and to maintaining a respectful, welcoming environment for all students. This commitment encompasses diversity in many forms, including geographic origin, racial-ethnic background, sexual orientation, gender identity, culture, disability, veteran status, and socio-economic background. After several years of relative stability, the University has observed a troubling decline in measures related to students' sense of belonging for all students, but especially for students of color as indicated on the SERU survey (**Progress Card Measure**). The University's commitment to improving the campus environment for all students is highlighted on the Campus Climate website, which lists a wide range of initiatives and improvements, including the Student Climate Advisory Committee, the Commuter Connection, and the Multicultural Student Engagement unit within Student Affairs.

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

From fall 2017 to fall 2018, the number of undergraduates of color on the Twin Cities campus increased from 7,111 to 7,464 (from 22.5 percent to 23.7 percent). The number of international students decreased from 2,816 to 2,620 (from 8.9 percent to 8.3 percent). For fall 2018, the percentage of undergraduate students from Minnesota was 66.1 percent. Students from 47 states, plus Washington D.C., and the American Virgin Islands, and from 88 countries were among the 31,455 undergraduates.

While the percentage of Minnesota students has been relatively consistent, there have been some

shifts in the geographic origin of other U.S. students. The percentage of students from reciprocity states (Wisconsin, North Dakota, and South Dakota) has decreased, while the percentage from other states and outside the United States has increased. The increase in the numbers of students from other regions of the United States and from other countries reflects the University's commitment to enhancing the campus community through the inclusion of young people from differing countries, backgrounds, religions, and experiences.

## Attracting Outstanding Students to the Twin Cities Campus

High-ability students increasingly seek to attend the University of Minnesota Twin Cities, as evidenced by the growing numbers of applications and the student preparation metrics of the incoming freshman class. Applications for admission have increased by nearly 50 percent over the past decade, from 29,159 prospective students seeking admission for fall 2008 to 43,441 for fall 2018. During that same time period, the average ACT for the new freshman class has improved significantly, from 26.2 to 28.4 (**Progress Card Measure**).

The increased number of applicants can be attributed to a growing awareness by prospective students and their families of the many improvements in undergraduate education on the Twin Cities campus. The academic preparedness of first-year students and the diversity among those students enrich the classroom experience and the campus social environment. Enhanced national recruitment efforts have helped to offset the declining numbers of Minnesota high school graduates, increase the geographic diversity of the student body, and bring workforce talent into the state. The fall 2018 freshman class includes students from 40 states and 38 countries.

The President's Emerging Scholars (PES) Program is a merit-based scholarship and student success program. Participants are selected based on a holistic review conducted by the Office of Admissions. PES students are selected based on strong academic and extracurricular excellence, and significant community



engagement. These scholars are accomplished, involved, and resilient. PES scholars are also diverse—many are the first member of their families to attend college, Pell grant recipients, or student of color. This program invites approximately 500 students to participate in the program each year and the program involves scholarship funding and significant programming and campus engagement.

The University Honors Program attracts high-achieving students who have chosen to attend the Twin Cities campus over some of the nation's most selective institutions. The 2,279 students in the Honors Program benefit from a challenging, interdisciplinary approach, with rigorous honors courses and co-curricular experiences that draw on the expertise of faculty and staff across the comprehensive range of disciplines on campus. The profile of the 555 new fall 2018 Honors students showed an average ACT of 33.1 and average high school rank of 97.2 percent.

In 2017, the Land-Grant Legacy Scholarship Program was conceived by the College of Food, Agricultural and Natural Resource Sciences and the Office of Undergraduate Education to support the University's commitment to Minnesota residents and access for Minnesota students. This initiative aims to attract and retain more students from Greater Minnesota and includes programmatic elements designed to support students during their time at the University and to build community. This initiative, which also includes a financial scholarship, will serve as a pilot on which to expand into other colleges.

## Offering a Great Student Experience on the Twin Cities Campus

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

- As the state's only research university and one of the very best research universities in the nation.
- As the state's public land-grant university.
- Located in the state capital, which provides many opportunities for internships with state agencies.
- Situated in a vibrant metropolitan area, with

remarkably beautiful parks, lakes, and rivers; a lively social and cultural environment; and many Fortune 500 companies.

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

As part of achieving the vision of the Twin Cities Campus Strategic Plan—to be preeminent in solving the grand challenges of a diverse and changing world—exciting new Grand Challenge Curriculum (GCC) courses are now offered to undergraduates. The first GCC courses were developed and offered in 2015–16. These courses bring a solution-driven, interdisciplinary approach to learning about important global issues. GCC courses are taught by two or more cross-disciplinary faculty who bring unique perspectives to the challenge being explored. Courses include “Science and Society: Working Together to Avoid the Antibiotic Resistance Apocalypse,” “Pathways to Renewable Energy,” and “The Achievement Gap: Who Is to Blame?”

Undergraduates value such opportunities to have an impact on the world. Data from the 2018 Student Experience in the Research University (SERU) survey indicated that 90 percent of students surveyed considered opportunities to connect their academic work with community-based experiences important. Public engagement activities support student learning and development outcomes and help recruit students to the University who are looking for these engagement opportunities.

The Community Engagement Scholars Program is one option for students to immerse themselves in a

rigorous community-based learning program. Through a cohort model, students complete eight credits of service-learning coursework, participate in structured reflection sessions, volunteer for a minimum of 400 hours with a community organization, and submit a final capstone project produced in partnership with a community organization. Upon completion of the program, students receive official recognition at graduation and on their academic transcript. The program currently enrolls 127 students.

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

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

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

Twin Cities undergraduate teaching facilities have been improved with state-of-the-art classrooms, including Bruininks Hall, which has more than a dozen high-tech, active-learning classrooms. Completed in fall 2017, the renovation of the John T. Tate science and teaching building transformed obsolete labs and antiquated classrooms into vibrant, flexible spaces that will bolster instruction, research, and support services. Residence hall facilities and programming have been recently enhanced, as well. The 17th Avenue Residence Hall increased the on-campus housing capacity by 600 beds. While Pioneer Hall is being renovated, the University is leasing residential space from private facilities near campus

and has adjusted room assignment processes to ensure housing for incoming students. A new Residential Curriculum Model has been launched in all residence halls and apartment communities, based on five elements of well-being: career, social, financial, physical, and community—reflecting the University's ongoing commitment to student engagement, retention, graduation, and success.

## Preparing Twin Cities Campus Graduates for Success

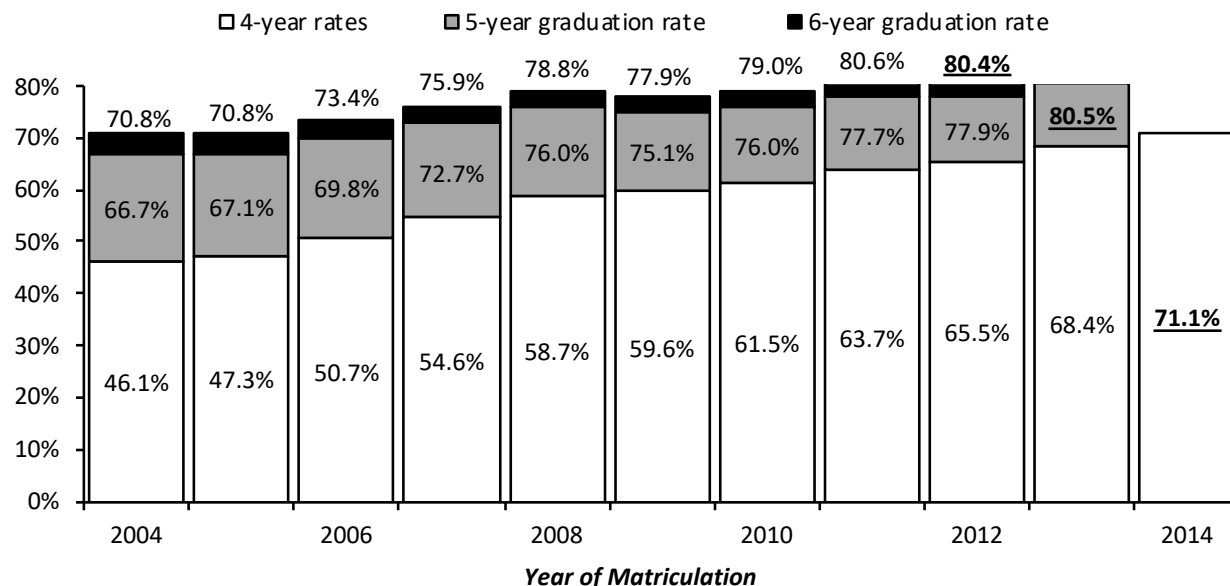
The University is committed to providing students with a distinctive, world-class liberal education and rigorous coursework in a field of study. Initiatives concerned with the student experience are focused on enriching students' knowledge, skills, and abilities and equipping them for the challenges of the future in a diverse, changing, global society. Undergraduate student retention rates, graduation rates, and the number of degrees conferred are among the measures that the University uses to assess the extent to which the University is challenging, educating, and graduating students. The University Progress Card includes the following goals for undergraduate education on the Twin Cities campus:

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

### Retention and Graduation Rates

The Twin Cities campus has made significant progress over the last decade in improving undergraduate graduation rates (**Progress Card Measure**). Retaining students after their first year is the first step toward timely graduation. Figure 4-A and Figure 4-B show the most recent results, with rates at their highest levels ever, including four-year graduation rates now at 71.1 percent. As a result of this progress, the Twin Cities campus rates are moving ahead of comparable institutions. Table 4-3 ranks the graduation rates of the Twin Cities campus's comparison group institutions (which include the most selective public research universities in the country), as well as the other public Big Ten Conference universities. While the table lists graduation rates for classes matriculating in 2010

**Figure 4-A. Four-, five-, and six-year graduation rates of first-time, full-time undergraduate students, Twin Cities campus, classes matriculating in 2004–2014**



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

Source: Office of Institutional Research, University of Minnesota

(the most recent data available for comparison), the most recent Twin Cities campus rates (displayed in parentheses) suggest that the campus will rank even better when data for those classes become available for comparison. The graduation rates for student-athletes as measured by the NCAA's GSR (**Progress Card Measure**) have continued to improve, increasing to 93.1 percent.

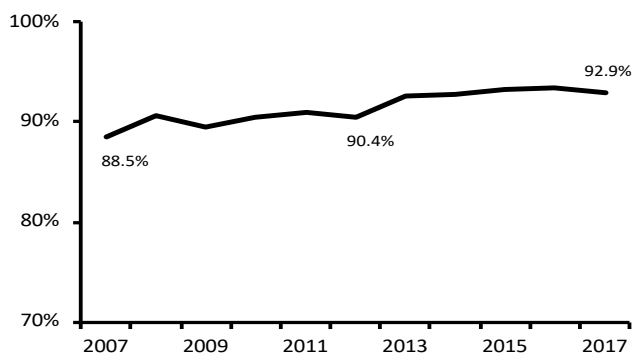
First-year retention rates for students of color have improved significantly (Figure 4-C) over the past ten years, as have retention rates for Pell-eligible students (Figure 4-D).

### Degrees Conferred

The Twin Cities campus has increased by more than 17 percent the number of undergraduate degrees awarded over the past decade, from 6,650 in 2007–08 to 7,811 in 2017–18 (Figure 4-E).

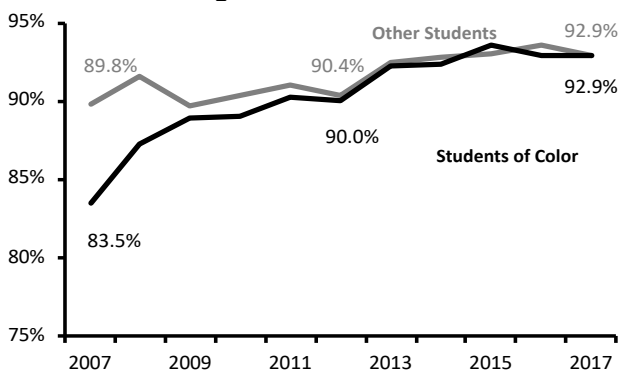
In response to changes in student interest and state and national employment needs, the Twin Cities campus is now awarding substantially more degrees in science, technology, engineering, and math (STEM) fields. From 2007–08 to 2017–18, the number of STEM degrees increased by 56 percent, from 2,284 to 3,573. STEM degrees awarded include all baccalaureate

**Figure 4-B. First-year retention rates of first-time, full-time undergraduate students, Twin Cities campus, classes matriculating in 2007–2017**



Source: Office of Undergraduate Education, University of Minnesota

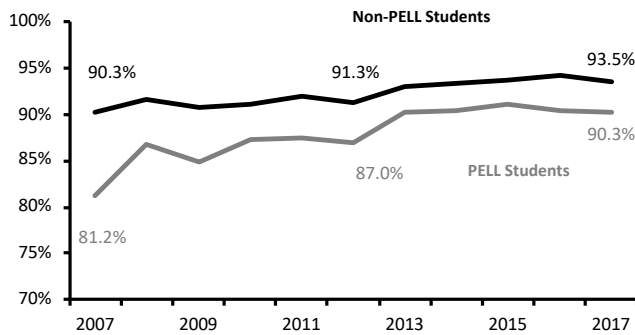
**Figure 4-C. New freshman retention, students of color and all other domestic students, Twin Cities campus, classes matriculating in 2007–2017**



Source: Office of Undergraduate Education, University of Minnesota



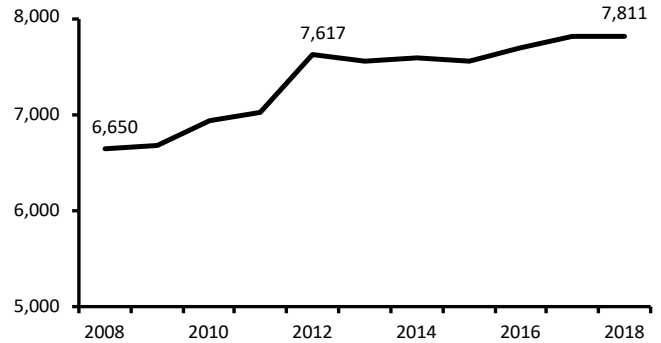
**Figure 4-D. New freshman retention by Pell status, Twin Cities campus, 2007–2017**



Source: Office of Undergraduate Education, University of Minnesota

degrees in several broad categories as defined by the Department of Education. These STEM fields include agriculture, natural resources, engineering, computer sciences, biological sciences, physical sciences, mathematics, and health professions.

**Figure 4-E. Undergraduate degrees awarded, Twin Cities campus, 2007–2008, 2017–2018**



Source: Office of Undergraduate Education, University of Minnesota

**Table 4-3. Retention (class matriculating in 2016) and graduation (class matriculating in 2011) rates sorted by four-year graduation rate, Twin Cities campus comparison group and Big Ten Conference public institutions**

	1st-year Retention Rate	4-year Graduation Rate
*U. of Michigan – Ann Arbor	97.1%	77.1%
*U. of California – Berkeley	97.2%	75.8%
*U. of California – Los Angeles	96.6%	74.6%
*U. of Illinois – Urbana-Champaign	92.4%	70.4%
*U. of Florida – Gainesville	96.0%	68.0%
U. of Maryland – College Park	95.8%	66.9%
*Penn. State U. – Univ. Park	93.1%	66.7%
*U. of Washington – Seattle	94.4%	65.0%
<b>U. of Minnesota – Twin Cities</b>	<b>93.0%</b>	<b>63.6% (71.1%)<sup>1</sup></b>
Indiana U. – Bloomington	91.3%	62.8%
*U. of Wisconsin – Madison	95.3%	60.9%
Rutgers, State U. of New Jersey – New Brunswick	94.0%	59.9%
*Ohio State U. – Columbus	94.2%	58.5%
*U. of Texas – Austin	94.6%	57.8%
U. of Iowa – Iowa City	86.6%	54.1%
Michigan State U. – East Lansing	91.3%	51.7%
Purdue U. – West Lafayette	92.0%	51.4%
U. of Nebraska – Lincoln	82.8%	38.8%

Source: Common Data Set

\*Comparison Group Institutions

<sup>1</sup> Most recent UMTC four-year graduation rate (class matriculating in 2014)

# DULUTH CAMPUS

## Maintaining Access to the Duluth Campus

### Affordable Access

With a unique combination of both land-grant and sea-grant missions, the University of Minnesota Duluth (UMD) occupies a distinctive place in the University system and is committed to being accessible to Minnesota students. UMD serves the citizens of the state; over 85 percent of UMD's undergraduate students are from Minnesota, with about half coming from the Twin Cities metro and half from greater Minnesota. In 2017, 33 percent of students in UMD's entering class were first-generation college students.

UMD ensures affordable access for students of all backgrounds and has expanded both merit and need-based scholarships to attract top-level students. In 2017, 40 percent of UMD students qualified for the University of Minnesota Promise Scholarship, a multi-year scholarship for Minnesota resident undergraduates with a family income of up to \$120,000. In addition, UMD offered 260 Best in Class scholarships in 2017 to students who ranked either first or second in their high school class.

UMD distributes more than \$105 million in financial support to undergraduate students annually. University scholarships comprise approximately \$13 million of that aid. More than half of UMD undergraduates received a University scholarship in fiscal year 2017. Ongoing initiatives such as the student debt report card, financial peer mentoring program, and prospective student and family early financial education remain key aspects of UMD's financial support efforts (Table 4-4).

### Diversity

The Duluth campus has a commitment to equity and diversity and has placed a high priority on creating an environment that is welcoming and inclusive. UMD has two full-time leadership positions dedicated to campus climate training and development for faculty, staff, administration, and students. UMD's Campus Climate Initiative continues into its eighth year

**Table 4-4. Student aid trends, degree-seeking undergraduates, Duluth campus, 2008 and 2018**

	2008	2018
Gift Aid	\$24.2m	\$41.5m
Employment	\$4.1m	\$5.0m
Loans	\$53.7m	\$59.0m
Waivers	\$3.0m	\$1.9m
Total Student Aid	\$85.1m	\$107.4m

Source: Office of Institutional Research Student Aid Profile, University of Minnesota

with a new and improved web presence to facilitate transparency and information sharing. Units across campus continue to move forward in alignment with the campus's strategic plan goal number two with efforts reported on the campus climate website under "Next Steps" as well as a campus-wide resource guide.

The Intercultural Leadership Development (ILD) initiative is in its sixth year and 16th cohort, providing a 40-hour professional development opportunity for over 270 faculty, staff, and administrators. In addition to the ILD initiative, UMD has developed internal capacity to offer the Equity and Diversity Certificate Program, originally developed and offered systemwide by the Office of Equity and Diversity. UMD's training team offers all ten of the certificate workshops per year with 30 to 80 staff participating in each. Training about implicit bias in the search process is offered two to three times per semester at UMD as well as workshops and a community of practice for faculty who want to integrate more inclusive content and pedagogy into their courses.

In 2016, UMD conducted a Campus Climate Survey. The results were shared with the campus community and "Ideas" sessions were held. After qualitative analysis, the Campus Climate Working group determined three areas of focus: make UMD more diverse, make UMD more inclusive, and work on anti-bullying and civility.

The Duluth campus values diversity as a means of enriching the educational experience of all students and continues its strong commitment to building a more diverse student body. Studying and learning in a diverse environment helps prepare students to

live and work in an increasingly heterogeneous and global society. To that end, UMD utilizes a holistic undergraduate admission review process by which the strength of the applicant is evaluated through multiple factors that incorporate academic measures, relevant co-curricular and work experiences, and other individual characteristics. Over the past decade, UMD has experienced steady growth in the percentage of students of color enrolled, as shown in Figure 4-F.

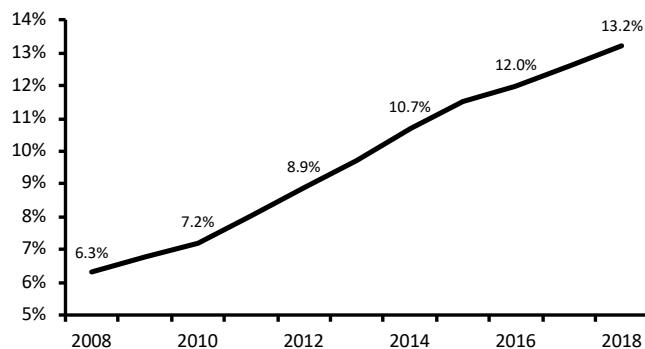
### Academic Writing & Learning Center

UMD's Academic Writing and Learning Center (AWLC) provides academic courses and services designed to help all members of the campus community reach their academic and professional goals. The AWLC encompasses the Supportive Services Program, the Tutoring Center, and the Writers' Workshop.

The Supportive Services Program (SSP) offers learner-centered courses that contribute to students' personal, academic, and professional success. They prepare students for the rigors of college-level academics as well as train undergraduate peer tutors and mentors. For example, SSP partners with UMD's financial literacy educator for the highly successful Financial Peer Mentor Program, one of the first of its kind in the country. Starting fall 2018, innovative five-week, one-credit courses are offered: 1) Reading to Remember, 2) Time and Stress Management, and 3) Studying, Note Taking and Test Taking. These courses offer the advantage of taking an in-depth approach to particular learning strategies with the benefit of scheduling flexibility; students can take any number of the courses in any sequence, beginning at five-week intervals throughout the semester. A new three-credit Academic Reading and Writing course responds to faculty and student requests for more instruction in these essential academic skills. SSP also offers Supplemental Instruction for targeted, high-intensity courses that provides peer-assisted study sessions led by trained leaders.

Established in 1987, UMD's Tutoring Center has delivered nearly 350,000 tutorials by over 6,500 peer tutors. The program has been certified at the highest level by the College Reading and Learning Association, distinguishing it from many programs

**Figure 4-F. Percent undergraduate students of color by fall term, Duluth campus, 2008–2018**



Source: Office of Institutional Research, University of Minnesota

not only at peer institutions but also much larger universities. Currently, 120 to 160 undergraduate peer tutors offer over 12,000 tutorials a year with 94 percent of survey respondents reporting improved academic success. The tutors meet rigorous standards set by individual academic departments and are trained in a semester-long, two-credit course. The Association for the Tutoring Profession recognized the program's excellence by naming the Tutoring Center the 2014 Outstanding Tutoring Program in the nation.

UMD's campus-wide writing center, the Writers' Workshop, serves both undergraduate and graduate students as well as faculty and staff. Since opening in 2013, usage has grown steadily, nearly doubling in five years. Last year 2,620 one-to-one sessions of 30 to 60 minutes each were provided by faculty members or graduate students. About one-third of the appointments are with those whose first language is not English and nearly 40 percent are with those from underrepresented populations. Over ten percent of the appointments are with graduate students, faculty, or staff. Surveys show that 96 percent of users say they had a positive experience, and 92 percent say visiting the Writers' Workshop improved their writing skills and increased their confidence as writers. Beyond receiving individual consultations, UMD students and instructors participate in writing-related workshops held throughout the year. A full-time ESL specialist also conducts study groups and private work sessions for any member of the campus community whose first language is not English.

## Attracting Outstanding Students to the Duluth Campus

The Duluth campus integrates liberal education, research, creative activity, and public engagement and prepares students to thrive as lifelong learners and globally engaged citizens. UMD's commitment to the success of undergraduate students begins with prospective student outreach and extends through recruitment, orientation, freshman seminar, academic advising, curricular and co-curricular experiences, internships, graduation, and beyond.

During 2017–2018, UMD's Strategic Enrollment Management (SEM) subcommittee completed a review of UMD's enrollment management plan to assess progress since its inception in 2013 and to identify current priorities and related strategies. The subcommittee supported this work with a review of external high school population demographic data, levers related to undergraduate enrollment, and campus enrollment key performance indicators, and conducted a SWOT analysis to identify current challenges and opportunities. An updated SEM plan was endorsed by campus leadership in April 2018. Current undergraduate enrollment priorities are highlighted in the following seven overarching themes.

**1. Plan for annual incremental undergraduate growth over the next five years.** Increase the total undergraduate enrollment from 9,199 (fall 2017) to approximately 9,600–9,800 by 2023.

**2. Address capacity issues related to high-demand programs and on-campus housing.** Complete an undergraduate program demand/capacity analysis by November 2018. Develop a multi-phase plan to address the current residence hall bed shortage, projected growth in undergraduate enrollment, and aging existing facilities by spring 2019.

**3. Maintain commitment to transfer students.** Continue to engage collegiate units and departments in creating partnerships with community college partners, identify and address any roadblocks to timely transfer course evaluations, and assess the viability of creating a transfer center.

**4. Enhance affordability and access.** Hold tuition and fee increases for resident undergraduate students to a minimum and ensure timely awarding and distribution of scholarship funds. Pursue supplemental need-based financial awards as funding becomes available.

**5. Strengthen ethnic, social, economic, and geographic diversity.** Expand involvement of diverse alumni in recruitment events and build stronger relationships with community-based organizations. Create partnerships and affiliations to enhance dual degree and transfer opportunities for international students. Build upon the work currently taking place under UMD Strategic Plan Goal 2 and the Campus Climate Initiative to create a welcoming and inclusive environment for all students.

**6. Enhance support of students' initial academic success.** Continue to develop unit, academic department, and course strategies to improve success rates. Develop a comprehensive strategy to support students identified at risk for attrition. Align enrollment services and resources in order to provide a seamless transition to UMD.

**7. Support timely graduation.** Develop reports and tools to assist in identification of issues related to course sequencing and course offerings. Enhance services for students changing majors. Increase online course offerings to facilitate timely program completion.

## Offering a Great Student Experience on the Duluth Campus

The Duluth campus overlooks the shores of Lake Superior in a thriving community that offers over 11,000 acres of public space, more than 160 miles of hiking trails, and a vibrant arts scene. *Outdoor Magazine's* winner of "Best Outdoor Town in America," Duluth is a four-season vacation destination and international shipping harbor known for its natural beauty. The Duluth campus takes pride in providing a high-quality living and learning experience, abundant opportunities for undergraduate and graduate research, over 250 student organizations, and a strong

presence in the cultural and intellectual life of the Duluth community. The campus consistently ranks among the top Midwestern regional universities in *U.S. News and World Report's* "America's Best Colleges." Providing an alternative to large research universities and small liberal arts colleges, UMD attracts students looking for a personalized learning experience on a right-sized campus of a major university.

Undergraduate students can choose from 15 bachelor's degrees in 91 degree programs across five collegiate units, including the Labovitz School of Business and Economics, the College of Education and Human Service Professions, the School of Fine Arts, the College of Liberal Arts, and the Swenson College of Science and Engineering. The Duluth campus offers graduate programs in 25 fields and three cooperative programs offered through the Twin Cities campus, in addition to a two-year program at the University's School of Medicine Duluth and a four-year College of Pharmacy program.

### Freshwater Research

The Duluth campus serves the state and the nation as a leader in freshwater research, supported by its position at the headwaters of one vast freshwater system, the Laurentian Great Lakes, and near the headwaters of part of another, the Mississippi River. Water directly or indirectly accounts for much of the wealth of this region. The amount and diversity of freshwater science, policy, and outreach that occurs in and around UMD is arguably unmatched by any other institution across the nation. The size and setting of the Duluth campus is ideal for close collaboration of faculty, undergraduate, and graduate students in freshwater research and provides UMD students with exceptionally strong preparation for postgraduate options in the job market.

UMD is actively addressing the "grand challenge" of water quality, water supply, and how to continue to provide clean freshwater to the region's communities, industries, and ecosystems. Freshwater research education and outcomes are integrated campus-wide through the work of faculty and staff associated with the Swenson College of Science and Engineering, Natural Resources Research Institute, Large Lakes Observatory, and Minnesota Sea Grant.

### Undergraduate Research

UMD continues to be a leader in undergraduate research, providing opportunities in research, scholarship, and creative activity. The Undergraduate Research Opportunity Program has a very high participation rate of 150 to 200 students annually. Faculty grants and donor gifts add to the funding of undergraduate research, scholarship, and creative activity. Several departments have nationally recognized summer undergraduate research programs, the newest being the BURST program (Biological Undergraduate Research in Science and Technology).

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

UMD celebrates undergraduate research and artistic activities with two Undergraduate Research/Artistic Showcases each year. These half-day campus events feature student posters, computer demonstrations, art exhibits, and theater productions, all providing information about projects completed by undergraduate students working with faculty mentors.

UMD is a strong contributor to the research mission of the University system. With a research footprint that is proportionally larger than its size, the Duluth campus complements the Twin Cities campus in serving the needs of the state of Minnesota.

### Athletics and Recreation

UMD student athletes focus on three key areas: classroom, community, and competition. The 2017–2018 year brought great competitive success for Bulldog programs, while concurrently setting new records in academics and volunteerism. UMD student athlete highlights from the past year include:

- a record-setting grade point average of 3.25



- 94 percent graduation rate
- 132 student athletes achieved GPAs of 3.50 or above and 15 turned in perfect 4.00 marks
- a program-best eight Academic All-Americans for the 2017–2018 season
- UMD student athletes, coaches, and staff logged over 3,600 hours of community service during the 2017–2018 athletic season
- UMD softball recorded their best season in Bulldog history (Regional Champions)
- Two Bulldogs played on the gold-medal-winning USA women's hockey team in the 2018 Olympics
- UMD men's hockey won the 2018 Division 1 National Championship

UMD's Recreational Sports Outdoor Program (RSOP) has been a national leader in engaging students in healthy, active lifestyles and connections to the natural world through personal and professional experiences. RSOP programming areas include intramural sports, informal sports, fitness and wellness, sport and outdoor clubs, aquatics, kayaking and canoeing, climbing, environmental education, and outdoor trips. Over 90 percent of UMD students participate in RSOP facilities and services. The overall RSOP and intramural participation rates are 20 percentage points above national benchmarks, placing UMD among the top schools in the nation. The latest major benchmarking occurred in spring 2017. Results include that:

- 91 percent participate in RSOP programs and services;
- 75 percent indicated that RSOP was important in their decision to attend UMD;
- 77 percent indicated that RSOP was important in persisting; and
- 73 percent indicated that their academic performance improved due to participation.

## Preparing Duluth Campus Graduates for Success

As Figure 4-G shows, the Duluth campus awarded 18 percent more degrees in 2017–18 than in 2007–2008. UMD conducts an annual survey of graduates, with the most recent report showing that 96 percent of

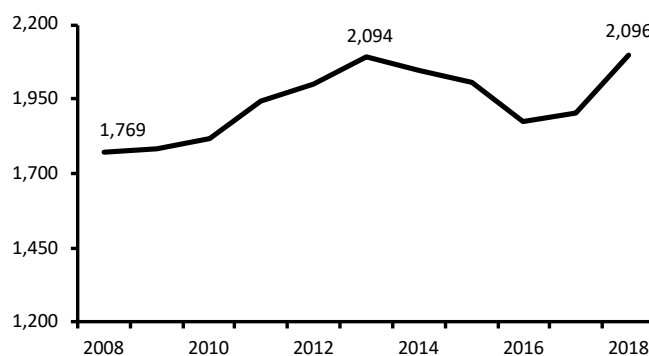
UMD grads are successful in employment or in continuing their education in their first year after graduation. Other findings include:

- 90 percent indicated their employment is related or somewhat related to their major
- 48 percent said they had completed an internship
- 84 percent reported accepting employment in Minnesota

As evidenced in the Strategic Enrollment Management Plan, UMD continues its commitment to improve student retention and graduation rates (see Figure 4-H and Figure 4-I) (**Progress Card measure**). The UMD Action Plan for Student Retention lists more than sixty course, department, and unit initiatives supporting improved first- and second-year persistence. Work is underway to expand initiatives that demonstrate improved student outcomes. As one example, the College of Education and Human Service Professions (CEHSP) implemented a strengths-based initiative in 2016. This initiative, which focused on first-year undeclared students, tracked the retention rates of the CEHSP participants and found that participants had nearly a seven percent higher retention rate than the general CEHSP cohort. Based on this success, UMD is launching an expanded strengths-based initiative in fall 2018 serving more new high school students.

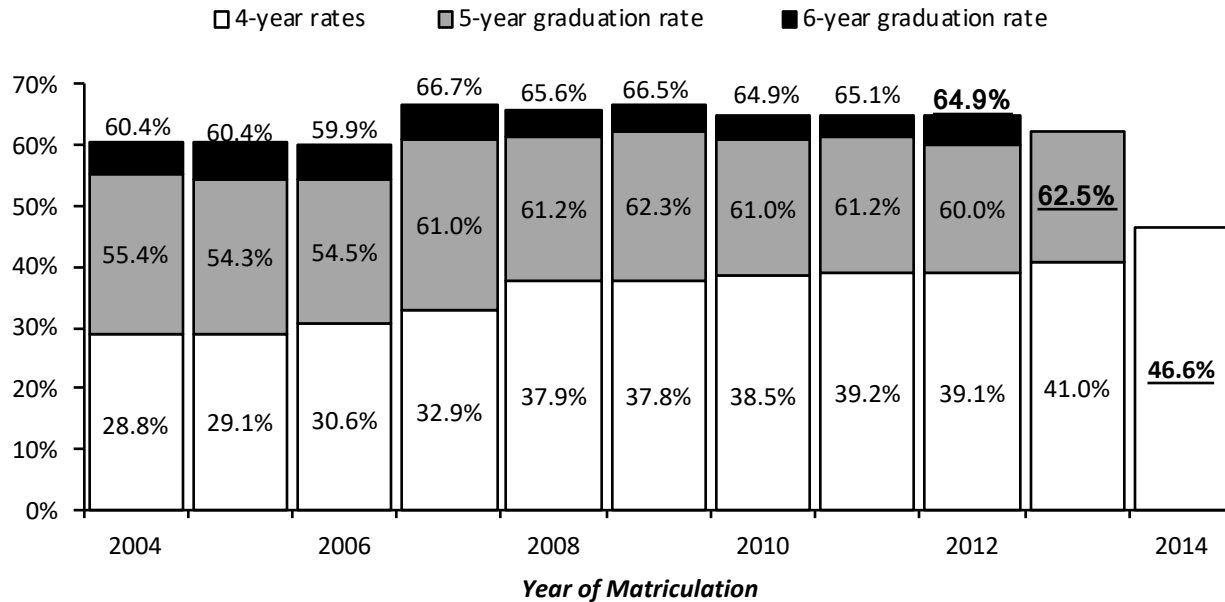
Table 4-5 shows how the Duluth campus compares with its peer group institutions, using rates for the class matriculating in 2010, the most current data available.

**Figure 4-G. Undergraduate degrees awarded, Duluth campus, 2008–2018**



Source: Office of Institutional Research, University of Minnesota

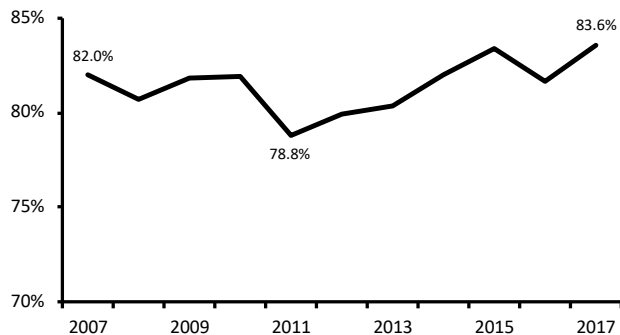
**Figure 4-H. Four-, five-, and six-year graduation rates of first-time, full-time undergraduate students, Duluth campus, classes matriculating in 2004–2014**



\*Rates include graduates who transferred to another University of Minnesota campus. Graduation rates displayed in Table 4-5 are those reported to the national database (IPEDS), which counts only students who matriculated at and graduated from the same campus. As a result, the rates presented in the figure above differ slightly than those displayed in Table 4-5.

Source: Office of Institutional Research, University of Minnesota

**Figure 4-I. First-year retention rates of first-time, full-time undergraduate students, Duluth campus, classes matriculating in 2007–2017**



Source: Office of Institutional Research, University of Minnesota

**Table 4-5. Six-year graduation rates (class matriculating in 2010), Duluth campus and comparison group institutions**

	6-year Graduation Rate	Institutional Rank
CA Poly. State U.–San Luis Obispo	80%	1
Col. of Charleston	69%	2
Western Washington U.	69%	2
U. of Northern Iowa	65%	4
<b>U. of Minnesota–Duluth</b>	<b>59%</b>	<b>5</b>
U. of N.C.–Charlotte	57%	6
South Dakota State U.	54%	7
U. of Michigan–Dearborn	54%	7
Western Michigan U.	53%	9
Minnesota State U.–Mankato	50%	10
U. of Mass.–Dartmouth	48%	11
Southern Illinois U.–Edwardsville	47%	12
Comparison Group Average	59%	-

See footnote on Figure 4-H.

Source: Integrated Postsecondary Education Data System (IPEDS)

## MORRIS CAMPUS

As a public liberal arts college, the University of Minnesota Morris occupies a distinctive place in the landscape of higher education and within the University system. Morris is the only public liberal arts college so designated in the state of Minnesota by the Council of Public Liberal Arts Colleges. With selective admissions and its focus on undergraduates in a residential, highly engaged learning community, Morris resembles the top private liberal arts colleges that populate the Upper Midwest while serving a more diverse student population.

Morris is still young as an institution of higher education—the first college class entered in 1960. The college was founded by the University of Minnesota with strong support and advocacy from regional community leaders who envisioned a public liberal arts college on the Minnesota prairie. The historic campus was first home to an American Indian boarding school (1887–1910), then an agricultural boarding high school (1910–1963). This history informs the campus today and forms the foundation for the Morris campus’s unique opportunity, obligation, and dedication to serving rural students, American Indian students, and others from traditionally underserved backgrounds.

The campus mission unfolds within the context of the land-grant charge of the University system. The Morris campus provides a rigorous undergraduate liberal arts education, preparing its students to be global citizens who value and pursue intellectual growth, civic engagement, intercultural competence, and environmental stewardship. The Morris campus is a center for education, culture, and research for the region, and is committed to outstanding teaching, a dynamic learning environment, innovative faculty and student scholarship and creative activity, and public outreach. The residential academic setting fosters collaboration, diversity, and a deep sense of community.

Morris classes are taught by a dedicated and talented faculty, 99 percent of whom have earned terminal degrees in their fields. They are committed to teaching and mentoring undergraduates, and are recognized with the highest per capita membership in the

University’s Academy of Distinguished Teachers of any University campus or college. They value and embrace the University’s commitment to research, scholarship, and the production of artistic work. In 2016, the 130 Morris campus faculty members achieved over 115 research and creative activity accomplishments, including 75 refereed journal articles—many with students as coauthors.

## Maintaining Access to the Morris Campus

### Enrollment Strategy

The Morris campus’s enrollment goals and strategies are being revisited as part of the strategic planning process that began fall 2017. The campus is also actively participating in the Systemwide Enrollment Management Taskforce. Morris’s current enrollment plan calls on the campus to maintain selective admissions; to reflect the state and region’s growing racial and ethnic diversity within the student body; and to increase the number of international students to add global perspectives to student life. It also affirms the continuing Morris commitment to serve west central Minnesota and the state well.

Today, Morris is one of the state’s most diverse universities and the only four-year Native American Serving Non-Tribal Institution in the Upper Midwest (U.S. Department of Education). American Indian students comprise under two percent of undergraduate students in Minnesota and the United States. In comparison, American Indian students comprise 21 percent of the Morris campus degree-seeking student population. Overall, American Indian students, students of color, and international students comprise over 40 percent of the Morris student body.

The campus enrollment strategy’s focus on recruiting and retaining a talented group of undergraduates has been consistent for decades, with the average ACT score for entering students remaining stable at 25 for over ten years. The combined focus on selectivity and diversity in an undergraduate-focused residential setting makes Morris a unique campus within the University system and in the state.



### Accessible to Minnesotans

The Morris campus is accessible to Minnesota students, many from traditionally underserved backgrounds. In fall 2018, nearly 75 percent of Morris students are from Minnesota; about a third are from the Twin Cities metropolitan area. The campus continues to serve students from Stevens County and the immediate region at approximately the same percentage as it typically has—however there are fewer rural high schools and regional graduates than there were when the Morris campus opened in 1960.

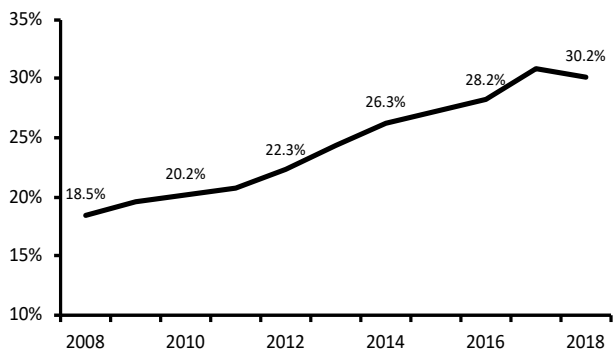
### Accessibility and Underserved Student Populations

In fall 2018, 30 percent of degree-seeking students on the Morris campus are students of color and American Indian students, the highest percentage in the University system (Figure 4-J). Twenty-one percent are American Indian students, and the Morris campus has the highest percentage of Native students at a four-year, non-tribal institution in the Upper Midwest. When considering only the first-year class, students of color and American Indian students comprise 41 percent of new students in fall 2018. Morris's record of success serving these students positions the campus well to respond to the changing demographic trends in the region, the state, and the nation.

Thirty-four percent of the Morris campus's 2018 new first-year students will be the first generation of their family to graduate with a four-year baccalaureate degree. Overall, first-generation college students comprise approximately one-third of the Morris student body.

The campus has sought external funding and directed internal University resources to support the success

**Figure 4-J. Percent undergraduate students of color by fall term, Morris campus, 2008–2018**



Source: Office of Institutional Research, University of Minnesota

of its diverse and talented student body. In July 2015, the campus received a five-year grant from the U.S. Department of Education to establish a TRiO Student Support Services project at Morris. With total funding of over \$1 million, the project is dedicated to supporting the college success of first-generation students from low-income households and students with disabilities. In August 2015, Morris received a second federal grant from the U.S. Department of Education under the Native American Serving Non-Tribal Institutions (NASNTI) program of Title III to establish the Native American Student Success program at Morris. In fall 2016, academic coaching and support services were expanded to include all first-year students.

In fall 2017, the campus received a five-year, \$1.2 million TRiO Ronald E. McNair Post-Baccalaureate Achievement (McNair) Program grant from the U.S. Department of Education, dedicated to preparing cohorts of low-income, first-generation students and students from groups underrepresented in graduate education for doctoral study. The campus expects that, once fully implemented, these efforts will have a positive impact on student success, persistence, and retention.

### Access and Affordability

Morris serves an increasing number of students with financial need. In fall 2018, over 30 percent of Morris students received Pell Grants, compared to about a quarter of students in fall 2008. Overall, 84 percent of Morris students received financial aid in 2016–17. The campus offers three merit-based scholarships. An “achievement” scholarship is awarded to students who exhibit exceptional academic promise. In addition, two scholarships are awarded based on previous academic achievement and performance; students who receive these scholarships enroll and persist at rates well above the Morris campus's average for admitted students.

In addition to these grants and scholarships, the Morris campus offers a federally mandated and state-statute-supported American Indian tuition waiver unique to the Morris campus and tied to its history as an American Indian boarding school. While the unrealized tuition dollars associated with the waiver poses a growing and significant financial challenge for the campus, Morris remains fully committed to

the tuition waiver. It provides an attractive incentive to qualified Native students (admitted with the same requirements as all students) to enroll and persist, with educational benefit for these students and for the campus as a whole.

## Attracting Outstanding Students to the Morris Campus

The Morris campus is selective, with an average ACT score of 25 for entering students—an unusually high level of academic success for a campus enrolling such a high number of students from populations historically underrepresented in higher education.

Morris students have earned a reputation as smart and action-oriented, excelling within the classroom while also taking their learning out into the world. Morris students are responsible for a number of successful initiatives on campus, including the student-run recycling program; the composting initiative; the green revolving fund; the organic garden and the Native American garden; and the weekend bus that transports students to and from the Twin Cities.

Morris students win national awards—including the American Indian Science and Engineering Society “best chapter” award and the Association for the Advancement of Sustainability in Higher Education student leadership award. In 2017, one Morris student was awarded a Udall Scholarship, and four Morris students were awarded Fulbright scholarships. In 2018, an additional three Morris students were awarded Fulbright scholarships and one student was awarded a Boren scholarship for Urdu language acquisition and Indian cultural study.

The Morris campus is highly ranked by many national publications—including by *U.S. News and World Report* as a top-ten public liberal arts college for 20 consecutive years; by the Sierra Club’s *Sierra* magazine as a top-40 “Cool School” for six consecutive years (2018); in the *Forbes* annual ranking for best colleges and universities in the nation (2018); and by Fiske in its annual guide to “the best and most interesting” schools in the United States, Canada, and the United Kingdom (2019).

## Offering a Great Student Experience on the Morris Campus

The Morris campus offers a distinctive student experience, preparing students for success and producing outcomes that matter. With its undergraduate, residential focus, the campus offers a distinctive value proposition as a public “private,” providing the same focused experience as the Upper Midwest’s many excellent private liberal arts colleges, but at half or a third the price, even factoring in typical financial aid packaging at the privates. The Morris campus’s ongoing efforts to create a model sustainable community make it an exciting destination for young people poised to invent a new future.

With an average class size of 16 and a student/faculty ratio of 13:1, Morris students are taught by a faculty with the University’s highest percentage of Horace T. Morse award winners for excellence in undergraduate education. Morris also supports a rich environment for student engagement. National Survey of Student Engagement data (2017) show that 95 percent of Morris seniors participated in at least one (and 79 percent participated in two or more) high-impact practices recognized for transformational effects on student learning and success (e.g., service-learning, research with faculty, internship/field experience, study abroad, a culminating senior experience), well above students at other public liberal arts colleges (see Table 4-7).

Morris students serve as teaching assistants, peer mentors, and tutors, and present at professional conferences alongside their faculty mentors. These experiences, of the type and quality often reserved for graduate students, are a springboard for meaningful employment and post-baccalaureate education.

Students are advised and mentored by their faculty, with professional success coaches added in the last three years to augment Morris’s long-standing faculty advising model. Coaches interact with students and connect them to the many support resources available, including the Office of Academic Success, counseling resources, and One Stop student services. The ultimate goal is to promote student success and improve retention.

**Table 4-6. Student engagement rates, Morris campus and comparison group institutions, spring 2017**

	Morris Seniors	COPLAC	NSSE All	Bac LA
Completed a culminating senior experience (capstone, project, thesis)	94%	77%	69%	85%
Attended art exhibits, dance, music, theater, or other performances	81%	63%	55%	78%
Participated in co-curricular activities during senior year	83%	61%	57%	85%
Held a formal leadership position in a student group	63%	46%	43%	69%
Worked on campus in a paid position during senior year	63%	46%	43%	69%
Worked on a research project with a faculty member	52%	41%	35%	53%
Studied abroad	42%	20%	21%	43%

Source: National Survey of Student Engagement

This table presents the percentage of seniors engaging in an activity prior to graduation at Morris compared with Council of Public Liberal Arts Colleges (COPLAC) peers as well as all four-year universities participating in the National Survey of Student Engagement (NSSE All). The Carnegie national Baccalaureate Liberal Arts colleges (Bac LA) group, of which Morris is a part, provides an aspirational comparison. This group of largely private colleges (nearly 90% are private), led by Williams College, Amherst College, and Bowdoin College, tend to be more well-resourced and serve more traditionally college-bound student populations with higher expectations for student engagement.

The Morris campus has a robust community-engaged learning and engagement program, partnering with 80 area agencies, businesses, and organizations to enrich student learning and serve community needs. One example is Tutoring, Reading, and Empowering Children (TREC), a long-standing partnership that provides Morris students with opportunities to tutor and mentor children. TREC tutors are work-study, volunteer, and community-engaged learning students serving at a variety of sites, including the Morris Public Library, the Morris Area School District, and bilingual programs on campus. More than 100 children participate in TREC annually, and assessments indicate that TREC participants make progress in school readiness, academic skills, and social skills as a result of their work with TREC tutors.

In 2015, the Morris campus was awarded the Carnegie Classification for Community Engagement, a prestigious designation the campus holds until 2025. Morris has been included in the federal President's Honor Roll of campuses recognizing the institution's outstanding commitment to community service.

A variety of student opportunities add value to the undergraduate experience and reflect the Morris campus mission. For example, 42 percent of Morris students have studied abroad by the time they graduate, which promotes the development of global citizenship and gives students experience and maturity

that serve them well when they leave the institution.

More than half of Morris graduates have deepened their learning through mentored work with a faculty member on a research project. Many of these projects provide student stipends and research support through a variety of funding mechanisms.

In the most recent National Survey of Student Engagement, nearly 90 percent of Morris seniors reported that, if they could start college all over again, they would go to Morris (5 percentage points above seniors at other public liberal arts colleges) and 93 percent rate their overall educational experience at Morris as good or excellent, with the majority choosing excellent.

## Preparing Morris Campus Graduates for Success

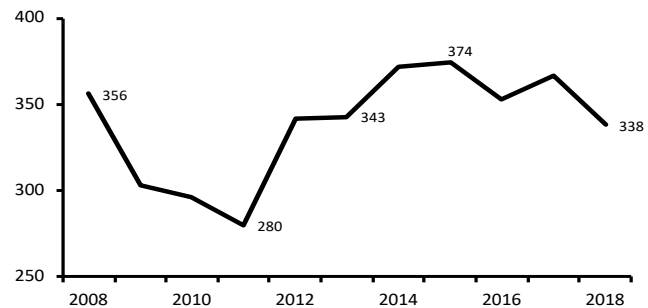
Ninety-five percent of Morris students who graduated in 2017 indicated that they were employed and/or in graduate or professional school one year after graduation; nearly one-fourth of Morris students proceed directly to graduate and professional school following graduation. Figure 4-K shows the total number of undergraduate degrees awarded.

Retention continues to be a challenge for all higher education institutions, and Morris is no exception. In the past several years the first-year retention rate has hovered around 80 percent (Figure 4-L).

This is accounted for in part by the challenges found in enrolling a talented but under-resourced undergraduate population. As described above, the campus has implemented a new model of advising and coaching intended to boost retention. In addition, the campus has expanded its peer mentoring program and academic alert initiatives, expanded its grant-funded individualized academic success plans to include all students, and is evaluating a plan for parallel major program pathways. In fall 2017, Morris began a multi-year, campus-wide project focused on increasing first-year student retention. The three components of the work are: conducting a systematic, integrated assessment of the campus's large suite of first-year retention efforts; utilizing system resources to provide additional mental health and well-being programming; and making participation in high-impact practices—a hallmark of the Morris experience—more explicit, available, and accessible to first-year students.

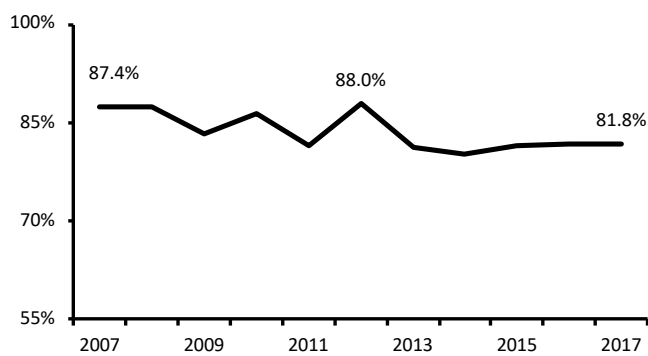
Graduation rates continue to be high when compared to many other public, four-year baccalaureate institutions, especially when characteristics of the student population are taken into account (**Progress Card Measure**). A Midwestern Higher Education Compact 2015 report ranks Morris as the most effective and efficient four-year university in Minnesota. The study's two metrics allow a more

**Figure 4-K. Undergraduate degrees awarded, Morris campus, 2008–2018**



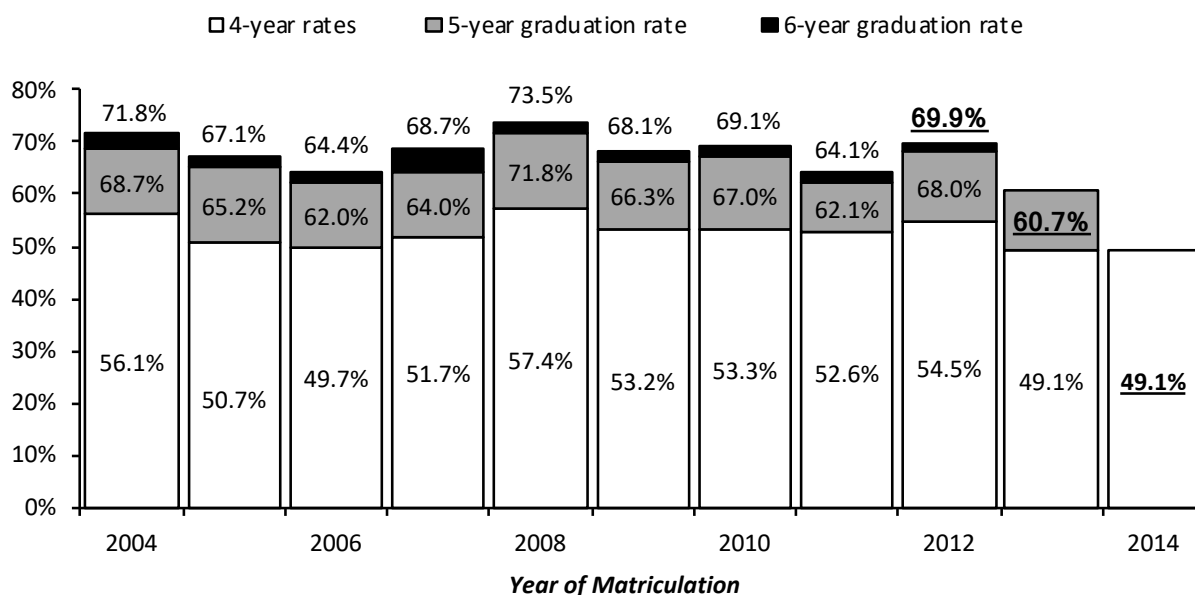
Source: Office of Institutional Research, University of Minnesota

**Figure 4-L. First-year retention rates of first-time, full-time undergraduate students, Morris campus, classes matriculating in 2007–2017**



Source: Office of Institutional Research, University of Minnesota

**Figure 4-M. Four-, five-, and six-year graduation rates of first-time, full-time undergraduate students, Morris campus, classes matriculating in 2004–2014**



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

Source: Office of Institutional Research, University of Minnesota

meaningful comparison of graduation rates and cost-per-graduate among disparate institutions, taking into account differences in demographics and environments. Morris produces more graduates than expected (a high Effectiveness Score) while spending less than expected per graduate (a low Expenditures Score). Of the 634 high-performing, four-year institutions included in the national report, Morris ranks in the top five percent. There are only 27 four-year universities in the nation that outperform Morris on both metrics simultaneously.

About 50 percent of Morris students graduate in four years. The 2014 four-year graduation rate of 49 percent and six-year rate of 70 percent are lower than campus goals, although comparable to peer institutions (Figure 4-M). Table 4-7 shows how the Morris campus compares to each of its comparable peer institutions and to the average of its aspirational peers. Rates are for the class matriculating in 2010, the most current data available.

**Table 4-7. Six-year graduation rates (class matriculating in 2010), Morris campus and comparison group institutions**

	6-year Graduation Rate	Institutional Control	Institutional Rank
Concordia Col.–Moorhead	73%	Private	1
St. Mary's Col. of Maryland	73%	Public	1
Lycoming Col.	72%	Private	3
Albion Col.	71%	Private	4
Coe Col.	67%	Private	5
<b>U. of Minnesota–Morris</b>	<b>64%</b>	<b>Public</b>	<b>6</b>
SUNY at Purchase Col.	62%	Public	7
U. of N.C.–Asheville	62%	Public	7
U. of Maine–Farmington	56%	Public	9
Mass. Col. of Liberal Arts	53%	Public	10
U. of Virginia's Col. at Wise	41%	Public	11
Comparable Group Average	63%	-	-
Aspirational Peer Average*	85%	Private	-

See footnote on Figure 4-M

Source: Integrated Postsecondary Education Data System (IPEDS)

\*Aspirational peer institutions: Macalester College (88%), St. Olaf College (88%), DePauw University (85%), Gustavus Adolphus College (81%), Kalamazoo College (81%)



## CROOKSTON CAMPUS

The Crookston campus has a history of serving the needs of rural Minnesota. First as a residential, agricultural high school (1906–1968), and later, as a two-year technical college (1966–1993) before transitioning to a baccalaureate degree-granting institution in fall 1993. Crookston offers educational opportunities within the context of the University’s land-grant mission.

The Crookston campus was ranked among the top 100 Baccalaureate Colleges in the U.S. by *Washington Monthly* in its 2018 College Guide. The campus’s rank of 85 was its highest ranking to date and Crookston is the only Minnesota college in the top 100 on that list. *Money* magazine named the campus to its Best Colleges list for 2018–2019, ranking it number 190 on the list of the 727 best colleges in America. In the 2019 *U.S. News and World Report* “Midwest Top Public Regional Colleges” category, Crookston garnered the number two spot; the campus has ranked in the top four for 22 consecutive years.

### Maintaining Access to the Crookston Campus

The Crookston campus serves as an access point to the University in the northwest corner of the state. The campus offers programs known for experiential learning and a focus on career preparedness. Students who choose Crookston seek a supportive, small-campus experience, a distinctive academic program, and/or the opportunity to learn online—all while earning a degree with the prestige of the University of Minnesota.

#### Serving Minnesota

In fall 2018, Minnesota residents comprised 69 percent of on-campus, degree-seeking students; 48 percent of on-campus students come from greater Minnesota while 16 percent from the seven-county Twin Cities metro area. Seventy-two percent of online students are Minnesota residents.

Recruiting from the pool of those students declined admission to the Twin Cities and Duluth campuses, the Crookston campus enrolled ten additional students in fall 2018. Those students, interested in earning a

degree from the University of Minnesota, were willing to seek education on another campus in the system. Offering admission to the Crookston campus kept these students in the state of Minnesota and in the University system.

Dual enrollment agreements at Crookston enhance opportunities for regional students to earn a four-year degree. An August 2018 agreement with Red Lake Nation College (RLNC) offers academically qualified RLNC students dual admission to the Crookston campus with the goal of working toward a bachelor’s degree. The agreement established the “Azhoogan Program,” incorporating the Ojibwe word for “bridge.” Among the bachelor’s degree programs that best match the priorities and coursework at RLNC are horticulture, natural resources, business, and agricultural business, but RLNC students may choose to pursue their academic interests in any program. Faculty from both RLNC and the Crookston campus will have opportunities for sharing and jointly developing and aligning curriculum to advance quality and efficiency.

Another dual enrollment program, established in 2018 with Northland Community and Technical College (NCTC), allows NCTC students to be admitted at Crookston through identified dual admission programs. Select programs in agriculture at NCTC and Crookston, specifically involving agricultural education and animal science, are the first to utilize the NorthernConnect Dual Admission Program.

Crookston faculty research involving the study of freshwater sponges as an indicator of water quality has potential impact across the state. There has been significant interest among citizen-scientists in identifying locations of these freshwater sponges, and their efforts provide valuable information on the rivers, streams, and lakes where the sponges exist. The work also involves a number of undergraduate students in the search for these non-moving invertebrates living at the bottom of bodies of water; students are also engaged in the laboratory, examining both the sponge and the water it lives in.

Students in landscape design were responsible for the planning of pollinator gardens in Hallock, Minnesota, working cooperatively with the Northwest Minnesota Sustainable Development Partnership, the Northwest

Minnesota Foundation, and the city of Hallock. The first of the gardens was completed in summer 2018.

A longstanding tradition on campus includes natural resources students who have planted trees in the Chippewa National Forest and marked the 36th anniversary in spring 2018. Natural resources students are also involved in duck banding efforts as well as bud capping pines at Itasca State Park and the Chippewa National Forest. These experiences benefit the state and allow students significant hands-on experience within a major.

### Affordability

Of 2016–2017 Crookston graduates, 31 percent completed with no debt, and those with debt averaged \$24,432, which is one of the lowest average student debt figures in Minnesota, as well as one of the lowest average student debt figures for all public institutions in the United States. Specifically, the Crookston campus ranked fifth among public and private institutions of higher education in Minnesota in terms of having the lowest average student debt figures and 184th among the “Public Top 200 Lowest Debt” public colleges and universities in the nation.

In fall 2018, students enrolled at Crookston:

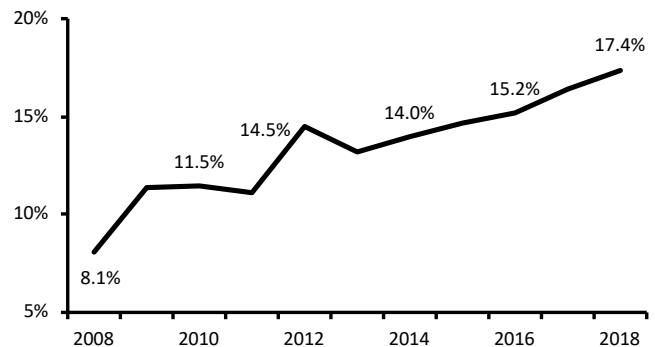
- come from families with an average annual household income of \$68,000;
- 35 percent receive the need-based federal Pell Grant; and
- 45 percent are first-generation college students

### Diversity

Creating pathways for students from diverse backgrounds and locations is and has been a tenet of the work at Crookston. Offering both on-campus and online options for students as well as a lower tuition rate provide greater access to distinctive programs, talented faculty, and hands-on learning opportunities through internships and classroom experiences, all of which leads to a University of Minnesota degree.

As shown in Figure 4-N, 17 percent of Crookston’s degree-seeking students identify as students of color, and, based on country of citizenship, Crookston’s student body includes representation from 40 countries.

**Figure 4-N. Percent undergraduate students of color by fall term, Crookston campus, 2008–2018**



Source: Office of Institutional Research, University of Minnesota

In addition, the campus has a long history of serving a significant number of first-generation students and students from low socio-economic backgrounds. With its core values of diversity and student success, the Crookston campus recruits these students with intentionality and prioritizes integrating diversity, equity, and inclusion into the campus environment and programming. The goal is to close the graduation gap seen between students of color and white students while increasing graduation rates for all students.

While the campus brings greater diversity to the region overall, it underserves the populations in the region’s public schools. The local high school has a population that is 23 percent Latinx. In an effort to create pathways for this growing community, and to build and sustain outreach efforts with communities of color, a task force was established to study the investments necessary to serve the region’s Latinx high school graduates. An investigation into establishing possible partnerships with local K–12 education providers in support of these students is ongoing.

### Online programming

In keeping with a modern-day vision of a land-grant institution, the Crookston campus offers a personalized online experience to more than 50 percent of the students it serves. The same dedicated and talented on-campus faculty teach online, allowing content and rigor to remain consistent across programs. The 16 online degree programs allow greater access to a population that is, typically, older than average, limited by location, and living around the state. While the average age of an on-campus

student is 20.6, the average age of an online student is 31.8. These online degree programs allow working professionals the opportunity to complete their bachelor's degree and advance within their career path when traditional programs don't meet their needs.

In fall 2018, 72 percent of the campus's online students reside in Minnesota, with 39 percent located in the Twin Cities metro area. With 77 percent over age 25, these students are enrolled in an average of nine credits, and they are typically employed. Most have already completed a significant number of college credits, transferring in an average of 67. There is rich diversity among Crookston's online students, with 18 percent identifying as students of color and 29 countries represented.

## Attracting Outstanding Students to the Crookston Campus

The successful student at Crookston is not necessarily defined by the highest ACT score but rather by a higher grade point average and greater involvement in high school. These students engage in campus life, maintain their achievement academically, and are looking for and finding leadership opportunities.

Of those freshmen responding to Crookston's new student survey in fall 2018, 84 percent indicated the size of the campus was a reason for selecting the Crookston campus, 72 percent indicated that Crookston was their first-choice college, and 76 percent indicated the type of academic programs available was a reason.

Unique academic programs offered at Crookston attract students choosing these fields. Crookston offers opportunities to study equine science, horticulture, and agronomy. Crookston has one of the only four-year degree programs focused in agricultural aviation in the country, and the only baccalaureate criminal justice degree leading to Minnesota police officer certification. The health management program recently received accreditation from the National Association of Long Term Care Administration Boards and provides a nationally recognized program in nursing home administration.

Expanded offerings for students in agriculture, a core component of the Crookston portfolio, include

a new major in agricultural communication blending agriculture, communication, and liberal education courses that prepare graduates for a wide variety of careers. Online students have a new option to pursue a major in agricultural business, the first online degree available in agriculture.

The Crookston campus is using its hands-on approach to learning to attract students. High school students interested in equine science or animal science participated in successful "Exploration Days" during a weekend filled with experiences similar to those of a full-time student. Other activities such as hosting high school students for Agriculture and Natural Resources Activities Day has been taking place for more than 30 years. The inaugural Northern Great Plains Youth Institute brought high school students to campus to present research and recommendations on ways to solve key global challenges. The Western Regional Science Fair, hosted at the Crookston campus, serves northwest Minnesota students in grades 6–12 and more than 50 students in grades 3–12 participated in a summer robotics camp.

Since 1999, the Crookston campus has been a member of the Northern Sun Intercollegiate Conference for Division II athletics. The eleven athletic teams make up 33 percent of the student body and had a significant impact on campus diversity. Of the 276 student-athletes, 24 percent identify as students of color. Student-athletes also maintain a higher grade point average than non-athletes (2.93 versus 2.85).

The Crookston volleyball program earned the American Volleyball Coaches Association Team Academic Award maintaining a 3.86 grade point average during the 2017–2018 academic year. The National Association of Basketball Coaches (NABC) named the sixth annual Team Academic Excellence Awards recognizing outstanding academic achievement by a team with a cumulative grade point average of 3.0 or better for the 2017–2018 season. Crookston was one of eight Northern Sun Intercollegiate Conference institutions to earn the NABC Team Academic Excellence Award. Men's basketball also had five players named to the NABC Honors Court.



## Offering a Great Student Experience on the Crookston Campus

Small class sizes provide support for students and enrich their academic life and give greater access to faculty members for personalized advising and mentorship. Opportunities in athletics, undergraduate research, and study abroad allow students to deepen their learning and develop skills for their future. These efforts are designed to promote student success and improve retention.

Presently, 90 percent of on-campus classes have 25 or fewer students. The largest class is 59 students, and the average class size is 14. Online classes, which average 21 students per class, also offer a quality educational experience and tutoring is available for both on-campus and online students through the Academic Success Center.

A student-to-faculty ratio of 16:1 allows students greater access and opportunity to be involved in faculty-student research and creative works projects. Students attend and present at professional conferences along with their faculty mentor leading to greater learning, wider networking, and a catalyst for meaningful internships, potential employment, and increased access to graduate or professional school.

Technology continues to be integrated into all aspects of learning at Crookston. During the 2017–2018 academic year, Crookston reviewed the student laptop program, instituted in 1993, and affirmed its success. Overall, the laptops remain highly beneficial to students, faculty, and employers. The program offers consistent and equal access to technology to all students. Following the review, work has begun on a fee-based solution for making the program more financially stable.

A specialized informatics laboratory offers students the opportunity to work with emerging technologies. This lab is used by students from many different majors, but it is especially important to software engineering students for software development and research. Crookston has prioritized strengthening its software engineering degree program through faculty

hires and student recruitment, as it has significant potential to draw talented students.

Co-curricular opportunities enhance the student experience by connecting students to one another as well as to the campus and local communities and by fostering leadership development. Approximately 40 student clubs and organizations, along with student government, athletics, and residential life peer leadership and programming, offer options for personal and leadership growth. Most academic majors have a corresponding student club or organization, and all officially recognized student clubs are required to participate in two service projects per semester.

Crookston is the first system campus to participate in the Esusu financial literacy project. The program offered its inaugural sessions in fall 2018 as part of a chancellor's initiative to reach all students; it covers topics like personal finance, taxes, and student loans.

Five business students participated for the second time in the 2018 Harvard Global Case Competition, culminating in a trip to Harvard University and extensive networking opportunities. Business students are encouraged to participate in the Business Crew (B-Crew), an initiative focused on providing extra-curricular and co-curricular experiences outside the classroom enriching the student experience.

*Niche* ranked Crookston fourth on its “Best College Dorms in Minnesota” list. The campus earned a grade of “A” for its residence halls and was also recognized as number seven on the “Best College Dorms in America” list. *Niche* also named Crookston as one of the 2019 Safest College Campuses in America, based on key statistics and student reviews using data from the U.S. Department of Education.

The Center for Collaborative Research, opened in fall 2018, is the first self-contained facility on the Crookston campus allowing work in analytical chemistry, microbiology, and molecular/cellular biology to be carried out from start to finish and support much-needed laboratory space vital to faculty research. This applied research, which is often based in the faculty member's discipline, contributes directly to Crookston students' learning experience while

also disseminating pedagogical insights through publications and presentations.

Support for creative works projects spurred student and faculty research in the liberal arts, including social media and its influence on grade point average. The research resulted in a poster included in the University's Undergraduate Research Symposium, while another project examining social media influence on relationships was one of the presentations at the National Conference on Undergraduate Research held in spring 2018.

## Preparing Crookston Campus Graduates for Success

The Crookston campus continues work to improve retention (Figure 4-O) and graduation rates (**Progress Card measure**). Over the 2017–2018 academic year, 406 bachelor's degrees and 20 certificates were awarded (Figure 4-P). Crookston's 4-year and 6-year graduation rates continue to outpace those recorded ten years ago (Figure 4-Q) and puts the campus at the top of its peer institution group (Table 4-8).

While experiencing positive graduation trends, Crookston strives to further improve retention and graduation rates. For example, the campus has just begun year three of the Higher Learning Commission's Persistence and Completion Academy. Participation has led Crookston to identify high school grade point average as a better predictor of graduation success over ACT score. As a result, admissions criteria were modified. Additionally, a first-year experience course is being developed that will focus on academic success strategies and career planning. The intent is to require this course be taken by all incoming new freshmen beginning in fall 2019.

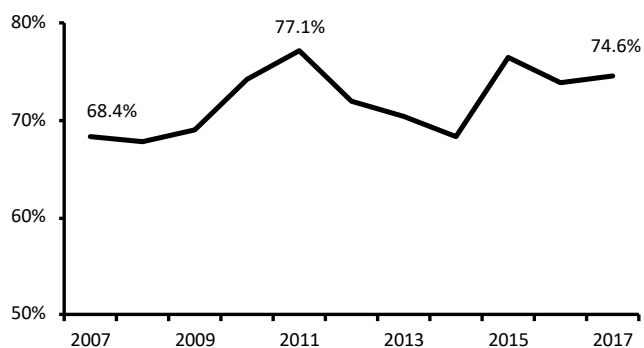
The Crookston campus emphasizes career readiness. An internship requirement for all undergraduates gives students real-world, professional experience beyond the classroom. Many programs integrate real-world examples of learning into their curriculum. Feedback to improve programs and to learn what employers need from graduates is provided through the Program Improvement Audit Committees in each program. Input from individuals working in the field

provide faculty information pertinent to developing curriculum that is both relevant and substantive.

The Campus Advisory and Advancement Board, made up of professionals including several alumni from across the region and state, seeks ways to improve student and alumni success, identify high priority programs and initiatives, support advancement, and enhance campus partnerships and service to the community, region, and beyond.

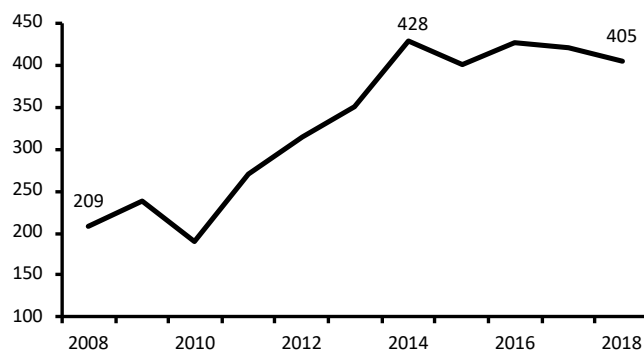
While the Crookston campus emphasizes workplace preparedness and focuses on graduating students who are career ready, a growing number of incoming Crookston students intend to further their education upon graduation. Thirty-four percent of freshmen entering in fall 2018 indicate their intent to continue in graduate study following completion of their Baccalaureate degree; Ten years ago, just one in five indicated such intentions.

**Figure 4-O. First-year retention rates of first-time, full-time undergraduate students, Crookston campus, classes matriculating in 2007–2017**



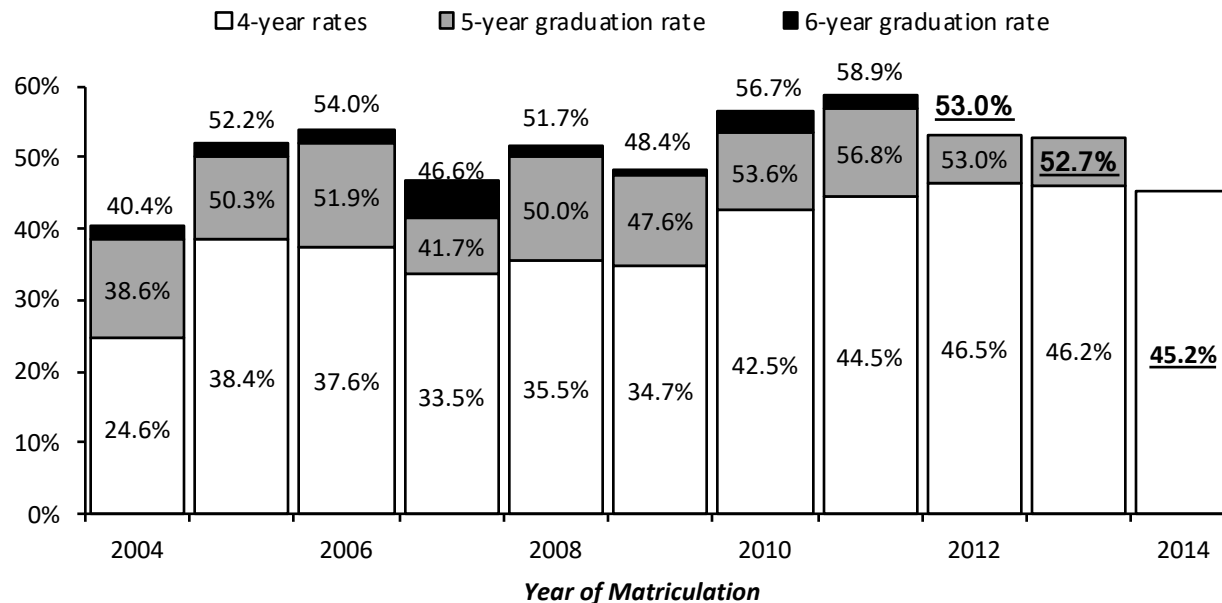
Source: Office of Institutional Research, University of Minnesota

**Figure 4-P. Undergraduate degrees awarded, Crookston campus, 2008–2018**



Source: Office of Institutional Research, University of Minnesota

**Figure 4-Q. Four-, five-, and six-year graduation rates of first-time, full-time undergraduate students, Crookston campus, classes matriculating in 2004–2014**



\*Rates include graduates who transferred to another University of Minnesota campus. Graduation rates displayed in Table 4-8 are those reported to the national database (IPEDS), which counts only students who matriculated at and graduated from the same campus. As a result, the rates presented in the figure above differ slightly than those displayed in Table 4-9. Source: Office of Institutional Research, University of Minnesota

**Table 4-8. Six-year graduation rates (class matriculating in 2010), Crookston campus and comparison group institutions**

	6-year Graduation Rate	Institutional Rank
<b>U. of Minnesota–Crookston</b>	<b>54%</b>	<b>1</b>
U. of Wisconsin–Platteville	54%	1
U. of Wisconsin–River Falls	54%	1
U. of Pittsburgh–Johnstown	53%	4
SUNY Col. of A&T at Cobleskill	51%	5
Northern State U.	50%	6
Southwest Minnesota State U.	50%	6
U. of Tennessee–Martin	50%	6
Northwest Missouri State U.	49%	9
Lake Superior State U.	42%	10
Indiana U.–Kokomo	39%	11
Northwestern Oklahoma State U.	26%	12
Comparison Group Average	48%	-

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

# ROCHESTER CAMPUS

At the University of Minnesota Rochester, relationships drive today's student success for tomorrow's health innovation. The campus is distinctive in its approach to undergraduate education and research, with faculty engaged in educational inquiry that informs pedagogical and curricular practice. With an academic focus in the health sciences, students complete a foundational set of integrated core courses and an individualized capstone in one of six health career pathways: patient care; research and discovery; emerging health technologies; resilience, well-being, and mental health; the business and leadership of healthcare; and public policy and global health. All students progress toward defined learning and development outcomes, engaging in all of the high-impact practices identified by the American Association of Colleges and Universities: learning communities, first-year experiences, common intellectual experiences, writing-intensive courses, collaborative assignments and projects, undergraduate research, global learning, community-based learning, internships, and capstone courses and projects. Additional practices driving student success include student success coaches, the Just Ask Center for faculty-student interaction, and living, learning communities.

## Offering a Great Student Experience on the Rochester Campus

### Extraordinary Core Curriculum and Research-Fueled Instruction

Pedagogical decisions are made based on teaching and learning research, which has led faculty and staff to focus on the quality of relationships between educators and students and among student peers. The student experience is characterized by a number of distinct aspects:

- Collaborative, flipped, and active learning are routine, replacing traditional lecture formats not supported by research on long-term memory.
- Rigor begins on day one. For example, first-year students start with organic chemistry

and statistics, and engage in original research presented at a first-year symposium.

- Relevance and efficiency are standard, with healthcare contextualization in all coursework and learning outcomes aligned with employers' needs.
- Academic support is personal and available in the Just Ask Center staffed by teaching and subject-matter specialists.
- Student development support is personal and available with the distinctive student success coaching model and a focus on wellbeing that is integrated into curricular and co-curricular endeavors.
- Collaborative, interdisciplinary teaching teams enhance student learning and development.
- Writing instruction is integrated into the curriculum and supported by writing specialists.
- Community-based learning is valued and thus required and intercultural learning is advanced through a comprehensive, intentional approach.
- Covenant-based living, learning communities support student belonging, accountability, and leadership development.
- Grand challenges of 21st-century healthcare frame student learning and development in and out of the classroom.
- Intentionality and coordination in the design and assessment of the curriculum further enhance student learning as faculty commit to "our curriculum" rather than "my course."

### Extraordinary Customization and Efficiency

As students emerge from their foundational learning and development having participated in intentional career pathway exploration, a customized learning experience occurs in their junior and senior years. All students engage deeply in community-based learning, after which they determine, propose, enact, and present an individualized, self-directed, capstone experience tailored to their emerging interests and aligned with a specific health career pathway. From one efficient, innovative undergraduate degree, unlimited healthcare careers in high-demand arenas are possible. This individualized capstone approach allows for ongoing adaptation as workforce demand in the health industry changes rapidly.

### Extraordinary Expectations for Success and Evidence-Driven Decisions

With a highly diverse student body, this visionary, strategic campus has no achievement gap to date, and is seeking to sustain that outcome while faculty investigate the combination of practices that are driving this success. Each student's distinctive undergraduate educational journey is guided by a success coach, with student learning and development outcomes assessed in both curricular and co-curricular endeavors. Results of faculty research are informing revisions of student outcomes, an assessment plan, and the campus approach to optimizing distinctive sets of high-impact practices.

## Expanding Access to the Rochester Campus

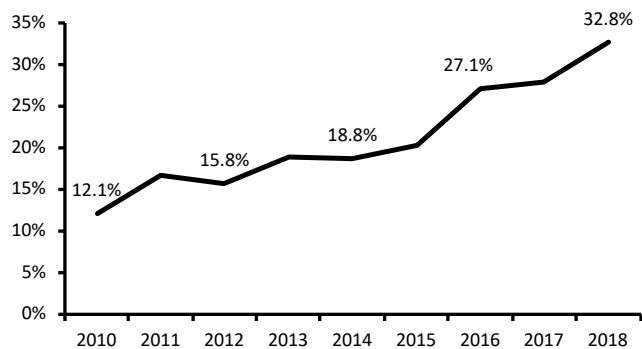
A grand challenge for the healthcare industry is diversifying the workforce. According to a U.S. Department of Health and Human Services report, one of the most compelling reasons is that a “more diverse health professions workforce ... will lead to improvements in public health” (2006).

Supporting diversity in the professional healthcare workforce requires first providing access and success at the undergraduate level. The Rochester campus is accessible to a wider range of students and their success is supported through personalized academic programming, life coaching, and a rigorous curriculum.

The campus recruits, values, and remains accessible to students with interest and passion in the health sciences. As depicted in Figure 4-R, the Rochester campus has a diverse student body reflecting its grounding values of human potential, diversity and inclusion, community, respect, evidence-based decision making.

The Rochester campus is uniquely positioned to support students and prepare them for their professional futures. Students of color on the Rochester campus succeed at the same or greater rates than their peers. This evidence reveals the effectiveness of the campus's approach to undergraduate education, with established research-based, high-impact practices enhancing student

**Figure 4-R. Percent undergraduate students of color by fall term, Rochester campus, 2009–2018**



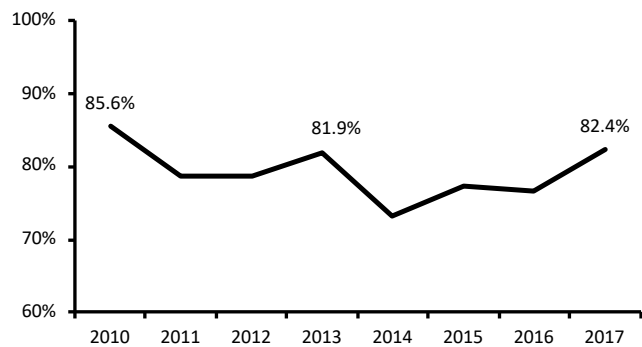
Source: Office of Institutional Research, University of Minnesota

success. In addition, the campus supports multiple covenant-based living, learning communities that increase students' sense of belonging and accountability—two key variables for the success of traditionally aged undergraduate students.

All Rochester students complete a series of courses designed to support student success, professional exploration, and other developmental outcomes. Students who transfer into the Health Sciences program work closely with the director of student success coaching and their assigned student success coach to make their transition efficient. Students who transfer into the Health Professions program connect directly and are supported through their academic program by a transfer coach to serve their specific needs. Retention rates (Figure 4-S) are one indication of this accessibility and academic support.

The Rochester campus is also focused on promoting an environment of health and well-being, important to the integrity of a health-focused campus located in a

**Figure 4-S. First-year retention rates of first-time, full-time undergraduate students, Rochester campus, classes matriculating in 2009–2017**



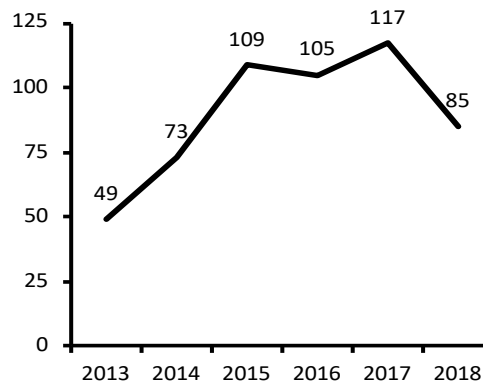
Source: Office of Institutional Research, University of Minnesota

health-focused city. To support students, the campus has hired a licensed psychologist to provide student counseling, intervention, crisis response, training, and education on the issues of mental health, while health and well-being are emphasized in all aspects of campus life.

## Preparing Rochester Campus Graduates for Success

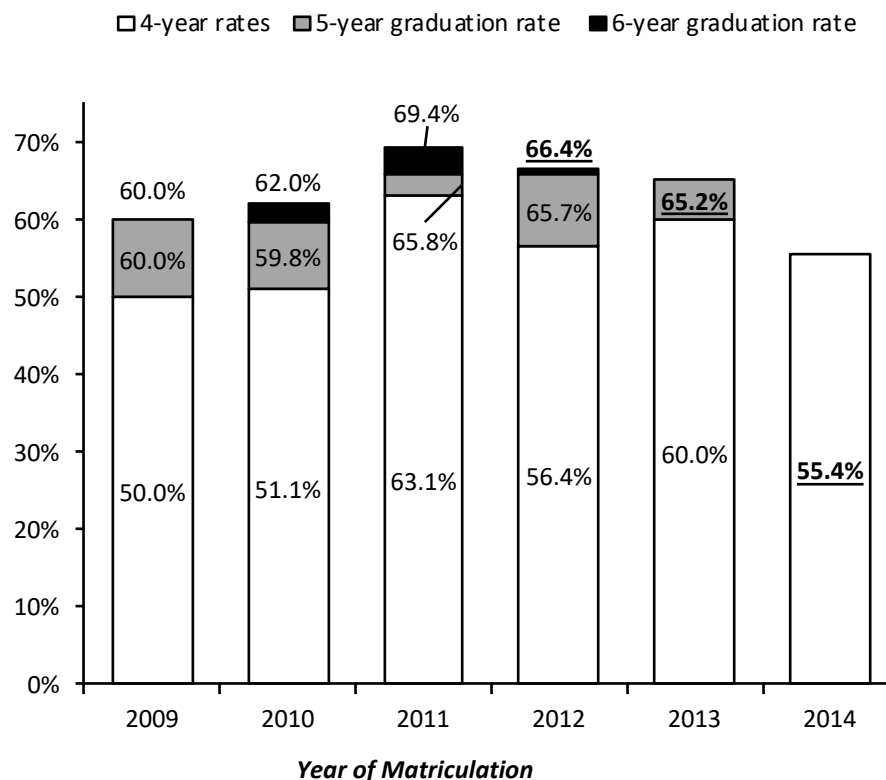
Six classes of students have now graduated from Rochester. Figure 4-T indicates the numbers of degrees awarded, with increases expected moving forward. Of the students who have graduated in the first six classes, more than 90 percent have “finished in four,” a commitment central to the Rochester approach to undergraduate education (Figure 4-U). **(Progress Card Measure)**

**Figure 4-T. Undergraduate degrees awarded, Rochester campus, 2013–2018**



Source: Office of Institutional Research, University of Minnesota

**Figure 4-U. Four- and five-year graduation rates of first-time, full-time undergraduate students, Rochester campus, classes matriculating in 2009–2014**



\*Rates include graduates who transferred to another University of Minnesota campus.  
Source: Office of Institutional Research, University of Minnesota



Bachelor of Science in Health Sciences graduates are moving into a range of positions, including but not limited to:

- **Patient Care:** medicine, dentistry, pharmacy, occupational therapy, physical therapy, nurse practitioner, physician's assistant, medical scribe.
- **Healthcare Research and Discovery:** PhDs in a wide-range of arenas addressing the grand health challenges on the 21st-century including genomics, chemistry, biochemistry, epidemiology.
- **Emerging Health Technologies:** bioinformatics, artificial intelligence, medical lab science, biomedical engineering, electronic medical records.
- **Resilience, Well-being and Mental Health:** social work, counseling psychology, addiction and recovery counseling, health and wellness coaching, integrative medicine.
- **The Business and Leadership of Healthcare:** healthcare administration, healthcare policy, MBA in health innovation.
- **Public Policy and Global Health:** law school, elected office, global health educator, public health educator.

## Extraordinary Future UMR 2.0

In the first ten years of serving students, the Rochester campus has established nationally distinctive outcomes and a research-based undergraduate health sciences program. The campus will now work to sustain innovation, agility, efficiency, and excellence to address the ever-evolving needs in higher education

and health care. As stated in the campus's strategic plan, Rochester will inspire transformation in higher education through innovations that empower graduates to solve the grand health challenges of the 21st century. For example:

- to further serve the citizens of Minnesota and the demands of the healthcare industry in the region, the campus will continue growth in student enrollment while sustaining an innovative, high-impact approach to education and will construct a long-range plan for scaling the campus;
- to further serve student learning and development, the campus will explore additional avenues for University system partnerships to expand graduate and professional school pathways to high-demand health careers; community partnerships to enhance community-based learning; and industry partnerships to connect health care employers directly to their future workforce;
- to further student academic achievement while addressing the challenges of higher education, the Rochester campus will document, assess, enhance, and share its pedagogical innovation with a longitudinal study to determine the source of success with underrepresented students; and
- to share the Rochester campus story nationally and continue to grow in influence, the campus will invite dialogue with other higher education innovators through a biennial Higher Education Innovation Summit based on the success of the first summit, held in June 2018 and drawing participants from 30 institutions and three countries.

# Graduate Education

Graduate education and postdoctoral training—defined as degree programs and postdoctoral positions that are primarily focused on research or creative activity—are essential to the University’s impact on the state and nation, as well as its standing as a world-class institution (for more about professional programs, whose graduates most often seek applied professional or practice-based employment, see the next chapter). Training and graduating young scholars who are prepared to be leaders is the mark of a great research university—and preparing future leaders is crucial not only for academia, but also for industry, government service, the arts, and nonprofit work.

A common misconception of graduate education and postdoctoral training is that it exists primarily to train the next generation of faculty. In fact, less than half of graduate students and postdoctoral scholars will pursue careers in academia. While graduate students and postdoctoral scholars are clearly part of a particular discipline and scholarly community, the exact career paths that follow their studies or training are quite variable.

To assist colleges in developing and maintaining excellent programs that prepare graduate students and postdoctoral scholars to be successful in whatever paths they choose, the Graduate School recently completed a five-year strategic plan. The plan identifies four strategic objectives to facilitate and advocate for excellence in graduate education and postdoctoral training:

- increase the diversity of students receiving graduate degrees and postdoctoral training;
- increase innovation of best practices in graduate education and postdoctoral training;
- advocate for, recognize, support, and reward excellence in graduate education and postdoctoral training; and

- provide consistently exceptional service to graduate students, postdoctoral scholars, graduate programs, colleges and campuses.

The Graduate School has developed a number of new initiatives which, along with ongoing programs and projects, support these strategic objectives.

## Attracting Students

### Recruiting and Retaining Outstanding Students from Diverse Populations

The Graduate School promotes a vibrant student body and a welcoming campus climate in order to accelerate the diversity of thought, varied career paths, and cross-disciplinary dialogue that contribute to a quality education and the strength of discoveries.

In addition to supporting college-level activities to promote the recruitment and retention of a high-quality, diverse student body, the Graduate School supports a number of systemwide events and initiatives that enhance collegiate diversity efforts. For example, the DOVE Fellowship Program assists graduate programs with recruitment and support of academically excellent students with diverse ethnic, racial, economic, and educational backgrounds and experiences. During 2018, 21 students received DOVE Fellowships.

As successful as the DOVE program has been, however, admitting a single DOVE fellow to a graduate program is unlikely to lead to a sustained increase in diversity. To assist programs in their efforts to increase and sustain the diversity of students receiving graduate degrees, the Graduate School piloted a new recruitment initiative in 2018. This pilot program provided each selected graduate program with multiple recruiting fellowships to students



from underrepresented communities in one year. Seven programs from five colleges were selected to participate in the pilot project. Of 42 fellowship offers made, 24 were accepted.

Following this successful pilot, the Graduate School established the Creating Inclusive Cohorts (CIC) Training Program. Through the CIC, the Graduate School will provide each selected graduate program with multiple recruiting fellowships for students from underrepresented communities in one year, as well as assistance to the program in recruitment. Similar to a training grant, the program will also be expected to develop specific support and training to the recruited cohort of students to enhance student retention and graduation. The Graduate School Diversity Office will work with the participating graduate programs to develop supportive local communities that will promote excellence through diversity. The Graduate School's goal with the Creating Inclusive Cohorts Training Program is to increase the likelihood that graduate programs will experience increased future success in matriculating and graduating students from underrepresented populations. Each program will be able to offer a Graduate School Fellowship to six admitted students, with the expectation that a minimum of three students will be successfully recruited to the program as a cohort.

During the summer, Regional McNair Scholars from surrounding institutions are invited to a Graduate School Visitation Program on the Twin Cities campus. These students are either first-generation college students with financial need or members of a group that is traditionally underrepresented in graduate

education and have demonstrated strong academic potential. The day consists of a presentation about the process of applying for admission to graduate programs, meetings with faculty and staff to discuss their research, and a tour of the campus. 225 McNair Scholars—a record number—visited the Twin Cities campus during three separate events in 2018.

Nationally, in 2016 42 percent of PhDs were awarded to non-white students. Table 4-9 shows that from 2008–2009 to 2015–2016, the University experienced a 5.8 percent drop (from 903 to 851) in the number of enrolled graduate students from these communities. Since the reorganization of administrative support for graduate and professional programs and the development of the Graduate School's focus on diversity, the number of enrolled students from these communities has risen 11.6 percent from 851 to 950.

#### Funding Support

Competitive financial support is critical for the recruitment and retention of high-quality students and contributes to a great student experience (see Table 4-10). Programs and colleges are responsible for allocating resources to provide funding offers to attract and matriculate prospective students. Financial support may come in the form of teaching and research assistantships, fellowships, traineeships, or tuition waivers.

External fellowships often do not cover the full cost of graduate tuition and health care, causing some students to turn down fellowship offers, preferring to take a less prestigious teaching assistantship that covers full costs. To prevent students from having

**Table 4-9. Enrollment in graduate degree programs by ethnicity, University of Minnesota, 2008–2018**

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	10-year change
Am.Indian	70	66	60	68	71	76	73	76	85	94	101	44.3%
Asian	450	453	448	449	465	456	441	411	398	410	424	-5.8%
Black	211	195	181	181	159	161	151	149	156	173	187	-11.4%
Hawaiian-Pac. Islander	3	3	2	6	5	8	7	10	8	6	8	166.7%
Hispanic	181	186	187	182	185	179	181	192	204	218	230	27.1%
<b>Total</b>	915	<b>903</b>	<b>878</b>	<b>886</b>	<b>885</b>	<b>880</b>	<b>853</b>	<b>838</b>	<b>851</b>	<b>901</b>	<b>950</b>	3.8%

Source: Graduate School, University of Minnesota

**Table 4-10. Total funding for graduate assistants, fellows, and trainees based on expenditures, fiscal years 2014–2018**

	FY14	FY15	FY16	FY17	FY18	5-year change
O&M	\$78,387,582	\$83,807,619	\$85,717,270	\$90,191,713	\$92,742,528.60	+16.1%
Sponsored	\$56,448,220	\$57,063,613	\$60,004,779	\$62,755,976	\$28,393,458.64	+5.3%
Other	\$25,838,896	\$25,554,690	\$27,402,672	\$27,596,134	\$62,883,758.56	+19.5%
<b>Total</b>	<b>\$160,674,699</b>	<b>\$166,425,921</b>	<b>\$173,124,721</b>	<b>\$180,543,823</b>	<b>\$184,019,746</b>	<b>+12.6%</b>

Source: Graduate School, University of Minnesota

to make such a choice, the Bridging Funds program was expanded to provide coverage for any funding shortfall associated with competitively awarded external fellowships. During 2017–2018, Bridging Funds were awarded to 138 graduate students.

## Offering a Great Student Experience

As the state’s designated research institution, the University has the responsibility to provide graduate students and postdoctoral scholars with a great experience and an extraordinary education so that they can conduct breakthrough research, generate new knowledge, drive growth in the economy, and become the next generation of leaders.

### Graduate and Professional Student Welcome and Orientation

The University organizes annual activities for new graduate and professional students. This includes a new-student orientation session, offered to all graduate and professional students on the Twin Cities and Duluth campuses. Although many programs provide local orientation for their students, the campus-wide event helps new students connect with one another and begin to build a graduate community.

More than 1,400 students representing 16 colleges registered for the 2018 event. Following the formal presentations, graduate students had the opportunity to network and mingle with others, meet student groups, and participate in a writing activity designed to encourage them to share their interests, hopes, aspirations and concerns as they begin their graduate education experience.

The Graduate School also hosts a resource fair to introduce new students to a wide range of University resources and services units to help them succeed, including One Stop Student Services, Boynton Health, and the Office of Student Finance. Nearly 1,000 students registered for the 2018 fair, which featured nearly 60 exhibitors.

In response to the increasing demand for a central graduate student orientation, online resources are being expanded and orientation activities focused on the system campuses will be launched during spring 2019 to better serve all new students.

### Summer Institute

The Summer Institute, a seven-week program that takes place before the academic year begins, helps create a welcoming and inclusive climate for entering graduate students of color and students from underrepresented backgrounds. During the summer, these students work with a faculty mentor to build networks of support across the University, develop a research topic, and attend weekly seminars on communicating with faculty and proposal writing. During 2018, a record 44 graduate students from 28 programs took part in the institute, the greatest number since its inception in 1998.

### Grad Chat

To keep graduate education leaders in touch with the interests, issues, questions, and challenges that matter most to graduate students, Grad Chat was established in September 2018. Grad Chat is a series of events in which small groups of randomly selected graduate students are invited to join the vice provost and dean of graduate education for a conversation in which the students create the agenda. Any subject related to graduate education is open for discussion.

## Diversity and Inclusion

As a response to graduate students and postdocs expressing interest in connecting with others across disciplinary and cultural barriers to affect institutional change, the Graduate School coordinated establishment of the Graduate Student and Postdoctoral Alliance for Diversity and Inclusion during 2018. The group provides opportunities for all graduate students and postdoctoral researchers to work collectively on issues that support diversity and inclusion through education, advocacy, networking, discussion, cross-pollination, recognition, and celebration. More than 30 graduate students and postdocs participated in focus groups to help inform the purpose of the alliance. This student-and-postdoc-led group now has more than 360 members.

The Graduate School Diversity Office developed a video featuring current faculty and students that serves as a tool to help graduate programs recruit, retain, and graduate students from underrepresented populations. This tool is used to address departmental culture with faculty and staff to ensure a welcoming climate for diverse graduate students.

## Community of Scholars Program

The Community of Scholars Program (COSP) works toward creating an environment that supports the academic and professional success of graduate students who are underrepresented in academia.

During 2018, COSP created a new Writing Program Coordinator position, which allowed the program to offer writing retreats, faculty panels on writing and publishing, small writing groups, and individual writing consultations to COSP graduate students. In addition, the Hennepin County summer internship program, which introduces COSP students to work environments in the government sector while gaining research and administrative skills, grew from three to nine participants this year. Two COSP students participated in the predoctoral fellowship program, teaching one course per semester at system campuses while writing their dissertation and being mentored by senior faculty.

COSP was selected as the recipient of the 2018 Promotion of Excellence Award, which is presented by NAGAP, the Association for Graduate Enrollment

Management, to an individual or team that has developed or implemented processes, policies, events, or technologies that demonstrate best practices, creativity and/or innovation in graduate enrollment management and that could serve as a model across the profession.

## Graduate School Advisory Board

The Graduate School's recent strategic planning process and conversations with the University's Graduate Education Council revealed the need for a new advisory structure with more opportunity for faculty, students, and postdocs to advise on matters of strategic priority in graduate education and postdoctoral training.

This led to the formation of the Graduate School Advisory Board (GSAB), which replaced the Graduate Education Council in June 2018. The board focuses on issues of institutional, national, and global importance and best practices in graduate education and postdoctoral training and advises the vice provost and dean of graduate education on these matters. Board members serve as representatives of, and advocates for, graduate education and postdoctoral training to the internal University and external communities. The vice provost and dean of graduate education and a GSAB faculty member co-chair the Graduate School Advisory Board. Its membership includes 15–20 elected faculty members, three postdocs, and five graduate students who represent the spectrum of University graduate and postdoctoral disciplines and campuses. All University of Minnesota tenured and tenure-track faculty with graduate education responsibility, master's and doctoral students from research-based programs, and postdoctoral associates and fellows are eligible to serve on the GSAB.

## Preparing Faculty & Staff to Provide a Great Graduate Student Experience

### Advising

The quality of advising is strongly correlated with graduate student success and satisfaction. The vast majority of issues brought by graduate students to the Student Conflict Resolution Center are about the

advisor/graduate student relationship, most of which could be avoided if the faculty member was aware of, and employing, advising best practices. While most faculty are very interested in learning about best practices in advising, they have not received any guidance on how to be an effective advisor. An advising tool kit targeting faculty at all career stages is being developed for launch in 2019. The tool kit will include resources and online modules covering topics such as culturally competent advising, supporting career exploration and development, and effective communication in advising/mentoring relationships. As part of the Graduate School's strategic plan, directors of graduate studies (DGSs) are being provided with training and resources that will help them use their time more efficiently, be more effective as leaders of their program, and increase the likelihood that faculty will adopt the Graduate School's priorities for graduate education. These include strengthening the role of DGSs in communicating expectations about the advising relationship to graduate students and faculty, and encouraging the adoption of best advising practices at the program level.

The Graduate School is also partnering with the Vice Provost for Faculty and Academic Affairs to offer workshops on advising best practices to new faculty during the academic year. In Spring 2019, a half-day advising retreat will be piloted with early-career faculty from the College of Food, Agricultural and Natural Resource Sciences, and will be adapted and expanded to other colleges during the 2019–2020 academic year.

### **Graduate Education Goals**

In recent years, university accreditation agencies have begun to stress learning outcomes in graduate education. During 2012–2013, the Graduate School launched an initiative to have all graduate programs identify program-specific educational goals and methods to assess their students' attainment of them. A majority of programs have since articulated both educational goals and a framework for assessing student outcomes, and many have completed the assessment phase of the initiative, analyzed results, and implemented programmatic improvements based on the evidence gathered. During 2018, each research-based graduate program was asked to report

on changes the program has made, or plans to make, in the program curriculum and related processes as a result of evidence collected through the assessment process. The Graduate School is in the process of analyzing this data to look for trends, common themes, and best practices that could be shared among programs. In addition, individual directors of graduate study are advising the Graduate School on how to best support, build on, and sustain ongoing self-assessment and program improvement.

### **Support for Graduate Staff and Faculty**

To provide prospective and current students, faculty, and colleges with the data they need to make informed decisions, the Graduate School developed in 2018 a set of college-specific data portals with information about applications, admissions, matriculation, enrollment, time-to-degree, completion rates, demographics, graduate student involvement, graduate student competitiveness, and University-wide survey results.

In addition, the Graduate School reviewed program-level results from the gradSERU survey, the University's primary opportunity for graduate students to provide graduate programs and colleges with anonymous feedback about their experiences. The survey is comprehensive and the results can be somewhat overwhelming, so to help each of the programs focus on the particular areas that are of most importance to them, the Graduate School identified the survey questions for which a program was an outlier—meaning that responses to a particular question were at least 1.5 standard deviations from the University mean. The Graduate School then developed a report for each college that consolidated this information, with a particular emphasis on two sections, “Program and Campus Climate” and “Advising and Mentoring.” Results were shared with college deans and associate deans during in-person meetings with the vice provost and dean of graduate education.

The Graduate School Admissions Office developed and implemented a new admissions system to better support prospective students and graduate program admissions efforts. The Graduate School also launched a new website in fall 2018 with a particular focus on an improved user experience and accessibility. The new site provides users with easy access to the information they expect to find and



additional, strategically important information helps to attract, recruit, and retain graduate students and helps to promote an environment of inclusion and excellence.

### **Support for Postdoctoral Researchers**

As part of its strategic plan, the Graduate School established the Office of Postdoctoral Initiatives to provide a central place where postdoctoral fellows and associates can find resources and raise concerns related to the postdoc experience. Additionally, the Graduate School surveyed all postdoctoral scholars at the beginning of 2018 to identify the issues that were most important to them; responses are helping shape the strategic vision for the newly created office.

## **Preparing Graduates for Success**

With graduate education and postdoctoral training, students are expected to acquire deep knowledge of a discipline, and then be able to use that knowledge—both the content and the methodologies of the discipline—to create new knowledge and perhaps also to challenge existing understanding. In addition, the institution's role is to prepare them for the increasingly complex environment in which they will find themselves after they leave the University.

It is essential that graduates and postdoctoral scholars have transferable skills in addition to disciplinary knowledge—for example, the ability to communicate effectively with different audiences, work in teams, be multiculturally competent, manage projects, and be leaders. Increasingly, the deep disciplinary knowledge and skills received in their graduate and postdoctoral training is what gets them the interview, but it is very often the transferable skills and interdisciplinary knowledge that gets them the job offer. The University offers opportunities and resources for graduate students and postdoctoral scholars to explore, to engage, and to extend themselves beyond their disciplines as they prepare for their future careers.

### **Academic and Career Development**

Academic and career development support for graduate students and postdoctoral scholars varies widely by college and program. To provide academic and career development resources to all graduate students and postdoctoral scholars, the Graduate

School partners with units to deliver workshops and trainings on topics such as proactive planning; the academic/non-academic job search; resume/CV and cover letter writing; and how to manage stress.

In partnership with the Office for Student Affairs, the Graduate School distributes the Academic, Career & Campus Update, a biweekly email with information about academic and professional development opportunities across campus. This has been an effective tool for increasing student, postdoc, staff, and faculty awareness of the opportunities available and has led to more efficient use of limited resources.

Graduate students and postdoctoral scholars have indicated that they would like to access more training opportunities online. The Graduate School is currently working on identifying the gaps in online resources and developing content to meet the needs of graduate students and postdoctoral scholars systemwide.

The University also helps students learn to communicate effectively with different types of audiences through events such as the Doctoral Research Showcase, which provides a casual and conversational environment for recipients of the Interdisciplinary Doctoral Fellowship and the Doctoral Dissertation Fellowship to present their research to faculty, staff, students, and friends of the University.

The Graduate School hosted the second annual University-wide Three Minute Thesis competition in November, a research communication competition that challenges students to communicate the significance of their projects without the use of props or industry jargon in just three minutes. The exercise develops academic, presentation, and research communication skills and supports the development of research students' capacity to quickly explain their research in language appropriate to a non-specialist audience, leaving them wanting to know more. The winner will represent the University in the Midwest Association of Graduate School's regional competition in the spring.

### **Publicly Engaged Graduate Education**

Community-based experiential opportunities involving graduate students are a key strategy for incorporating public engagement with academics. Programs and initiatives are designed to connect graduate students with social issues to enhance

students' academic, professional, personal, social, career, and civic development.

Graduate-level, community-based research and scholarship opportunities such as thesis and capstone projects, internships, and clinical practica are routinely found in many programs. This past year, the University offered an array of programs to expand graduate students' community-based experiences.

For example, two graduate education programs facilitated by the Interdisciplinary Center for the Study of Global Change hosted twelve scholars from twelve academic departments within five colleges and schools. The scholars—from countries including Columbia, the United States, Ghana, India, and Guadeloupe—studied the global south in the context of global change.

### **Interdisciplinary Research and Scholarship**

Graduate students are increasingly drawn to large, complex questions that lie at the intersection of traditional disciplines. The University—with its land-grant mission, extraordinary disciplinary breadth, excellent faculty, and state-of-the art facilities—is well-situated to provide excellent interdisciplinary graduate education for the many students attracted to Minnesota by the opportunities the University offers for solving the world's grand challenges.

To facilitate interdisciplinary research and scholarship, the Graduate School continues to offer the Interdisciplinary Doctoral Fellowship (IDF), which

provides a unique opportunity for outstanding PhD students who are engaged in interdisciplinary research to study with faculty at one of the University's interdisciplinary research centers or institutes during the fellowship year. The award includes a stipend of \$25,000 for the academic year, tuition, and subsidized health insurance. Twenty-three graduate students received the IDF for the 2017–2018 academic year.

The Graduate School is also partnering with the Office of the Executive Vice President and Provost to promote opportunities for graduate students and postdocs to participate more extensively in the Grand Challenges Research Initiative.

### **Tracking Student Outcomes**

Since fall 2017, the Graduate School has participated in the Council of Graduate Schools' "Understanding Ph.D. Career Pathways" project in an effort to track graduate students' careers and job placement outcomes. This multi-year project involves surveying PhD alumni and current PhD students to evaluate how well graduate programs are preparing students for their chosen career paths. It will also provide comparable data from the other participating institutions. The goal is to help faculty understand the career paths their students are following so that curriculum, career services, professional development opportunities, and advising might be strengthened to better meet the needs of students pursuing diverse career paths.

# Professional Education

The University of Minnesota offers nearly 100 professional degrees as well as certificates and other experiences at the postbaccalaureate level. These programs often attract students whose primary objective upon completion is to acquire an applied professional or practice-based job outside the typical academic or research environment. These programs are often shaped by ethics or principles established by the respective industry or profession, guided by quality standards enforced by a professional association or accreditation body, or require professional licensure or passage of examination to practice. (For more about graduate education and postdoctoral training—defined as primarily focused on research or creative activity—see the previous chapter.)

Professional programs are offered on the Duluth, Rochester, and Twin Cities campuses in fields including education, design, business, science, engineering, public policy, and many more. Examples of professional degrees are the Master of Education (M.Ed.), Doctor of Education (Ed.D.), Doctor of Audiology (Au.D.), Master of Engineering (M.Eng.), Master of Health Informatics (M.H.I.), Master of Public Policy (M.P.P.), Master of Social Work (M.S.W.), Master of Tribal Administration and Governance (M.T.A.G.), Master of Urban and Regional Planning (M.U.R.P.), Master of Architecture (M.Arch.), Master of Landscape Architecture (M.L.A.), and Master of Accountancy (M.Acc.). In addition, the University of Minnesota Law School offers comprehensive legal education that prepares students to become skilled and ethical professionals. These graduates are leaders and innovators in the legal profession, the business and nonprofit communities, and every branch of government at both the state and national levels.

Health professions education is provided through the School of Dentistry, Medical School, School of Nursing, College of Pharmacy, School of Public Health, College of Veterinary Medicine, the Center for Allied Health Programs, and associated programs and centers on the Duluth, Rochester, and Twin Cities campuses. In collaboration with affiliated health systems, the University also trains over 1,200 pharmacy, medical, and dental primary care and specialty residents each year.

## Recruiting and Retaining Outstanding Students from Diverse Populations

Recruiting, training, and graduating diverse students who will become teachers, policy makers, counselors, social workers, and other professionals to serve communities is a priority for the University, as well as a point of emphasis for many professional accreditation associations. As such, the University is committed to maintaining access to its professional degree programs for members of the military, students of color, first-generation students, and others with diverse backgrounds and experiences.

For the past three years, the University has piloted a Professional Education Diversity Fellowship, which provides \$300,000 of support that parallels the DOVE (Diversity of Views and Experiences) fellowships for the recruitment of academically excellent graduate students with diverse ethnic, racial, economic, and educational backgrounds and experiences.

Since 2015, the admissions office that serves most professional programs has waived the application fee for all McNair Scholars. These are nationally

recognized scholars who are either first-generation college students unable to afford postbaccalaureate education or underrepresented students with a strong demonstrated academic record. This fee waiver is in addition to that for active military personnel or veterans that has been in place since 2013. Another example is the application fee grants that the Humphrey School of Public Affairs offers to Pickering Fellows, Truman Scholars, and other outstanding applicants with an interest in the fields of public/foreign affairs and public service leadership as well as those with demonstrated financial need.

The Master of Landscape Architecture in the College of Design has had success recruiting and retaining diverse students by leveraging national fellowships, such as the Ager Fellowship and the Clinton N. Hewitt Prize, as well as the department's Research Assistants in Practice program, in which students partner directly with nonprofit organizations, government agencies, or firms. In addition, Design continues its focused work on making the undergraduate college climate more inclusive and equitable to encourage current underrepresented students to apply for our professional programs.

The Master of Social Work in the College of Education and Human Development (CEHD) has multiple strategies to recruit and attract students from diverse backgrounds, including graduate recruitment fairs, scholarship funds dedicated to supporting underrepresented populations, and key partnerships with various external stakeholders. For example, the School of Social Work has cultivated a diverse student body to work in child protective services by offering Title IV-E funding opportunities via a partnership with Kente Circle, an agency specializing in mental health services in the African American community. The school also partners with the Office for Business and Community Economic Development to offer significant financial support through the Community Health Initiative sponsored by Medica and matched by School of Social Work scholarships from the Rose Snyder Fund. Beyond just partnering for funding support, a number of local agencies that serve diverse populations work with the M.S.W. program by providing training opportunities for students through supervised internships. Along with Kente Circle mentioned above, these agencies include the Indian

Child Welfare Act unit at Hennepin County (child welfare services for Native American clients), Wilder's Southeast Asian Program, World Relief (serving refugee and immigrant communities), and the Brian Coyle Center (serving Somali immigrants). Each month the school invites these agencies to engage in on-campus dialogues with M.S.W students to promote awareness of services and community needs.

The Curriculum and Instruction department within CEHD also prioritizes the recruitment and retention of students from diverse backgrounds. In 2016, the department created the Teacher-Scholars of Color program, dedicated to supporting all students of color in the teacher education program. The program provides numerous resources to enhance retention efforts such as: faculty program coordinators for mentorship, opportunities to attend professional meetings and network with community organizations that serve youth of color, access to school-based mentors of color in local districts, and ultimately, a space to gather with peers to collaborate and network.

The Carlson School of Management supports the recruitment and retention of women through a strategic women's initiative that features productive engagement with the Forté Foundation, Women in Business (WIB), and the National Association of Women MBAs (NAWMBA), as well as a slate of activities throughout the year such as an annual Women's Leadership Conference, Women in Finance and Women in Entrepreneurship conferences. The school also has made a concerted effort to raise more fellowship support for women and supports M.B.A. students with a travel stipend program and on-site career services to support student participation in annual affinity conferences such as the National Black MBA Association, National Society of Hispanic MBAs, Asian MBA, and others. Each year the school hosts high-ability prospective M.B.A. students from diverse backgrounds. Veterans initiatives, such as philanthropic support for fellowships, remain strong and have been successful for the M.B.A. program. Camp Emerge is a full-time M.B.A. program launched in 2017 as a residential pipeline-building experience for 30 women and minority undergraduate students, the vast majority of whom were not previously considering careers in business. Veterans initiatives, such as philanthropic support for fellowships, remain



strong and have been successful for the M.B.A. program with over 225 veteran students enrolling in Carlson M.B.A. programs since 2012.

The Humphrey School of Public Affairs has student affinity groups that provide professional development, advocacy, and social support opportunities for diverse students, including the Humphrey Students of Color Association, Humphrey Association for Disability and Mental Illness, Humphrey Gender, Sex, and Policy Event Committee, and the Humphrey International Student Association. The Humphrey School is also home to the national office of the Public Policy and International Affairs program (PPIA), an organization that creates programs and strategies to engage and recruit students to the world of public affairs generally, and public affairs graduate programs more specifically. Through PPIA, the Humphrey School hosts an annual Junior Summer Institute, a rigorous seven-week program that prepares undergraduate students to thrive in graduate programs and launch careers in public service. Fifteen to twenty students from underrepresented backgrounds and hailing from undergraduate institutions around the country complete the program each year.

The Humphrey School is actively partnering across the University system, with a focus this year on the Morris campus. Humphrey faculty, staff, and leadership have visited Morris several times to develop partnerships for recruiting and retaining students

from diverse backgrounds, pipelines for students from undergraduate programs to graduate school, and other initiatives.

### Health Professions Education

Professional programs within the Academic Health Center (AHC) have made commitments to recruiting and retaining diverse groups of students (Table 4-11). AHC schools work to attract and enroll students from diverse backgrounds by using holistic admission processes and offering scholarships, financial planning, and counseling services to help make education as accessible as possible.

The School of Public Health prides itself in its open, welcoming environment grounded in respect. More than 1,400 students receive their education in public health with 21 percent being American Indian students and students of color and with 48 countries represented by international students. Some of the school's diversity and inclusion initiatives include:

- “SPH in Color,” monthly student discussion group for American Indian students and students of color to discuss issues of access and inclusion across the school;
- new minors in Global Health and in American Indian Health and Wellness;
- a new monthly brownbag series known as “Edible Education” focuses on equity-based topics; and
- Dean John Finnegan co-chaired President Kaler’s Initiative to Prevent Sexual Misconduct.

The College of Veterinary Medicine continues to recruit competitive students including from 41 states and 4 countries in the first-year class alone. To promote diversity, the Veterinary Leadership through Early Admission for Diversity (VetLEAD) program offers a provisional early admission decision to high-ability students at partner institutions with historically diverse student bodies, waives the Graduate Record Examination (GRE) requirement for admission, and provides access to scholarship funds as well as opportunities for mentorship with veterinary faculty and advanced students. Two students were recruited from this program.

For the third consecutive year, the School of Nursing received the Higher Education Excellence in Diversity

**Table 4-11. Racial and ethnic diversity of students enrolled in health professional programs, all campuses, 2014–2018**

	2014	2015	2016	2017	2018
American Indian	1.3%	1.7%	2.4%	1.5%	1.7%
Asian/Pacific/ Hawaiian	8.5%	9.3%	8.9%	10.7%	11.1%
Black/African American	3.9%	4.1%	4.3%	5%	5.5%
Hispanic	2.1%	2.5%	2.5%	2.9%	3%
International	2.8%	3.2%	3.3%	2.6%	2.4%
White	71.3%	70%	68.8%	68.9%	69.3%
Unknown	10.2%	9.3%	9.8%	8.4%	7.0%

Source: Office of Institutional Research, University of Minnesota

Award, a national recognition for demonstrating an outstanding commitment to diversity and inclusion.

The Master's of Laboratory Sciences program enrolls an average of 50 percent American Indian students and students of color each year. The program provides an employment gateway path into graduate-level professional health programs such as medical and pharmacy school.

In the Medical School, efforts continue to increase the diversity of incoming students with two pipeline programs. Minnesota Future Doctors provides critical coaching and support to its scholars as they develop competitive portfolios for their applications to medical school. Scholars meeting program expectations receive MCAT preparation courses and materials, American Medical College Application System support, research opportunities, physician shadowing, connections to health-related experiences, and individualized advising to assist with successful admission into medical school. A new B.A./M.D. pipeline program is a partnership with the University's Office of Undergraduate Admissions and the College of Liberal Arts. Up to ten students from broadly diverse backgrounds participate as a cohort through a seven-year early-assurance program that leads to matriculation into the University's Medical School after the third year. Over the past five years the percentage of underrepresented in medicine students has remained in the 18–20 percent range after a historical average of 8–9 percent.

### Legal Professions Education

The Law School continues to recruit a highly qualified, talented, and diverse student body. The most recent entering class of J.D. candidates had a median LSAT at the 90th percentile nationally and a median undergraduate GPA of 3.76. Approximately 16 percent are students of color, and eight percent are from other countries. For the second time in its history—and the second year in a row—the Law School's entering class was majority female. The size of the entering class was also the largest in the last seven years.

Students come from throughout Minnesota, from 34 other states, and from around the world. However, about two-thirds of graduates remain in Minnesota and become leaders in law firms and businesses, as well as in state and municipal governments and

community organizations. In addition, the Law School has an LL.M. class of talented lawyers from across the globe who have come to Minnesota for a one-year master's program designed to introduce them to the U.S. legal system. Highly successful members of the LL.M class are able to transfer into the J.D. program.

After several recent years of declining enrollment consistent with national trends, the Law School saw a significant upswing in applications in the 2018 admissions cycle. For fall 2018, the incoming class size increased by 30 students over 2017, due to increases in both the number of applications and enrollment yield. The Law School has pursued multiple strategies to enhance recruitment. Students are more inclined to apply to highly ranked schools, and the Law School has a top-20 *U.S. News and World Report* ranking. Admissions staff and faculty members are extensively involved in recruitment through attendance at information sessions and law fairs around the country, informal meetings with visiting applicants, and phone calls to admitted students. The Law School has also partnered with an enrollment management consulting group, enhanced pipeline programming, partnered with alumni and bar associations, and developed compelling web and print promotional materials.

Because of the dramatic market shift in law school admissions nationwide since 2010, the Law School has increased its financial aid to admitted students to remain competitive; however, it has been able to keep its increases at levels that are at or below peer institutions. At the same time, the percentage of students graduating with no Law School debt has been increasing since 2011–2012, to 28 percent in the most recent reporting period; in the same period the average amount of Law School debt for the remaining students has decreased to \$92,190 (which is much lower than the national average). The Law School continues to make fundraising for student scholarships one of its highest priorities.

The Law School has also taken steps to improve diversity and inclusion. It participates in pipeline initiatives to expose promising potential students from diverse communities to legal education, including the annual JTB-APO Summer Legal Institute for high school students, the Maslon UPLIFT program for middle schoolers, and the Minnesota Pre-Law Scholars Program for undergraduates, the latter of

which is a comprehensive summer-long law school and LSAT preparation course targeted to underrepresented Minnesota residents. The Admissions Office and Faculty Diversity Committee are also experimenting with outreach programs to connect prospective applicants with current law students and members of the local bar. Once students enroll, they have access to a range of courses taught from diverse perspectives, as well as extensive academic and bar preparation support. The Diversity Committee has driven efforts to expand programming support for affinity student organizations, with dedicated staff advising and funding to supplement student-driven practitioner panels, social events, and service projects. In January 2016, the Law School launched an annual MLK Convocation program, featuring distinguished panelists (such as Associate Justice Emeritus Alan Page '78) addressing areas of legal inequity.

## Providing Quality and Value in Professional Education

As the state's flagship higher education institution, the University has the obligation to produce well-trained professionals that meet the workforce demands of local communities and beyond. Professional education at the University is responsive to the changing labor market landscape, as demonstrated by the following examples.

- The College of Design's School of Architecture was ranked second by *DesignIntelligence* magazine as the most admired by landscape architecture professionals in the country. The Master of Architecture program has been ranked second as the most admired by deans and chairs. The Interior Design professional degree program was selected by hiring professionals as one that best prepares students for a future in their professions.
- Professional education programs in the Carlson School of Management are designed with a high level of public engagement embedded in the curriculum. Components like the M.B.A. Enterprise Programs (Brand, Funds, Consulting, and Ventures) and the M.S. LAB programs create unique and dynamic opportunities for students to engage in real-world challenges posed by clients. The M.B.A. and M.S. programs engaged in over 75 projects last year that included all full-time students and many working professional students who opt into electives. These courses are seen by many in the industry as best-in-class and difficult to replicate.
- Over the past several years, the Carlson School has transformed its delivery of curriculum to students. The part-time M.B.A. program's online and compressed-format courses have risen from five percent enrolled in 2012 to over 40 percent in 2018. As working professionals needed different pathways to successfully complete their degree requirements, the school has responded with enhanced choices while retaining high-quality delivery. The school is launching an online degree in January 2019 to better serve the state, making a Carlson M.B.A. accessible to those beyond the immediate Twin Cities region.
- The Master of Accountancy Program has a winter tax and public accounting internship option to provide students without prior experience in these fields a "laboratory" in which to apply their newly learned skills. These ten-week, full-time paid internships effectively fund a part of students' tuition cost of the degree with the winter internship. To keep the curriculum on the cutting edge of technology, a new accounting and data analytics component will be offered starting spring 2019. Since 2017, the program is also open to non-accountants and includes additional prerequisites and requirements to bring new admits up to speed in foundational accounting.
- The Master of Human Rights program is an interdisciplinary collaboration between the College of Liberal Arts and the Humphrey School of Public Affairs that prepares students for positions addressing global human rights challenges through research, policy analysis, and advocacy. The program is well-connected with the robust community of human-rights-focused organizations in Minnesota, as well as across the country.
- The Master of Public Affairs program offers academic training for mid-career professionals with ten or more years of experience who wish to advance their skills in public and nonprofit leadership, management, and policy analysis. The program is flexible and efficient for working

professionals with courses offered during the day, evening, weekends, and during the summer.

- The Master of Tribal Administration and Governance degree on the Duluth campus, developed after two years of consultation with Indian tribes, meets the need for applied training to become tribal employees and executives, using best practices for running a tribal government. Graduates have an understanding of relevant federal laws, federal accounting requirements, and federal-tribal-state relations, as well as training in leadership, ethics, and tribal management skills.
- The College of Continuing and Professional Studies redesigned its postbaccalaureate Addiction Studies certificate program to be a Master of Professional Studies in Addictions Counseling degree that meets the Minnesota state requirements for the Alcohol and Drug Counselor licensure.
- Construction is underway for a new Health Sciences Education Center, which will replace 100,000 square feet of outdated facilities with the modern interprofessional learning and training spaces needed to prepare students to meet the future health needs of Minnesota and beyond. This will include state-of-the-art simulation areas to complement existing facilities; active learning classrooms; and a technology-rich library with virtual reality simulators and data visualization spaces to engage in experiential learning.
- Students in health programs have opportunities to practice their skills to be ready for experiential settings. Most students work in state-of-the-art simulation centers, learning clinical and interprofessional teamwork skills needed for future practice in collaborative environments, including:
  - Bentson Healthy Communities Innovation Center in the School of Nursing includes simulated environments that span the healthcare continuum from hospital to outpatient to community-based care.
  - SimPortal in the Medical School is equipped with the technology and tools needed to train medical trainees in cutting-edge care.
  - Dental simulation in the School of Dentistry allows students to practice the highly technical skills needed for future practice.
  - Veterinary students practice client communication in the Interprofessional Education Resource Center and learn with veterinary models in the College of Veterinary Medicine (CVM) Zone, a pilot facility to support clinical skills development.
- Students from across the Academic Health Center have the opportunity to participate in what is believed to be the world's first interprofessional escape room. In this innovative simulated environment, teams of students from multiple health professions are "locked" in a room and must solve a series of health-related puzzles to "escape."
- The School of Public Health implemented a new core curriculum for MPH students, which includes a revised field experience requirement that focuses on the development of essential competencies across various domains of professional skill and knowledge. Contemporary themes addressed within the core curriculum, such as the Flint Michigan water crisis, serve as the vehicle to understand various aspect of public health.
- The College of Veterinary Medicine has taken steps to promote student wellness, including the Gopher Orientation and Leadership Experience (GOALe), a year-long class for first-year students to promote self-awareness and stress the principles of professionalism and servant leadership.
- The Academic Health Center has service-learning opportunities for students to learn clinical skills under the guidance of practicing health professionals while supporting the needs of underserved communities. The College of Veterinary Medicine operates the Veterinary Treatment Outreach for Urban Community Health, which provides basic medical care to the pets of underserved residents of the Twin Cities and the Student Initiative for Reservation Veterinary Services, which provides free care on Native American reservations. The Phillips Neighborhood Clinic is a free, student-run clinic where each year 400 students from audiology, dental, healthcare administration, law, medical lab science, medicine, nursing, nutrition, occupational therapy, pharmacy, physical therapy, and social work provide free health services to underserved patients in the Twin Cities.



- The Program in Occupational Therapy received Board of Regents approval to transition from a master's degree to a doctorate degree program. Students will be able to enroll in fall 2019.
- The Medical School continues to expand its opportunities for students to participate in longitudinal experiences within one community or clinical site rather than switching locations every few weeks. This allows the student to engage more fully with teams of professionals in those locations. The focus of these clinical training experiences varies depending on the site but includes rural medicine, urban underserved, interprofessional team work, and quality improvement.
- The Medical Lab Science Program had a 100 percent first-time national certification exam pass rate and 100 percent employment in the field by six months after graduation in 2017.
- All Doctor of Nursing Practice students complete a comprehensive, system-based quality improvement project as a degree requirement. The students engage with health care and community organizations in Minnesota and beyond to develop, implement, and evaluate evidence-based solutions to address real quality and safety issues.

The Law School offers one of the most rigorous and comprehensive legal education programs in the country. Almost all J.D. candidates graduate in three years, except for those earning joint degrees in other University programs. The Law School is at the forefront of a small group of schools leading the transformation of legal education nationally and internationally. Recent changes to the curriculum are designed to integrate doctrine, theory, professional values, and lawyering skills to ensure that students graduate with the tools necessary to be effective advocates and counselors in both private practice and public service. Recently launched initiatives include:

- A new required Legislation/Regulation course introduces students to the tools of statutory interpretation, the operation of administrative agencies, and judicial review of agency decision-making.
- Early implementation of the American Bar Association's experiential learning requirement,

including a required first-year course, more than a dozen simulation-based courses that enroll students in small sections that facilitate intensive training and feedback, and one of the largest live client clinics in the United States that offers more than 200 students the opportunity to represent clients in approximately 400 matters each year.

- Two new concentrations (Immigration Law and Family Law), bringing the total number to eleven.
- The Minnesota Law Public Interest Residency Program expands career opportunities by connecting leading public interest and government organizations with law students interested in public service. Students receive real-world experience as externs while earning credit and are guaranteed a full-time legal position with their host organization the year following graduation.
- New courses designed to ensure that the curriculum adapts to the changing legal landscape, including: Data Compliance Practicum, Intellectual Property and Entrepreneurship Clinic, and Military Law and Advocacy.

The University's professional education programs have strong reputations nationally and around the world, which allows graduates of these programs to engage in their chosen professions with a high level of credibility and public confidence. For example, the Humphrey School is ranked in the top ten among the country's 270 public affairs schools, according to national rankings released by *U.S. News & World Report* in 2018 and 2016. Humphrey's ranking is a significant rise from its previous 2012 ranking of 16th. The school's nonprofit management program is rated second and its global policy specialization is ranked tenth. The health professional schools have national prominence through a variety of rankings. For example, the Medical School is ranked 33rd in National Institutes of Health funding (2017, Blue Ridge Institute for Medical Research) and is rated 25th in the world on the Academic Ranking of World Universities. **(Progress Card Measure).** *U.S. News and World Report* also ranks a number of health professions programs highly:

- The School of Nursing is ranked second in nursing informatics education and is in the top ten percent of Doctor of Nursing Practice programs in the country.

- The College of Veterinary Medicine ranks ninth.
- The College of Pharmacy is ranked second among all pharmacy schools in the nation.
- The Medical School is ranked 12th in primary care and 46th in research. The University's medical school produces more family physicians than any other school in the country.
- The Physical Therapy program ranked 20th of 217 health graduate programs nationally.
- The Program in Occupational Therapy is ranked 37th of 164 schools.
- The School of Public Health is ranked eighth with its Master's of Healthcare Administration ranked third, its online Master of Public Health degree ranked fifth, and the Biostatistics ranked seventh.

## Preparing Graduates to Succeed and Serve the State

The University strives to prepare its professional education graduates to serve their professions and the public. In fact, the University is the state's primary source for many professional industries. For example, the University granted 230 legal-related degrees (LLM and JD), 263 Master of Education teaching degrees, and 464 M.B.A. degrees awarded in 2017–2018 (Table 4-12). The University seeks to ensure that these students obtain the experiences they need and graduate in a timely fashion. For example, graduation rates in the health professional programs

are very high, with the five-year graduation rates for 2012 matriculating classes across most of the health programs exceeding 90 percent (Figure 4-V).

The following highlights how selected professional programs prepare graduates to succeed while serving their respective professions and communities.

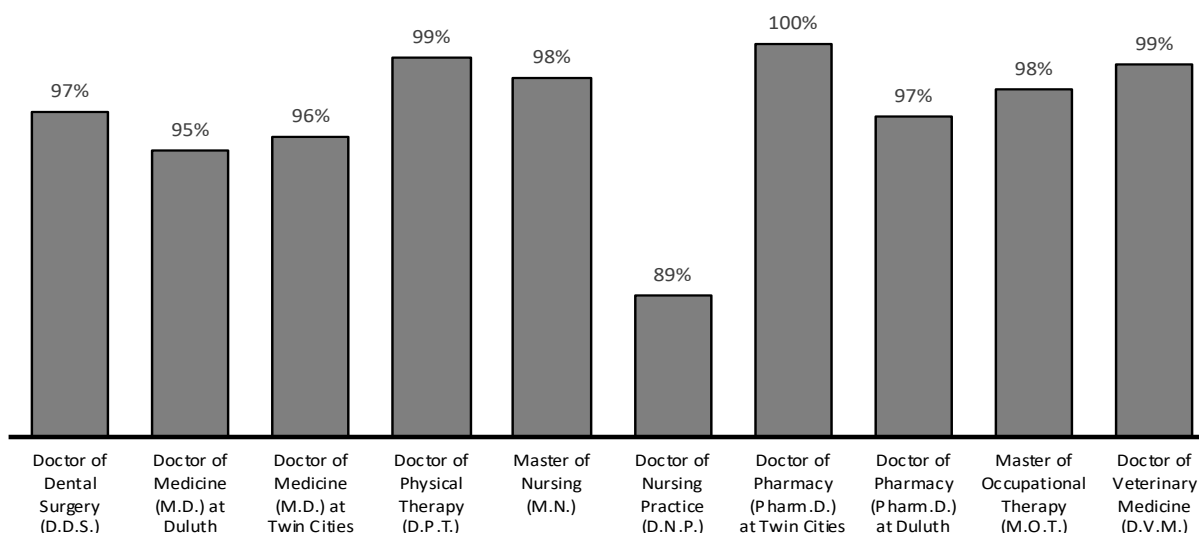
### College of Design

Students in the Master of Landscape Architecture program serve as Research Assistants in Practice working directly with nonprofit organizations, government agencies, or firms, which sets the RAs in Practice apart from conventional research assistantships. Although the details of each assistantship differ in the type of work depending upon the agency, RAs in Practice can expect to conduct research on administrative frameworks, emerging policy, societal needs, and process trends; participate in interdisciplinary professional collaborations on multifunctional landscape efforts; and perform basic day-to-day project work in the support of the firm/agency. Further, architecture's master of science in research practice program has built relationships with design-related faculty from historically black colleges and universities to help identify and recruit top talent to the program.

### College of Education and Human Development

The College of Education and Human Development (CEHD) embraces a dual approach of increasing access to teacher education while supplying and

**Figure 4-V Five-year graduation rates of health education programs students matriculating in 2013**



Source: Office of Institutional Research, University of Minnesota

**Table 4-12. Fall 2018 enrollment and degrees awarded in select professional programs, 2017–2018**

Program	Campus	Enrollment Fall 2018	Degrees Awarded 2017–18
Accountancy (M.Acc.)	Twin Cities	57	49
Architecture (M. Arch.)	Twin Cities	93	32
Business Administration (M.B.A.)	Twin Cities, Duluth	1099	464
Business Analytics (M.S.)	Twin Cities	134	99
Business Taxation (M.B.T.)	Twin Cities	77	22
Community Health Promotion (M.P.H.)	Twin Cities	64	29
Curriculum and Instruction (M.Ed.)	Twin Cities	62	24
Dentistry (D.D.S.)	Twin Cities	468	114
Doctor of Nursing Practice (D.N.P.)	Twin Cities	381	109
Early Childhood Education (M.Ed.)	Twin Cities	20	20
Epidemiology (M.P.H.)	Twin Cities	84	43
Financial Mathematics (M.F.M.)	Twin Cities	56	38
Health Care Administration (M.H.A.)	Twin Cities	131	87
Human Resources and Industrial Relations (M.A.)	Twin Cities	155	83
Integrated Behavioral Health (M.P.S.)	Twin Cities	104	28
Law (J.D.)	Twin Cities	591	194
Law (L.L.M.)	Twin Cities	28	36
Master of Nursing (M.N.)	Twin Cities	125	63
Maternal and Child Health (M.P.H.)	Twin Cities	75	20
Medicine (M.D.)	Twin Cities, Duluth	961	216
Occupational Therapy (M.O.T.)	Twin Cities, Rochester	98	37
Pharmacy (Pharm.D.)	Twin Cities, Duluth	666	173
Physical Therapy (D.P.T.)	Twin Cities	156	43
Public Affairs (M.P.A.)	Twin Cities	76	35
Public Health Administration and Policy (M.P.H.)	Twin Cities	129	48
Public Health Practice (M.P.H.)	Twin Cities	87	35
Public Policy (M.P.P.)	Twin Cities	166	78
Social Work (M.S.W.)	Twin Cities, Duluth	290	161
Software Engineering (M.S.S.E.)	Twin Cities	50	26
Teaching (M.Ed.)	Twin Cities	346	263
Urban and Regional Planning (M.U.R.P.)	Twin Cities	63	40
Veterinary Medicine (D.V.M.)	Twin Cities	413	102
Youth Development Leadership (M.Ed.)	Twin Cities	40	12

Source: Office of Institutional Research, University of Minnesota

diversifying Minnesota's educator workforce. For example, in 2015 CEHD created a Multiple Pathways to Teaching initiative as a response to predicted teacher shortages across the state. This innovative unit is committed to both diversifying the teaching profession and creating new pathways for students to successfully acquire their teaching licensure. The goal for the initiative is to widen the pipeline of non-traditional students, with the premise that a greater number of quality teacher candidates from diverse backgrounds will be better equipped to attain licensure if the preparatory program is tailored to the needs of a specific district. CEHD has successfully tailored its curriculum delivery for a variety of district partners, allowing for promising teacher candidates already working in that district to meet licensure requirements without having to leave their employment within their school. With these various initiatives in place, CEHD prepares between 250–300 new teachers across 20 licensure areas each year.

One example of this is a grow-your-own partnership called the Minneapolis Residency Program, a partnership with the Minneapolis Public Schools and the Minneapolis Federation of Teachers and Education Service Professionals. The Minneapolis Residency Program is grounded in the idea that one of the most effective ways to prepare new teachers is to recruit them from the communities in which they reside, prepare them in partnership with districts, and ensure that they secure jobs in the district after being recommended for licensure.

The Dual Language and Immersion Licensure program is another example of addressing the state's teaching shortages in elementary immersion and dual language programs. The program's unique design allows for bilingual applicants to complete their elementary licensure and master's program as a cohort of teacher candidates. With a tailored curriculum of online and face-to-face coursework concurrent with field-based experience, candidates cultivate a special set of knowledge and skills to prepare them to teach in dual language and immersion programs.

At the School of Social Work, recruiting a diverse population of students is naturally supported by the various partnerships the school has with local agencies that serve underrepresented communities. Even more than a recruiting piece, these partnerships support

retention efforts by getting students to problem solve and engage with real community issues early on in their education. M.S.W. students are regularly apprised of the service needs in the metro area and in greater Minnesota through a monthly seminar titled "Conversations with the Community." Agency staff talk with students and faculty about all aspects of their unique services: the community in which they're located; the major issues that are encountered; the training that their staff requires; how the agency is funded; how to refer clients to their services; ways that the agency works collaboratively with other public and voluntary sector agencies; and employment opportunities for M.S.W. social workers.

All M.S.W. students complete supervised training internships at various social service agencies under the direction of licensed M.S.W. social workers, supported by three major training programs: a Title IV-E Child Welfare Training grant, the Kaplan Training Fellowship for social work practice in traumatic brain injury, and an in-school Integrated Behavioral Health training fellowship. In these internships, students are assessed on their capacity to meet core social work practice competencies. Additionally, the School of Social Work offers a social work license review to help students understand the requirements for moving from student status to licensed social worker, thus helping to fill critical social work positions in the state.

The M.S.W. program also responds to workforce and community needs by recognizing the growing demand for social workers in health care, as well as the reality of an aging population. For example, the M.S.W. program has recently created a new specialization in Health, Disability and Aging and has partnered with the Academic Health Center to give M.S.W. students the opportunity to participate in a twelve-hour course segment on Fundamentals of Interprofessional Collaboration and Communication. This provides M.S.W. students with skills to work with interprofessional healthcare teams, with other opportunities available for professionals in publicly mandated services, particularly child welfare.

### **Carlson School of Management**

The Carlson School continues to prepare graduates to succeed while building enduring relations with businesses both large and small within the state of



Minnesota. Carlson students tackle the state's grand challenges in areas such as food, health, education, and safety by combining the expertise of the Carlson School with that of the community. For example, the Minnesota Cup represents the largest statewide start-up competition in the country, resulting in awards of more than \$2 million in seed funding and helping more than 13,000 Minnesota entrepreneurs in its decade-long existence.

The Master of Human Resources and Industrial Relations program features the Carlson International HR Case Competition, where student teams from around the world present solutions to a live business case in the area of international human resource management. The competition gives the students the opportunity to be exposed to some of the top Fortune 500 companies and meet student peers from schools around the world.

All M.B.A. and M.S. programs at the Carlson School actively engage the community to move learning beyond the theoretical and into applied problem solving to enhance learning and mastery. Examples include:

- “Live case” competitions: Students comprehensively engage a common problem, competing to present the most effective solution while engaging companies like Carlson Wagonlit, PwC, McKinsey, and Carlisle Industries.
- Client projects: In the last year, students in the Master of Science in Business Analytics program completed 18 sophisticated analytics projects and M.B.A. Enterprises completed more than 50 projects. The M.S. in Finance launched its project portfolio and M.S.S.C. students completed four projects. All told, more than 75 graduate projects were completed. Several of these projects were featured in local and national media as they took on grand challenges of public importance like homelessness reduction and opioid crisis interventions.
- Entrepreneurial offerings: Multiple offerings enable students to engage in entrepreneurship. The Sands Fellowships allow students to pursue social enterprise, Start Up course accelerates students' own concepts, the Medical Industry Leadership Institute runs multiple “Valuation Lab” course

cohorts per year, exposing students to authentic medical innovations for them to evaluate.

As one of the top graduate tax programs in the nation, the Carlson School Master of Business Taxation Program (M.B.T.) brings together world-class faculty boasting a wealth of industry experience and a thriving local business community to create a career-shaping experience for students. Evening and online courses offer the flexibility to suit students' schedules. Twenty-four of the top 25 CPA firms in the Twin Cities have M.B.T. graduates and students in the tax department and 22 of the top 25 public companies in the Twin Cities employ M.B.T. graduates and students in their corporate tax departments. To attract tax professionals nationwide, a fully online M.B.T. program has been launched effective fall 2018.

Other Carlson students see equal success upon graduation. Professionals in the Graduate Career Center work hard across all programs to match students and recruiters. For example, the full-time M.B.A. achieved 88 percent placement at 90 days and 94 percent with an all-time high starting average salary of \$110,000. The full-time Master of Science in Business Analytics (M.S.B.A.) is at 98 percent placement with an average salary of \$94,500.

### **Humphrey School of Public Affairs**

Each year, Humphrey School students engage in semester-long capstone projects with approximately two dozen client organizations. In addition to providing valuable expertise and collaboration to public and nonprofit organizations, these capstones provide important practice-based experiences that ensure that students are prepared for their future careers. Humphrey also engages distinguished adjunct faculty who bring essential insights from practice, support students in building networks, and contextualize theoretical knowledge offered in other courses. An annual course offering, Developing Your Public Service Career, also builds students' capacity to move from the classroom to careers.

Humphrey maintains these relationships with the community of practice and identifies ongoing workforce needs in a number of ways. For example:

- The annual Government and Nonprofit Career Fair is notable in that it engages potential employers

who can share their needs and interests with students, thereby highlighting new opportunities for work in public affairs, planning, environmental policy, and more.

- The Future Services Institute supports the Equity Works Leadership Institute and Certificate in Human Services Leadership, which build the capacity of the existing human and social services workforce.
- The Center on the Study of Politics and Governance hosts the annual Policy Fellows Program, a public affairs leadership experience for emerging and mid-career professionals. This non-credit cohort program engages about three dozen leaders from government, business, and nonprofit organizations each year in leadership workshops, networking opportunities with prominent public affairs leaders, training in public policymaking and agenda-setting, and team-based projects on key regional policy issues..
- The Master of Urban and Regional Planning program maintains a strong relationship with the American Planning Association (APA) Minnesota chapter, the primary professional association representing practicing planners. Humphrey was awarded a national award in 2017 for engagement with the state chapter, with activities that include a mentor program, professional panels, student service on the APA Minnesota Board, and student engagement in the state's professional planning conference.
- As a mid-career program, the Master of Public Affairs program meets workforce needs, supporting career advancement and movement into new opportunities to fill gaps across a wide range of public affairs issues and public/private/nonprofit organizations.

### Health Professions Education

The School of Public Health emphasizes a multidisciplinary, multidimensional approach to public health. A long and close partnership with the state health department—one of the best in the country—gives students on-the-ground experience and allows faculty to work with colleagues in the field. The school focuses on “engagement” with communities rather than “outreach,” to support the reciprocal relationship and partnerships.

To meet the veterinary needs of the state, Veterinary Food Animal Scholar Track (VetFAST) program accepts freshman and sophomore students enrolled in the Animal Science program from the College of Food, Agricultural and Natural Resource Sciences on the Twin Cities campus, Biology students from the Morris campus, and Animal Science students from the Crookston campus. Accepted students have a reserved seat in the class once program requirements are successfully completed and to date, 28 students have been recruited through this program. Additionally, the college is in the process of developing a partnership with South Dakota State University (SDSU) to address a shortage of veterinarians in rural practice. Students will do their first two years at SDSU and then complete their training at the University of Minnesota. Students can also obtain dual DVM/Master's of Public Health degrees that provide them with employment opportunities in industry, practice, and the Centers for Disease Control and Prevention.

The Medical School contributes to the physician workforce of the state with over 70 percent of actively practicing physicians going to medical school or completing a graduate medical education program at the University. This includes a broad range of specialties with a major emphasis of training primary care providers to serve in rural and urban underserved areas.

The field of occupational therapy is projected to grow 27 percent by 2024, much faster than the average for all occupations. Providing an important part of treatment for people with various illnesses and disabilities, including Alzheimer's disease, cerebral palsy, autism, or the loss of a limb, the Occupational Therapy program is addressing this growth with an innovative hybrid-online program that expands its educational programming to a broader community of students. Students learn hands-on skills through a partnership with the University's Disability Resource Center. Students partner with the RecWell Center to expand health and wellness offerings for all individuals and to provide increased access for students and community members with disabilities such as the new wheelchair basketball program.

The Doctorate of Physical Therapy program has increased their focus on development of community-healthcare partnerships to address current and

predicted shortages of physical therapists in Minnesota.

The School of Nursing is home to the nation's first and only specialty in integrative health and healing for Doctor of Nursing Practice students. The students take a holistic approach to health and wellness by learning integrative therapies such as aromatherapy, acupressure, and healing imagery and creating optimal healing environments in healthcare organizations. The school established academic-practice partnerships with three mental health clinics in urban and rural underserved areas in Minnesota. In this innovative program, nurse practitioner students and faculty work with an interprofessional team to provide integrated, team-based care to persons who live with mental illness and complex medical conditions.

Like most allied health programs, medical laboratory science (MLS) is facing a significant shortage in workforce especially in rural areas across the country. The MLS program continues to build academic affiliations with four-year colleges in Minnesota and Wisconsin providing access to the MLS program and recently implemented a professional master's degree program for those applicants who already have a bachelor's degree and are seeking the professional credential and experience in laboratory operations and management.

As the only dental school in the northern tier of states between Wisconsin and the Pacific Northwest, the School of Dentistry is a regional resource for five states and educates 73 percent of Minnesota's dentists. It started the first dental therapy program in the nation in 2009, and currently educates 68 percent of licensed dental therapists in Minnesota.

Through the Academic Health Center IHealth initiative, students receive education and experience to serve in a healthcare environment being reorganized into collaborative teams. The IHealth initiative is integrating interprofessional education across University health professions schools and programs to meet the challenges of what is called the "quadruple aim": improving the patient experience of care, improving the health of populations, reducing the per capita cost of care, and improving the well-being of the providers of care.

## Legal Professions Education

Law faculty and students are involved in numerous projects designed to serve the public. In many cases faculty and students work side by side, blending the Law School's education and outreach missions. Hundreds of law students receive academic credit for serving the public while developing professional skills. Examples include 24 legal clinics that allow students to work directly with members of the local community, a judicial externship program that places students in the chambers of state and federal judges, and a field placement program that enables students to work with government offices and legal service providers.

The Robina Institute of Criminal Law and Criminal Justice is working with state and local governments on multiple aspects of criminal justice policy. The Institute is working directly with Massachusetts, New York City, two counties in Texas, and several urban and rural counties in Minnesota to study and improve the probation system; with the Pennsylvania Board of Probation and Parole to study and improve parole practices; and with Massachusetts and Nevada on sentencing guidelines systems. The institute's executive director recently served on the Minnesota Senate's Prison Population Control Task Force and is currently serving on a committee formed by the state legislature to consider whether Minnesota should enact an earned compliance program for probation.

The Institute on Metropolitan Opportunity investigates how laws, policies, and practices affect development patterns in U.S. metropolitan regions and provides resources that policymakers, planning officials, and community organizations need to address reform in taxation, land use, housing, metropolitan governance, and education. The institute's work has received extensive national media coverage, including by *The New York Times*, *National Public Radio*, *The Guardian*, *The PBS Newshour*, *The Washington Post*, *The Wall Street Journal*, *USA Today*, *U.S. News and World Report*, *Business Week*, *The National Journal*, *Crain's Chicago Business*, and dozens of local papers and radio stations throughout the country.

The Corporate Institute, which brings students and mentoring attorneys together to help women- and

minority-owned businesses start up or grow, logs more than 8,000 service hours each academic year.

The James H. Binger Center for New Americans continues to engage law students and volunteer attorneys in high-impact public service, winning changes in U.S. immigration laws that have benefited thousands of people. In the last year, center faculty have supervised over 50 students in prominent cases that have expanded protection for refugees and freed asylum seekers from unconstitutional detention. Last December, *The New Yorker* featured the center's successful litigation that brought national attention to the government's controversial policy of detaining traumatized refugees.

The Law School Public Service Program encourages students to provide free legal assistance to the local community. Last year, students devoted more than 12,000 hours of their time to numerous organizations, including the Minnesota Assistance Council for Veterans, Legal Services of Northwest Minnesota, and the Minnesota Disability Law Center.

Dozens of faculty members are involved in helping to shape state, federal, and international law through their scholarship, testimony, commentary, public service, membership on boards, and advising work with governmental and private organizations. For example:

Prof. Robert Stein is one of Minnesota's commissioners on the Uniform Law Commission;

Prof. Kevin Reitz is the American Law Institute's reporter for revisions to the Model Penal Code;

Prof. Susan Wolf is a principle investigator for an NIH-funded program to establish a legal framework for regulating the human genome;

Prof. William McGeveran testified before the Minnesota Senate Judiciary Committee on the PRINCE Act;

Prof. June Carbone is involved in efforts to transform domestic and international practices regarding surrogate motherhood, including through testimony before the Minnesota Surrogacy Commission and participation in a project at the University of Hong Kong that is creating a foundation for a UK Law Reform Commission;

Prof. Richard Painter—who was President George W. Bush's chief ethics lawyer in the White House—has been frequently featured in the national media as an expert on campaign finance reform, banking regulation, and the 2016 presidential election; and

Prof. Francis Shen is leading a new collaboration involving six University researchers and multiple community organizations to develop a Minnesota Model for addressing youth sports concussions.





# Research and Discovery

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

## Introduction

As described earlier in this report, the University's research mission is 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.

With this mission as a guide, the University in 2013 created a five-year research strategic plan with partners across the University system. In 2018, the systemwide strategic planning process reaffirmed the need for systemwide coordination and priorities to advance the research mission. In alignment with the Twin Cities and other campus plans, the systemwide research objective builds upon the University's many strengths and creates opportunities to bring researchers together through collective inspiration and discovery. The following sections are the primary areas of focus for systemwide research vision.

## Enhancing Research Excellence

The University seeks to enhance research excellence by investing in research infrastructure and faculty and educating students for the challenges and opportunities of tomorrow. As the state's major research university, the University plays an integral role in Minnesota's academic research and knowledge creation. As Table 5-1 shows, the University ranks in the top ten among public universities in research spending, with more than \$921 million in research expenditures (**Progress Card Measures**), and because of survey reporting requirements, that figure represents research expenditures for the Twin Cities campus only. If all University campuses were reported together, the total would grow to \$948 million. University of Minnesota research contributes to an estimated \$8.6 billion annual economic impact for Minnesota.

A 2015 report, "America's Knowledge Economy: A State-by-State Review," highlighted public research universities as crucial contributors to the knowledge economy, providing advances in knowledge and technology that drive innovation, attract jobs, and foster economic growth.

According to the report, the impact of academic research in Minnesota, home to the University and the Mayo Clinic, exceeds the national average for nearly all fields of study. Minnesota ranks third in the nation for the number of publications produced per \$1 million spent on research and has the highest number of publications per capita in the Midwest. The University also tracks the influence of these publications, including how often they are cited by other scholars in their own research (**Progress Card Measure**).

The University's Academic Health Center (AHC) has been at the forefront of innovative research in the health sciences and their faculty typically expend close to \$400 million in research each year, accounting for about half of the University's research portfolio shown in Table 5-1. AHC research focuses on the critical health needs of our society including cancer, children's health, brain sciences, heart disorders, diabetes, infectious disease, and more. In addition, it fuels centers and institutes that make a difference, such as:

- The Masonic Cancer Center, one of 41 National Cancer Institute comprehensive cancer centers in the U.S., a designation awarded only to institutions that make ongoing, significant advances in cancer research, treatment, and education.
- The Clinical and Translational Science Institute, one of 60 medical research institutions working together to improve the way clinical and translational research is conducted nationwide, enhancing its efficiency and quality.

Through breakthrough health science research discoveries, top-notch education and training programs, and leading-edge health care, the University is working to improve the health of people and animals across Minnesota and around the world.

### Institutional Support for Research

Over the past five years, several research advancement funding programs under the Office of the Vice President for Research (OVPR) have provided more than \$24.1 million (\$33.3 million with matching funds) to researchers.

#### *Research Infrastructure Investment Program*

The Research Infrastructure Investment Program is one way the University ensures it maintains robust,

**Table 5-1. Top 20 institutions reporting largest research and development expenditures, fiscal years 2016 and 2017**

		2016		2017		Percent Change 2016 to 2017
		Total <sup>1</sup>	Public Rank	Total <sup>1</sup>	Public Rank	
1	Johns Hopkins U. <sup>2</sup>	\$2,431 million		\$2,562 million		5%
2	U. of Michigan–Ann Arbor	\$1,436 million	1	\$1,530 million	1	6%
3	U. of California–San Francisco	\$1,294 million	2	\$1,409 million	2	8%
4	U. Pennsylvania	\$1,296 million		\$1,374 million		6%
5	U. of Washington–Seattle	\$1,278 million	3	\$1,348 million	3	5%
6	U. of Wisconsin–Madison	\$1,158 million	4	\$1,193 million	4	3%
7	U. of California–San Diego	\$1,087 million	5	\$1,134 million	5	4%
8	Duke U.	\$1,056 million		\$1,127 million		6%
9	Harvard U.	\$1,077 million		\$1,123 million		4%
10	Stanford U.	\$1,066 million		\$1,110 million		4%
11	U. of North Carolina–Chapel Hill	\$1,045 million	6	\$1,102 million	6	5%
12	U. of California–Los Angeles	\$1,038 million	7	\$1,077 million	7	4%
13	Cornell U.	\$974 million		\$985 million		1%
14	Massachusetts Inst. of Technology	\$946 million		\$952 million		1%
15	Yale U.	\$882 million		\$941 million		7%
16	U. of Pittsburgh	\$890 million	10	\$940 million	8	5%
<b>17</b>	<b>U. of Minnesota–Twin Cities</b>	<b>\$910 million</b>	<b>8</b>	<b>\$922 million</b>	<b>9</b>	<b>1%</b>
18	New York U.	\$810 million		\$918 million		12%
19	Texas A&M	\$893 million	9	\$906 million	10	1%
20	Columbia U.	\$837 million		\$893 million		6%

<sup>1</sup>dollars in millions

<sup>2</sup>Johns Hopkins University includes Applied Physics Laboratory, with \$1,472,103 thousand in total R&D expenditures in FY 2017

Source: National Science Foundation, National Center for Science and Engineering Statistics, Higher Education Research and Development Survey

state-of-the-art equipment to support research and academic endeavors, even as federal funding for research stagnates nationwide. These improvements to research infrastructure are key to catalyzing research and innovation, and support the University's talented researchers as they explore new ideas, form interdisciplinary partnerships, and make

groundbreaking discoveries. In 2018, over \$2.5 million was awarded to 19 research projects, reaching 17 departments, units, and centers, eight colleges, and three campuses (Twin Cities, Duluth, and Morris). Supporting colleges or centers provide one-to-one matching funds for each award. Awards will support research infrastructure, facilities, and support services

over a variety of University research areas including bioprinting, obesity prevention, pharmacology, child development, clinical research, genomics, and more.

#### *Grant-in-Aid*

The Grant-in-Aid of Research, Artistry, and Scholarship Program provides grants to support scholarly and artistic activities of faculty and their graduate students to foster excellence throughout the University. Grant-in-Aid (GIA) projects represent the breadth and depth of University research in all disciplines and fields. While any faculty can apply for GIA funding, it plays an especially important role by providing new professors and emerging researchers with opportunities to pursue research and scholarship that may not yet have received external funding. In the past five years, \$13.5 million has been awarded through the GIA program. For every dollar invested, \$4.30 in external funding was generated in fiscal years 2012–2016.

#### *Grant Match*

Some external funders require an institution to match funds to a specific grant activity. As grant processes become more competitive and federal funds stay relatively flat, the demand for such institutional matching funds continues to increase, resulting in higher levels of required institutional investment. The University works in partnership with colleges throughout the grant proposal process to coordinate the University's total commitment in matching funds, which averages about \$2 million annually.

#### *Minnesota Futures*

The Minnesota Futures program supports extraordinary research by nurturing interdisciplinary ideas. In 2018, two grants were awarded a total of \$499,367. They are supported by technology commercialization revenue and they fund research opportunities that cross disciplinary and professional boundaries and support in-depth research that aims to address society's grand challenges. Since 2008, Minnesota Futures grants have supported research by faculty who go on to win substantial grants and whose innovations reach the market to potentially improve the lives of millions. For every dollar invested, \$3.13 in external funding was generated in fiscal years 2011–2015.

The 2018 Minnesota Futures grants went to two projects: Effect of the Microbiome Upon Deer Tick Range Expansion in the Upper Midwest, which will study the environment's impact on the spread of deer ticks; and, Coordinated 3D Marker-Less Pose Estimation and Neural Measurements from Freely Moving Rhesus Macaques, which will seek to improve methods for researching brain activity.

#### *Research Opportunities for Students*

An important part of the educational experience at the University is the opportunity for students at all levels on all five campuses to engage with outstanding research faculty, not just in the classroom, but also in new research and creative projects. Undergraduate students can develop valuable skills through the Undergraduate Research Opportunities Program, and can present their research findings at campus symposia and a national conference dedicated to undergraduate research. Graduate and professional students work alongside faculty in the laboratory, the archives, and the studio, helping to generate new knowledge and creative works. Graduate and professional research roles prepare students to become future faculty as well as leaders in higher education, business, government, and nonprofit organizations around the world.

## **Advancing Transdisciplinary Partnerships**

Transdisciplinary research partnerships involve collaborators from different disciplines and from outside organizations. The research is aimed at solving grand challenges that require multi-disciplinary perspectives, with outcomes that are societally significant and transformative.

#### **Minnesota's Discovery, Research and Innovation Economy (MnDRIVE)**

MnDRIVE is a landmark partnership between the University and the state that aligns areas of University strength with the state's key and emerging industries to produce breakthrough research that addresses the state and society's greatest challenges. In 2013, the state of Minnesota authorized an \$18 million recurring annual investment in four research areas: Robotics, Global Food, Environment, and Brain Conditions. In 2017, the state appropriated another \$4 million per



year for a fifth research area: Cancer Clinical Trials. Cancer is the leading cause of death in Minnesota, and a broadened network will enhance providers' knowledge, increase patient access to care, and lessen the time it takes to find a cure.

To date, more than 1,070 researchers in more than 100 departments and dozens of colleges across three campuses (Twin Cities, Duluth, and Morris) have been involved in MnDRIVE research.

With these funds and others leveraged, 767 people have been hired to date. These hires include 31 new faculty who, in turn, are responsible for 146 hires, including lab technicians, graduate students, undergraduate researchers, and post-doctoral fellows.

During calendar year 2017 alone, researchers involved in MnDRIVE work disclosed more than 70 inventions for patents or licensing and received more than \$44 million in external funding—ten percent of which came from business and industry, including Pepsico, Xcel Energy, Medtronic, and Zoetis, Inc. The newly-funded MnDRIVE Minnesota Cancer Clinical Trials Network has identified 18 sites that will begin offering intervention cancer clinical trials affecting 47 counties across the state.

### **Increasing Informatics Capabilities**

The University established Research Computing to consolidate management of services provided by the Minnesota Supercomputing Institute, the University of Minnesota Informatics Institute, and U-Spatial. These three units offer increasingly customized resources for computer- and data-intensive research to the University research community.

The Minnesota Supercomputing Institute (MSI) is a nexus for leading-edge research in scientific computing, for fostering interdisciplinary research on campus, and for enabling public-private collaborations. With over 850 research groups and over 4,500 users, MSI enables high-impact research across the life, health, and social sciences and the high-performance computing tasks common to the engineering and physical sciences. In addition to acquiring and managing high-end hardware resources, MSI works closely with numerous research groups on campus to develop tools and platforms designed to securely ingest, manage, analyze, and share data

to foster public-private research collaborations in the agricultural and biomedical sectors.

The University of Minnesota Informatics Institute (UMII) was founded in 2014 to foster and accelerate research across the University system in agriculture, arts, design, engineering, environment, health, humanities, and social sciences through informatics services, competitive grants, and consultation. UMII's analysts work at the interface of core facilities and researchers to add value to the data through analysis. UMII funding supports undergraduate research through the Undergraduate Research Opportunities Program, and provides graduate fellowships for MnDRIVE-related research with a strong informatics component. One recent project aims to improve plant breeding at the intersection of genomic, phenotypic, and environmental informatics.

U-Spatial collaborates with departments and centers across the University to serve a fast-growing need for expertise in Geographic Information Systems (GIS), remote sensing, and spatial computing by providing consulting and training to students, faculty, and staff. Three examples include collaborating with the Global Transit Innovations to map transit availability across the globe; developing the data infrastructure for an NSF-funded project looking at sustainable, healthy cities; and providing spatial analysis of wheat rust in Israel for researchers in Plant Pathology.

### **Grand Challenges Research**

The focus on “grand challenges research” is aimed at marshaling the University's exceptional strengths to address society's most difficult and pressing problems. This is part of the vision to enhance ambitious transdisciplinary research and expand collaborations for greater impact, as emphasized in the *Driving Tomorrow* strategic plan. Through the Provost's Grand Challenges Research Initiative, the University is implementing new strategies to engage interdisciplinary teams of faculty, students, and community partners in collaborative research addressing the most significant problems of Minnesota and the world. An overarching goal is to build new institutional pathways and mechanisms for transdisciplinary research, deepening engagement with communities and leading to innovative solutions. Ongoing support for ambitious, high-impact research

also ensures that the University brings to Minnesota the best and most productive researchers and scholars across fields of study.

The University has made internal investments to seed and foster high-potential collaborations in five grand challenges areas of special focus (see the Twin Cities Planning chapter on page 10 for more details). These strategies intersect with a variety of other significant initiatives aligning University strengths with opportunities and needs; the five-year-old MnDRIVE initiative is a prominent example. Work to broaden and deepen interdisciplinary collaboration is further advanced through University-wide centers such as the Institute on the Environment and the Institute for Advanced Study. All collaborations to address grand challenges build on the expertise and strengths of faculty across the campus in both interdisciplinary and disciplinary research, as well as in teaching excellence and in outreach and public engagement.

### Publicly Engaged Research

Public engagement, in part, is the partnership of university knowledge and resources with those of the public and private sectors to enrich scholarship, research, and creative activity. Through these partnerships, engaged research can address critical societal issues and contribute to the public good. The local knowledge of community partners can be an important complement to the scientific inquiry that University researchers provide to address problems—with a focus on working with the community, rather than doing for the community.

Public engagement also serves as a strategy for enhancing research. By partnering with local, regional, and international community residents, agencies, businesses, governmental agencies, and others, public engagement can leverage research funding, provide new opportunities for faculty, enrich the student educational experience, and enhance the University's contributions to addressing issues in local and broader societies. Faculty members in departments and centers across the University have developed quality partnerships with external entities that have leveraged research funding and have implemented research that focused on addressing important societal issues. See the following Outreach,

Service, and Engagement chapter on page 95 for select examples of community-engaged research.

## Accelerating the Transfer of Knowledge

### Technology Commercialization

The University of Minnesota is committed to accelerating the transfer of knowledge by creating opportunities for public-private partnerships that move ideas and innovations out of the University and into the world where they can do the most good.

UMN's Technology Commercialization office is a key part of the connection between the ideas and innovation created at the University and the companies, capital, and entrepreneurs who can bring them to the marketplace. Technology Commercialization includes several outward-facing functions that contribute to its operations: Technology Licensing, Business Partnerships, and the Venture Center. Each of these groups has contributed to successes in fiscal year 2018, including the following highlights:

- A major effort to increase patent reimbursements led to a 67 percent increase from the previous fiscal year (\$1.3 million to \$2.2 million). The number of issued patents also increased (147 to 187).
- A record number of MN-IP agreements (86) (**Progress Card Measure**) and an increase in the number of companies who have signed agreements (58). Since its inception, MN-IP has led to 419 agreements with 233 unique companies and a value of \$75.2 million in research sponsorship.
- The launch of 13 new startup companies, and ending fiscal year 2018 with 27 companies in the startup pipeline.

### Technology Licensing

Technology Commercialization staff continued to reinforce the University's internationally recognized leadership in university technology transfer, which ranked as the sixth best public university technology transfer office in the country, and fourth among all U.S. universities in terms of license deals completed,

according to a study by the Milken Institute. The University of Minnesota was also 29th on the most recent list of the Top 100 Worldwide Universities Granted U.S. Patents released by the National Academy of Inventors and the Intellectual Property Owners Association, which noted Minnesota was awarded 75 patents during calendar year 2017, a 70 percent increase over two years. In May 2018, the Technology Commercialization office was named one of five finalists nominated for the 2018 “Tech Transfer Unit of the Year” award from London-based Global University Venturing.

### Business Partnerships

The Technology Commercialization office is nationally recognized as a leader in transforming discoveries into innovative solutions by streamlining partnerships between businesses and the University. Its groundbreaking program, Minnesota Innovation Partnerships (MN-IP), is designed to make it easier for industry to work with the University, both in sponsoring research and in licensing technology. MN-IP (Progress Card Measure) has two programs:

- Try and Buy, a low-risk, low-cost means for companies to test University technology, including pre-set, industry-friendly licensing terms, which now includes 163 available technologies.
- MN-IP Create, a program designed and updated in response to industry feedback, which streamlines the process for industry-sponsored research and licensing of resultant intellectual property. The menu of licensing options from which companies can choose includes fixed-fee and exclusive or non-exclusive licensing. Since its inception, MN-IP Create has led to 419 agreements with 233 unique companies, with a value of \$75.2 million in research sponsorship.

In fiscal year 2018, staff played a lead role in securing two major sponsored research contracts (Mitsubishi Tanabe Pharma and Toray), have helped to facilitate expedited business access from a range of companies across the state, and have continued to represent the University at conferences and meetings statewide.

In addition to attracting business for licensing and sponsored research, staff have also managed the successful Economic Development Fellows Consulting

Program, which connects regional companies with graduate students, professional students, and postdocs seeking opportunities to gain experience in business consulting. In fiscal year 2018, the program completed 18 projects, and since launching in 2016, over 175 students from 55 departments and 40 companies have participated.

### Venture Center

By the end of fiscal year 2018, the University had launched 132 startups, with approximately 77 percent still active, and had developed a strong startup pipeline of technologies with the potential to spin out into new companies.

A survey of University startup companies found that since the Venture Center was formed in 2006, these startups have raised over \$405 million in outside investment capital. Several University startup companies are also moving to the next stage of startup growth: business transitions, where startup companies scale up, go public, or are acquired. Three University startup companies exited in fiscal year 2018: Calyxt, a consumer-centric, food- and agriculture-focused company, became a publicly traded company; Medication Management, a patient-centered medication therapy management service, was acquired by Genoa Healthcare; and Flipgrid, a company based on interactive classroom video technology, was acquired by Microsoft.

Two University startup companies were approved for funding consideration under the Discovery Capital investment program. Launched in 2014 to help University startups overcome the high hurdle of early-stage financing, the program offers seed funding with a requirement that the investment be led and matched by external investors. The program has invested \$2.7 million, attracting total matches of \$20.2 million.

Two University startup companies participated in gBETA accelerator programs offered by gener8tor, a nationally ranked accelerator: enVerde, which creates synthetic gas from organic waste; and Soundly, which offers a smartphone game designed to reduce snoring through physical therapy. Both companies completed their accelerator programs with a pitch at gener8tor’s final event.

## MN-REACH

The University is one of only three institutions with a National Institutes of Health Research Evaluation and Commercialization Hub (REACH) grant. When combined with University matching funds, these grants make a total of \$6 million available to support coaching, external consulting, and funding to selected teams over three years. MN-REACH provides University-wide commercial expertise and resources to help develop and commercialize diagnostics, therapeutics, preventative medicine, and medical devices. Now in the middle of its third year of operation, the program has provided coaching for more than 75 faculty teams; provided skills development offerings for more than 200 faculty, post-docs, and graduate students; and awarded grants totaling \$3.7 million to 41 promising projects addressing 35 unique, unmet clinical needs.

## MIN-Corps

MIN-Corps is the University's site for the National Innovation Corps (I-Corps), a National Science Foundation initiative to that prepares scientists and engineers to extend their focus beyond the university laboratory, and accelerates the economic and societal benefits of research projects through commercialization. University teams receive micro-grants to fund initial prototyping and customer research as part of an educational program in which innovation teams composed of STEM students, staff, and faculty are paired with industry mentors to conduct customer outreach and develop a sustainable business model. In addition, MIN-Corps delivers commercialization seminars to faculty and students to promote the University's entrepreneurial culture. About 700 faculty, staff, and students attended one or more MIN-Corps offerings throughout the year.

## Promoting a Culture of Serendipity

Promoting a culture of serendipity is central to connecting researchers across departments, colleges, and disciplines—and with colleagues and communities outside of the University—to think creatively and cultivate new ideas. Connectors, individuals across and at all levels within the University, play essential roles in bringing together

seemingly unrelated disciplines and ideas to foster creativity and innovation. While this work is still ongoing, much of it has been integrated into other programs so it is less visible as a discrete area of focus.

## Research Advancement Development Professionals Network

The Research Advancement Development Professionals Network (RADPN) provides professional development, training, peer mentoring, and networking opportunities to research advancement and development professionals at the University of Minnesota. Originally launched as the Connectors Network, RADPN changed its name and refocused in 2018 as a more formal community of practice. In addition to its mission to support research advancement professionals, its activities will build institutional capacity to attract extramural funding, increase operational efficiency and efficacy, reduce administrative burden on the faculty, and ultimately increase institutional competitiveness.

RADPN is open to anyone who works with the University research enterprise and is governed by a seven-person steering committee that is elected annually. The group initially launched with 30 members, though several efforts have been planned to increase membership, including a kick-off meeting in late August and several workshops planned throughout the academic year.

One of RADPN's significant accomplishments to date has been organizing an internal "red team" review of a large, interdisciplinary NIH grant for the College of Education and Human Development. RADPN members helped to coordinate the details of the proposal development among faculty and then organized a team of internal and external reviewers to read a late stage draft of the proposal and provide feedback before submission to increase the chances of it being funded. A funding decision will not be made until early 2019, but RADPN members feel like the review process was worthwhile and are hoping to replicate it in the future.

For more about research at the University, visit [research.umn.edu](http://research.umn.edu).





# Outreach, Service, and Engagement

Partnering with communities to advance research, share knowledge, and provide students with powerful academic experiences that address society's most challenging issues.

# Introduction

The University’s three-fold mission includes the imperative to partner with communities to advance research, share knowledge, and provide students with a real-time, real-life academic experience. This foundational truth has been bolstered by the University’s *Ten-Point Plan for Advancing and Institutionalizing Public Engagement*, which focuses on what the Association for Public and Land Grant Universities refers to as the “new engagement” agenda. The new engagement—which emphasizes reciprocal engagement—shifts the focus away from traditional, one directional community outreach and public service efforts to more academically integrated activities in which a university’s research, teaching, and learning efforts address societal issues through mutually beneficial campus-community partnerships. Reciprocal public engagement is one of the four interrelated goals articulated in the Twin Cities campus strategic plan, which supports the vision of the University as preeminent in solving the grand challenges of a diverse and changing world. Although initially anchored in the Twin Cities campus plan, this vision—which supports dynamic University-community partnerships to advance discovery, create pathways for students, and benefit the state of Minnesota and the world—is consistent with the goals and strengths of all five campuses and their various colleges.

To this end, three of the campuses developed strategic action plans to further the integration of community engagement in research, teach, and outreach agendas.

On the Twin Cities campus, a 38-member work group, including faculty, students, and staff recalibrated the campus’s 2008 public engagement plan and developed a new set of action steps composed of nine core values that further the institutionalization of reciprocal, public engagement over the next five years. This plan addresses key policy, infrastructure, and culture issues that are essential for deepening institution-wide commitment to reciprocal public engagement.

At the Rochester campus, a group developed a campus-wide public engagement action plan with the specific goals of deepening and expanding the campus’s platform partnership with the Mayo Clinic, leveraging the expertise of faculty in the scholarship

of teaching and learning to deepen and expand service-learning and community-based research opportunities for students, and developing systems and processes to increase awareness of how the campus is engaged in the community.

The Morris campus’s public engagement action plan comprises five goals, which include: 1) strengthening current initiatives by streamlining the work of the campus’s three outreach units; 2) determining faculty, staff, student, and community investment in current initiatives, as well as community needs and interests that will lead to new initiatives; 3) ensuring that community engagement initiatives are truly inclusive of all those in the campus’s diverse student body, university, and broader community; 4) aligning the campus’s engagement-related institutional practices and assessment efforts with campus-wide student learning outcomes; and 5) more intentionally assessing the effects of the campus’s engagement and outreach work and adopting best practices in the community development and community-based learning fields.

Public engagement teams on the Crookston and Duluth campuses are in the early stages of developing their action plans for the new engagement. Learn more at [engagement.umn.edu/news-and-events/university-minnesota-public-engagement-action-plans](http://engagement.umn.edu/news-and-events/university-minnesota-public-engagement-action-plans).

## Nationally Recognized as an Engaged University

During the 2017–2018 academic year, the University of Minnesota was recognized with several prestigious awards that recognize and acknowledge the University for facilitating a robust “new engagement” agenda that has created significant impact for students, faculty, staff, and community.

The Clinical and Translational Science Institute (CTSI) received \$42.6 million in renewed National Institutes of health funding for health-related research through the Clinical and Translational Science Award program. As part of the renewed funding, CTSI will build on current efforts to engage communities and stakeholders to improve the process of translation and delivery of healthcare across the lifespan and to a diverse population.

The Association of Public and Land-grant Universities recognized the University’s Institute on the Environment with an exemplary designation

for the 2017 W. K. Kellogg Foundation Community Engagement Scholarship Awards and the C. Peter Magrath Community Engagement Scholarship Award. The award recognizes programs that demonstrate how colleges and universities have redesigned their learning, discovery, and engagement missions to become even more involved with their communities.

The Community-University Health Care Center (CUHCC) was chosen as one of five centers nationally to receive the 2017 Helping Build Healthy Communities award. CUHCC was the only federally qualified health center in Minnesota to receive the award. The award includes support from the National Association of Community Health Centers, which will provide two years of funding to enhance CUHCC's medication therapy management services and will help build a curriculum for University of Minnesota faculty, staff, students, and community members.

The Center for Urban and Regional Affairs (CURA) received the National Neighborhood Indicators Partnership's inaugural G. Thomas Kinglsey Impact Award. This award recognizes programs that use data-driven research to effect policy change and development in the communities they serve. Working with the East Side Neighborhood Development Company in St. Paul, CURA assembled data for the first time on capital allocations by neighborhood. Their analysis brought greater transparency to city spending, prompted policy reforms in selecting capital projects, and motivated improved data collection for easier tracking of spatial patterns in the future.

The Andrew W. Mellon Foundation awarded \$350,000 to the Heritage Studies and Public History graduate program. The grant will provide support for students and their collaborative work with community partners.

The Center for Small Towns (CTS) was awarded an operating grant of \$70,000 from the Otto Bremer Trust. The award will help further CTS's work connecting rural communities with the University and to expand work in new areas. In addition, the grant will allow CTS to collaborate more deeply with the programs carried out by the campus's Office of Community Engagement and Sustainability.

The University remains an active member of and plays a leadership role in national and international peer networks devoted to strengthening and leading higher

education's "new engagement" agenda. These include: Campus Compact; Imagining America; Council of Engagement and Outreach of the Association of Public and Land-Grant Universities; Big Ten Academic Alliance Engagement Council; Community-Campus Partnerships for Health; National Academy for Community Engagement Scholarship; International Association for Research on Service-Learning and Community Engagement; Coalition for Urban and Metropolitan Universities; National Review Board for the Scholarship of Engagement; and the Engagement Scholarship Consortium.

Commitment to public service is one of the cornerstones of the University's mission as a public land-grant institution. Like teaching and research, public service is embedded in the many diverse functions of the institution, from medical clinics and service-learning classes to extension research and education centers throughout the state and world. Although no one metric can capture the quality or impact of the University's public service activities, expenditures on public service activities (**Progress Card Measure**) are an indication of its commitment, similar to expenditures on research activities. The University expects to maintain or increase its level of public service expenditures.

### Elevating the Visibility and Centrality of Outreach and Public Engagement

Several strategic initiatives were advanced to strengthen and deepen the integration of local, regional, national, and international public engagement into faculty research and academic curricula, as well as undergraduate and graduate student learning. These initiatives included engagement recognitions, policy developments, and actions that promote the principles of high-quality, reciprocal University-community engagement. Three of the many examples from the 2017–2018 academic year include:

- The Public Engagement Council, the University's system-wide deliberative body charged with addressing critical and complex issues concerning public engagement, advanced twelve policy issues including setting standards for community-engaged scholarship that can guide department- and college-level promotion and tenure review committees in assessing the quality and scholarly

value of faculty members' community-engaged research, teaching, and public engagement; and streamlining various transactional processes for community partners who collaborate with the University.

- Faculty, staff, students, and community partners showcased the University's most innovative engagement practices through more than 80 presentations at the system-wide conference "Advancing Publicly-Engaged Research, Teaching, and Learning to Address Society's Grand Challenges." More than 300 individuals from the University community attended this day-long conference.
- A set of engagement zones have been identified to provide targeted outreach efforts to particular neighborhoods surrounding the Twin Cities campus. Coordinators of this place-based initiative hosted a series of meetings between University faculty and community leaders to explore partnership opportunities to catalyze mutually beneficial research, courses, and other projects.

### Deepening the Culture of Outreach-focused Research

The University is meeting the "broader impacts," external partnerships, and community-engaged research requirements of funding agencies. The National Institutes of Health and the National Science Foundation are two agencies among others that are increasingly requiring that university-led research projects include external partners as research collaborators and that the expected societal impact of the research is fully explicated or demonstrated. In 2014, the Office for Public Engagement and Office of the Vice President for Research instituted a metric that captures the extent to which University research is outreach and community-engaged focused. The metric identifies the external stakeholder sector (health care agency, for-profit business, government agency, etc.) and the role(s) the external stakeholders play (e.g.,

co-investigator, research site, etc.). Over the last three years, more than \$400 million in extramural research funds have been garnered for community-partnered research efforts (Table 6-1). During fiscal year 2018, 425 funding proposals from across the system indicated an activity with the community or other outside entity, with the requested amount totaling more than \$270 million. Of these publicly engaged sponsored proposals, 36 percent are expected to be awarded funding totaling nearly \$68 million.

Significant progress has been made to enhance the scholarly value of outreach and engagement. Faculty and other scholars who work in units that have community outreach as a primary mission (i.e., Extension, Research and Outreach Centers, etc.) report that their community-engaged scholarship is highly valued and widely supported. However, scholars in units that have research and/or teaching as a primary mission have reported that their outreach-focused, community-engaged scholarship is not widely valued or sufficiently supported by promotion and tenure committees. To address this issue, the Office for Public Engagement and the Vice Provost for Faculty and Academic Affairs formed and launched the Internal Review Committee for Engaged Scholarship. This Twin Cities campus-wide committee, composed of tenured, community-engaged scholars from a variety of academic and professional disciplines, is now available to assist promotion and tenure committees in assessing the quality of community-engaged scholarship. The committee members will conduct a formal review of dossiers of the scholars who voluntarily submit their portfolios to the committee and produce a letter that assesses the quality of engaged scholarship, based on set of national standards and expectations for high quality scholarship produced through outreach and community engagement.

The value of community-engaged scholarship across the disciplines was also elevated through the establishment and launch of the system-wide

**Table 6-1. Publicly engaged sponsored research, training, and public service, fiscal years 2015–2018**

Proposals	Number	Total Proposed Budget
Submitted	1,772	\$1,157,573,685
Awarded	788	\$418,263,804

Source: Office for Public Engagement, University of Minnesota



Community-Engaged Scholar Directory (engagement.umn.edu/engaged-scholar-directory). This searchable directory profiles more than 400 scholars at the University who conduct community-engaged scholarship on a variety of issues and in partnership with various stakeholders. The database is searchable by college and topic of the community issues being addressed.

### **Expanding Community Outreach Opportunities for Students**

Community-engaged learning opportunities are increasingly integrated with students' academic curricula. Data from the Student Experience at the Research University (SERU) survey reveal that 85 percent of student respondents believe that opportunities to connect academic work with community-based learning experiences are important. During the 2017–2018 academic year, several efforts were made to expand opportunities for students to engage in a broad range of community-engaged learning experiences linked to academic programs, such as internships, service-learning, community-based research, study abroad, clinical practice, and social entrepreneurship. Through the efforts of the system-wide Public Engagement Council, an expansion of community-engaged learning opportunities for undergraduate students on the Twin Cities campus is currently being considered as part of the redesign of liberal education requirements. The explicit inclusion of internships, service-learning, community-based research, and study abroad in fulfillment of liberal education requirements will encourage more students to participate in publicly engaged educational experiences of their choosing.

Some departments and majors require students to complete an outreach or community-engaged learning experience. For example, undergraduate students in the College of Food, Agricultural and Natural Resource Sciences must complete an experiential learning experience, which often includes a community-based learning activities. Rochester students address health issues through a community-based, interdisciplinary service-learning experience situated in the community. Humphrey graduate students complete a community-based master's thesis that addresses a community-focused policy issue. Second-year medical students complete a community-

based service-learning experience to cultivate intercultural competence and professional skills. Dentistry students provide pro-bono dental services to areas across the state that have limited or no access to dental care services.

A systemwide community-engaged learning course attribute was instituted in 2016 to allow instructors to identify courses that include a community-engaged learning component. Instructors can use the attribute, which was developed in response to student interest, to spotlight community-engaged learning pedagogies in course descriptions. The attribute also helps students and academic units identify courses that contain community-engaged learning opportunities. In the past year, the attribute was used to identify 102 academic courses that engaged 7,228 students in service-learning, internships, study abroad, social entrepreneurship, and other community-engaged learning experiences.

### **Strengthening Community Partnerships and Collaborations**

Official mechanisms for gathering community input have been established on the Twin Cities campus. The campus is also improving community connections by expanding avenues for University-community communication and collaboration. The Public Engagement Council established a campus-wide Community Advisory Board composed of representatives from existing community advisory groups housed within engagement-focused units and centers. A representative from this board will serve as a full member of the Public Engagement Council and will give voice to the policy needs of various external stakeholder groups engaged in public engagement activities at the University. In addition, beginning in the 2018–2019 academic year, a member from the University's Community Oversight Board will serve as a voting member of the Public Engagement Council, allowing for a greater flow of information, data, and policy development between the Community Oversight Board and the Public Engagement Council on issues pertaining to community-partnered research.

Related to accounting and assessment, the Office for Public Engagement launched two online directories to better assist internal and external stakeholders in identifying partners for publicly engaged research,

teaching, and outreach opportunities. In addition to the Community-Engaged Scholars Directory referenced above, the University launched the Community-Campus Liaison Directory, which showcases more than 100 individuals from across the system who serve in a connecting role between various communities and the University. Both directories can be filtered by college/campus and societal issue, such as education, economic development, and rural development.

### Addressing Societal Issues through Outreach and Public Engagement

Publicly engaged research, teaching, and outreach initiatives enhance the University's capacity to produce research of significance, to improve educational experiences of students, and to be a source of knowledge and solutions for communities. With campuses located around the state—in thriving metropolitan areas and in rural regions with agricultural strengths and traditions—the University leverages the strength and location of each campus and the talents and passion of local communities to address a wide range of challenges, examples of which follow.

#### *Advancing Civic Leadership and Development*

- Ebooks Minnesota, a free online book sharing service managed by the **University of Minnesota Libraries**, experienced an 86 percent increase in readership during its second pilot year. Through April, out of 4,000 available ebooks in the collection, Minnesotans of all ages borrowed an ebook a total of 158,868 times. In 2017, Ebooks Minnesota for Schools was launched and in the first five months, a total of 35,695 ebooks were accessed by Minnesota schools.
- The **Neighborhood Leadership and Organizing Program**, facilitated by the Center for Urban and Regional Affairs, builds the capacity of residents and place-based organizations to successfully take on local concerns by developing the skills of their organizers and leaders through trainings, support, and strategic partnership building. Over the past academic year, 13 trainings were held for 210 attendees.
- The College of Continuing and Professional Studies' affiliate program, the **Osher Lifelong Learning Institute** (OLLI), selects 20 University

graduate students or postdocs annually to teach courses in their area of expertise to senior citizen members. The majority of these individuals, called OLLI Scholars, are international students who often teach about their home countries, resulting in increased international awareness for senior citizen participants.

#### *Furthering Economic and Community Development*

- Duluth's **Center for Economic Development** (CED) works to strengthen the viability of the Duluth region as a recognized leader in small business development. CED's Student to Business Initiative Program is an educational program for UMD students while also acting as a technical assistance program for businesses and organizations to grow by providing custom-fit market research and tools that might otherwise be out of reach for small to mid-sized businesses. Participating businesses can use this data to make informed strategic growth decisions. During spring 2018, 177 students and 28 businesses participated.
- Extension's **Center for Community Vitality** hosted a daylong symposium on Minnesota's workforce for researchers, scholars, and staff. The symposium connected Extension to research and scholarship that can help address issues related to workforce attraction and retention for the state's employers and economic development leaders.
- The **Department of Design, Housing, and Apparel**—in partnership with the Fort Road Federation and the St. Paul Mayor's Advisory Committee on Aging—developed a questionnaire to obtain resident responses about housing challenges in the West 7th neighborhood of St. Paul. Over 250 responses have been received and analysis is underway. The findings from the research will inform the community's ten-year plan.
- Since the 2015 passage of the state's Cottage Food Exemption, which allows Minnesota residents to manufacture and store foods in an unlicensed kitchen, Extension's **Food Safety Team** has helped to provide critical training to entrepreneurs. To expand training, an online course was developed in 2017. Combined with twelve in-person courses, the Food Safety Team trained 279 food entrepreneurs.

## *Improving the Environment and Fostering Sustainability*

- Two hundred volunteers participated in Extension's inaugural **Starry Trek**. Volunteers were trained to identify Starry stonewort, an invasive algae found in ten Minnesota lakes. Volunteers searched 178 lakes statewide and as a result, identified one new finding which allows the Minnesota Department of Natural Resources to take action quickly.
- The **Institute on the Environment**, through Acara Impact Entrepreneurship, taught 195 students how to develop interdisciplinary solutions to environmental problems and funded the launch of eleven of these solutions in Minnesota, Uganda, India, Haiti, Nicaragua, Columbia, Peru, and Finland.
- The **Technical Assistance Program** (MnTAP) is matching third- and fourth-year college student interns with long-term projects to reduce waste and improve efficiency at local businesses and municipalities. Participating students spend the summer using knowledge of engineering and environmental health to develop real-world conservation strategies that help prevent pollution, reduce energy consumption, and raise profits. During Summer 2017, 17 interns were placed across the state and since the program's inception in 1985, MnTAP interns have saved sponsoring organizations over \$10.5 million.
- Extension's **Regional Sustainable Development Partnerships** (RSDP) brought together 345 partners on 122 community-driven sustainability projects across Minnesota working on issues ranging from water quality, to local foods and supply chains, to clean energy and economic development. In addition, RSDP has launched a story map of 124 supported community projects across greater Minnesota. The digital map is searchable by region or sustainability focus area and provides information on each of RSDP's community-based projects across the state.
- The **Natural Capital Project**, in partnership with the Minnesota Department of Health, has created a story map called *The True Value of Water: Drinking Water Protection in Minnesota*. The interactive website aims to build a deeper

understanding of the complexity of drinking water issues in Minnesota, drawing on data from state agencies and firsthand accounts from the Minnesota Rural Water Association. In addition, over 200 individuals from federal and state agencies participated in workshops offered by the Natural Capital Project on topics ranging from continental-scale monarch conservation planning, to aquatic species management in Minnesota, to the value of natural capital on golf courses with the U.S. Golf Association.

- Extension's **Natural Resources Team** recruits, trains, and supports Minnesotans who volunteer for citizen science projects statewide. In 2017, 1,295 volunteers reported a total of 85,369 service hours to statewide environmental stewardship with an impact on 1,044,809 acres.
- As a student-led initiative, the **Engineers Without Borders** chapter develops students as humanitarians, engineers, and leaders. Working primarily on issues of water access, the program is currently partnering with communities in Guatemala and Ethiopia to design and implement water access solutions such as drip irrigation systems and harvesting rainwater.

## *Ensuring Equity and Diversity*

- The Center for Urban and Regional Affairs' **Artist and Neighborhood Partnership Initiative** programs offers technical assistance and small grants to individual artists and community-based, neighborhood-based, and other place-based organizations to increase engagement, power, and influence of community members affected by racial, social, and economic disparities. This year, 13 grants were awarded.
- The Healthy Food, Healthy Lives Institute and the Shakopee Mdewakanton Sioux Community co-hosted the second annual conference on Native American Nutrition in September 2017. The conference brought together tribal officials, researchers, practitioners, and community leaders to discuss the current state of indigenous and academic scientific knowledge about Native nutrition and food science and how the various stakeholders can work together on future projects. The 500 conference participants came from 37

states, four Canadian provinces, as well as Mexico and New Zealand; 60 percent of attendees were Native American, representing dozens of tribes.

- The **Immigrant Stories** project, coordinated by the Immigration History Research Center, has collected over 300 stories representing more than 50 different communities from recent immigrants and refugees. An expansion plan was developed as part of a \$320,000 National Endowment for the Humanities grant, which will engage the center in partnerships to take these efforts to other regions of the country through its innovative story-making.
- The Center for Urban and Regional Affairs' **Neighborhood Leadership and Organizing** program builds the capacity of residents and place-based organizations to take on local concerns by developing the skills of their organizers and leaders through trainings, support, and strategic partnership building. The program held 20 trainings this year with more than 140 attendees.
- The College of Design hosted the **Building Bridges to Design Careers** workshop and summer camp for underrepresented students of color. The programming offered daily exercises about design, three-dimensional modeling, and digital fabrication and their intersection with math and science for 40 students grades K–12.
- A researcher with the **Center for Urban and Regional Affairs** represented the University as a panelist for a federal congressional briefing entitled “Children and Families Facing Eviction.” University community-engaged research on urban housing, community economic development, and race and gender data were brought to a conversation that examined cross-sector solutions for instability caused by eviction.

#### *Addressing Food and Agricultural Concerns*

- The **Healthy Foods, Healthy Lives Institute** supported twelve new, interdisciplinary teams with \$440,000 from the Community-University Partnership Grant Program, the University Faculty Research Program, and the Graduate and Professional Research Grant Program. Team projects ranged from creative approaches to healthy food incentives for North Minneapolis

retailers to neuroinflammatory biomarkers in obesity and cognitive decline.

- To help communities better understand the impact of large-scale shrimp aquaculture in southwest Minnesota, the Extension **Center for Community Vitality** measured the potential economic impact of a shrimp harbor. The calculated economic impact was \$48.3 million during construction and \$23.7 million during operation. The study convinced the Minnesota legislature to support the aquaculture industry and the city of Luverne gave 60 acres of land to the project valued at \$382,560.
- Through the **Center for Agriculture, Food and Natural Resources**, Extension held 55 Pesticide Safety Education Recertification Workshops for 1,790 attendees across the state. Based on the workshop evaluation, 95 percent of people indicated they were more likely to read pesticide labels before use—a key behavior in protecting people and the environment and for effective pest management.
- In the past year, 2,342 **Master Gardener** volunteers provided 145,134 volunteer hours in 79 counties throughout Minnesota. The Master Gardeners installed 14 rain gardens for 26,310 square footage, installed 45 pollinator gardens for 17,886 square footage, were involved with 188 community gardens, donated 43,379 pounds of produce to food banks and pantries, worked with 103 school-based gardens, and assisted with landscaping at 40 Habitat for Humanity homes.
- Farmers participating in marketing groups coordinated by **Extension** averaged 5 cents per corn bushel more than farming peers and 24 cents per soybean bushels. This increase has meant a total average increase for participating farmers of nearly \$10,000 over their peers.

#### *Improving Health, Medicine, and Well-Being*

- All senior-level students in the **School of Dentistry** are required to spend approximately ten weeks of their training in outreach clinics. The University has 15 outreach clinics; eleven in Minnesota, three in South Dakota, and one in North Dakota. In the last ten years, students have reported producing over \$43 million worth of dental services in outreach clinics.



- The **College of Veterinary Medicine** signed a Memorandum of Agreement with the Global Food-and-mouth Disease Research Alliance (GFRA), a worldwide alliance of research institutions, including the World Animal Health Organization and United Nations Food and Agriculture Organization. The goal of the alliance is to control the disease worldwide, to contribute to the economic and social development of countries worldwide, and to protect the agricultural sector of developed economies. The University is the only higher education institution in North America that has been recognized with the highest level of membership with the alliance.
- The 2018 **Summer Institute in Adolescent Health**—a partnership between the School of Nursing's Center for Adolescent Health, the Medical School's Prevention Research Center, the Minnesota Department of Health, and the Minnesota Department of Education—focused on adolescent health and technology use. The institute brought together over 50 researchers and practitioners for three days to explore how professionals and parents can promote the healthy use of technology for teens, creating a balance of both exposure and access.
- The College of Pharmacy, in partnership with Fairview Pharmacy services, was chosen to participate in Community Management of Medication Complexity Innovation Lab, a multisite demonstration that identifies and tests community-based strategies to improve medication safety for people with complex health and social needs.
- The Center for Bioethics hosted their biannual Mini Bioethics Academy series in the fall and spring. Over 50 people participated in the fall series which ranged from topics of meaningful work, food justice, and healthcare's environmental responsibility. In the spring series, which focused on opioids, 100 people attended to learn about the ethical issues of opioid addiction. In the late spring the center also hosted a cross-disciplinary forum on ethics of climate change in which over 50 people from public, private, and nonprofit sectors attended.

#### *Deepening Interdisciplinary Collaborations through Public Engagement*

- Juniors and seniors on the Rochester campus participated in the **Community Collaboratory (CoLab)**, through which students take part in a project to improve the quality of life in Southeastern Minnesota and contribute to meaningful partnerships between the Rochester campus and the surrounding community. The campus has developed strong ties with local public, private, and nonprofit organizations, the Somalia Rebuild Organization, where students tutor Somali youth; Family Services Rochester, where students spend time with elderly community members; and Olmstead County Public Health, where students assist with community health needs assessment and health improvement plans.
- A series of research projects underway since the early 2000s have culminated in a pavement design package that will enable cities, counties, and the state to build more financially effective roadways. More than 50 individuals contributed to these projects and included expertise from the University's **College of Science and Engineering** and the **College of Food, Agricultural, and Natural Resources Sciences**, the Minnesota Department of Transportation, the Minnesota Local Road Research Board, and Jackson, Lincoln, and Polk counties. In addition, these projects were supported by private-sector expertise.
- Each year the **Center for Integrative Leadership** invites a small number of highly accomplished leaders from the private sector, academia, government, and the non-profit sector to be Executive Leadership Fellows. Fellows bring their expertise to the center and the University and, in turn, benefit from being a part of the University community. Currently there are six fellows representing Friends of the Mississippi River, Minnesota Historical Society, Interfaith Outreach and Community Partners, University of Minnesota, Civic Consulting Minnesota, and Navega Strategies, LLC.
- The **Resilient Communities Project** partnered with the City of Ramsey on 21 projects on issues ranging from lifecycle housing and economic development to historic preservation and natural

resource management. Projects were matched with 20 courses across 16 academic departments, providing more than 275 students with engaged, experiential learning opportunities.

- The **Robert J. Jones Urban Research and Outreach Engagement Center (UROC)** has vital partnerships between the University and North Minneapolis to advance learning, improve quality of life, and discover breakthrough solutions to urban-based critical issues. During 2017–2018, UROC completed 61 research projects, involving over 100 community partners, 77 faculty partners, 115 University staff members, and 349 students. These projects addressed issues pertaining to education and lifelong learning, health and wellness, and economic development and community development. In addition, UROC initiated pilot projects around a North Minneapolis transportation shuttle and a departmental-community engagement model known as Neighborhood U.
- The Center for Urban and Regional Affairs facilitated the **Community Geographic Information Systems** program, a walk-in technical assistance center providing mapping services, data analysis, and GIS training opportunities to neighborhood groups, community-based organizations, and other nonprofits in the Twin Cities metro area and Greater Minnesota. The program produced 175 maps for 47 different organizations, totaling 65 separate projects.
- The **Minnesota Evaluation Studies Institute** launched *A Field Guide to Ripple Effects Mapping*, a new e-book published by **University of Minnesota Libraries** that focuses on the emerging evaluation technique of Ripple Effects Mapping. This participatory data collection method is design to capture the impact of complex programs and collaborative processes and has been used to strengthen evaluation of community-university partnerships and other community-engaged programs in higher education.

#### *Addressing Critical Issues for Youth and Education*

- **Ramp-Up to Readiness** continued to partner with middle and high schools to establish school-wide programs designed to help prepare students for postsecondary success. The program, run

by the College Readiness Consortium, leads students through a research-based sequence of activities and workshops that prepares them for postsecondary success. Over 125,000 students in 232 schools in ten states (Minnesota, Wisconsin, North Dakota, Michigan, Connecticut, Ohio, Oregon, Kansas, Texas, and Utah) are being served by the program.

- Extension's **Center for Youth Development** engaged 69,000 students and 11,000 adult volunteers to carry out school-time youth programs across Minnesota, working on issues related to youth leadership/civic engagement, STEM, agriculture, and educational pathways. In addition, the Center partnered with a Somali-American-youth-serving organization to develop and deliver three yearlong youth programs in the Twin Cities, reaching Somali immigrant and refugee youth and families with programming related to STEAM; and partnered with White Earth, Upper and Lower Sioux tribal communities and American Indian Magnet School (St. Paul) to offer youth development programming on indigenous culture preservation, natural resources, and youth leadership.
- In the past year, **Path to Reading Excellence in School Sites (PRESS)**—a framework for data-driven decision-making and interventions in elementary reading—provided professional learning workshops to over 2,000 educators at districts across Minnesota, Wisconsin, Iowa, and California. In addition, nearly 300 educators attended PRESS workshops at the University to learn and implement the framework.
- The inaugural **Northern Great Plains Youth Institute** was held on the Crookston campus in May. The institute, an official World Food Prize event, is an opportunity for high school students to engage with local leaders and experts on critical global challenges. The student participants presented their research and recommendations on ways to solve key global challenges with statewide experts and took part in several workshops at the University. All participating students were recognized as Borlaug Scholars, making them eligible for scholarships to attend the University of Minnesota Crookston.

- The **Institute for Global Studies** offered twelve workshops and two two-week institutes for K–12 educators providing professional development on global topics to 216 teachers. In addition, a partnership with Boston University’s African Studies Center resulted in the University of Minnesota traveling with twelve teachers from across the United States to Madagascar to write curriculum related to global studies.
- Through a partnership between the **College of Liberal Arts (CLA)** and the Minnesota Historical Society, more than 27,000 K–12 students participated in Minnesota History Day. CLA hosted more than 1,300 students and their parents and provided 65 undergraduate History Day Mentors to more than 700 students in Minneapolis, St. Paul, and surrounding suburbs to assist with History Day projects. In addition, more than 2,000 students toured Wilson Library.
- The College of Education and Human Development’s **Individual Growth and Development Indicators Lab** received a \$400,000, two-year grant from the Institute for Education Services to explore, understand, and document Hmong language development in partnership with St. Paul Public Schools. The research will be used by educators to assess Hmong preschool children’s early language and literacy skills. Over the last decade the lab has secured over \$5 million in funding for similar projects.
- Through their courses, students from the **College of Design** have been partnering with St. Paul’s Bruce Vento Elementary School to explore what impact the school’s interior learning environment has on students’ well-being. The partnership has led to a University of Minnesota designed calming room that uses interactive features and minimalistic visual design to relax students.
- The **College of Education and Human Development**’s school partner network convened 53 school partners, five school district-based employees, and 55 University faculty and staff to improve teacher prep and student learning. The event featured a keynote presentation by Minnesota’s 2017 Teacher of the Year and a session on mindfulness in the classroom with

teachers from Minneapolis Public Schools.

The school partner network provides a space to improve P–12 student learning and engagement, mentor new teachers, connect initiatives and resources, and engage in joint continuous improvement. The network is part of the Teacher Education Redesign Initiative sponsored by the Archibald Bush Foundation.

- Supported by the **Department of Gender, Women, and Sexuality Studies**, the Minnesota Youth Story Squad, which works with youth to help them tell their stories, trained 13 new undergraduate interns to deliver digital story curriculum to 200 eighth graders in Minneapolis Public Schools. Several of the digital stories that were created were shown at their graduation ceremony at Northrop, which was hosted by the College of Liberal Arts.
- Integrated Science Education Outreach (InSciEd Out) is a partnership between the Mayo Clinic and the **College of Biological Sciences**, committed to rebuilding pre-K–12 science education. InSciEd Out trains educators to offer engaging science class activities and curriculum to their students, while helping students envision their future in a STEM-related career. The program hosted its first annual poster session in collaboration with undergraduate students from the Foundations of Biology course. Elementary and middle school students were able to share their research with college students and learn about undergraduate research opportunities.

These selected examples represent only a small portion the University addresses through community-partnered research, teaching, and outreach. For a more complete list visit [engagement.umn.edu](http://engagement.umn.edu).



# Operational Excellence: Faculty and Staff

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



## Introduction

The University of Minnesota's outstanding faculty and staff are its most valuable asset and the key to achieving its mission of teaching, research, and community outreach. Providing world-class services for a world-class University depends on recruiting and retaining talent of the highest caliber.

With more than 25,000 employees throughout Minnesota, the University is the state's fifth-largest employer, generating more than \$8.6 billion a year in economic activity to the state of Minnesota—including supporting more than 77,000 jobs and providing more than \$470 million in state taxes. Employees account for about 62 percent of the University's total spending, making them by far the institution's most important resource. The University is committed to providing its faculty and staff with competitive compensation, benefits, development opportunities, and a supportive work environment to help them achieve the University's goals. This is reflected in the University's employee value proposition: "You're driven to change the world. We're here to support you." This year marked the second time since 2015 that *Forbes* recognized the University as one of America's Best Employers.

## A Highly Engaged Faculty and Staff

Creating a culture in which employees are fully engaged in their work benefits both the organization and the individual employee. University leaders see employee engagement as key to attracting and retaining top talent, while also aligning faculty and staff efforts in support of the University's mission. A highly engaged workplace fosters collaboration and innovation, removes barriers to employees completing their work, and supports resilience, efficiency, well-being, and high performance.

The University launched a research-based program in 2013 to measure and improve faculty and staff engagement. The program, now in its fifth year, includes an employee engagement survey administered every two years to over 18,000 faculty and staff on all five campuses. The survey measures two drivers of engagement: 1) commitment and

dedication, and 2) effective environment. The results of each survey are shared with leaders and managers in every unit and department, and action plans are developed to improve areas of opportunity.

Participation in the Employee Engagement Survey is one of the gold measures on the University's **Progress Card**, and the response rate for both staff and faculty continues to grow. In the most recent survey, conducted in 2017, 74 percent of staff and 62 percent of faculty participated for an overall rate of 71 percent, a new high. The Board of Regents established a target of 72 percent overall participation by 2021.

Engagement results from 2017 continue to show very high levels of faculty and staff commitment and dedication that exceed the levels of many top-performing private companies worldwide. In the 2017 survey, 87 percent of staff and 83 percent of faculty agreed with the statement "I feel proud to work for the University of Minnesota." Employees continue to feel motivated to go beyond their day-to-day job responsibilities. Faculty and staff experience the University as a respectful and empowering environment, according to past survey results.

The survey data isn't just collected—it is acted on. Every department in the University system receives results specific to their unit, showing how their employees responded to dozens of detailed questions. Managers are encouraged to focus on areas to improve and to share their most effective ideas for increasing engagement. Colleges and units have appointed engagement leads who participate in an ongoing community of practice where they can gather insights and ideas from colleagues across the University.

The University's engagement program is one of the most robust among higher education institutions in the United States. What makes it unique is the focus on taking action to advance collective priorities based on faculty and staff input, the high level of faculty involvement in advancing engagement, and the direct connection between employee engagement and leadership development efforts. Employee engagement processes and results have been presented nationally and internationally to human resource academics and practitioners from other colleges and universities.

### National and International Faculty Recognition

The University actively promotes distinguished faculty as they compete for national and international research and teaching awards. In cooperation with faculty members, previous award winners, and senior leadership, efforts are being made to:

- understand and communicate the nomination procedures for the most prestigious national awards;
- form partnerships with deans and chairs to identify strong candidates, as well as potential nominators;
- identify a broad spectrum of prestigious academic awards and the faculty who have received them;
- analyze career trajectories of faculty members who may be poised for major awards;
- actively support nominators and candidates during the application processes; and
- advocate appropriately on behalf of University nominees.

The research, teaching, and service of University faculty are celebrated through research professorships, institutional teaching awards, and recognition of various types of institutional service. Faculty also continue to garner considerable recognition for their scholarly pursuits (**Progress Card Measure**).

Since 2012, faculty have been recognized in many major academic award categories, including the Andrew Carnegie Fellowships (two), the American Academy of Arts and Sciences (ten), of the American Association for the Advancement of Science fellows (nineteen), Guggenheim Fellowships (nine), the National Academy of Engineering (five), the National Academy of Medicine (two), the National Academy of Public Administration (four), and the National Academy of Sciences (five).

In 2017, Giancarlo Casale (history) received a New Directions Fellowship from the Andrew W. Mellon Foundation. David Tilman (ecology, evolution and behavior) was elected a foreign member of the Royal Society of London. Anand Gopinath (electrical and computer engineering) was awarded the 2017 Microwave Application Award of the IEEE Microwave Theory and Techniques Society. Deborah Swackhamer was awarded the Warren A. Hall medal by the

Universities Council on Water Resources. Apostolos Georgopoulos (neuroscience) was awarded the American Legion Distinguished Service Medal. The National Medal for Museum and Library Service was awarded to the University Libraries and the School of Nursing received the 2017 Health Professions Higher Education Excellence in Diversity Award.

In 2018, for the third consecutive year, the School of Nursing was recognized with the Health Professions Higher Education Excellence in Diversity Award from INSIGHT Into Diversity Magazine. Shaden Tageldin, associate professor of Cultural Studies and Comparative Literature and director of the African Studies Initiative, was awarded a National Endowment for the Humanities Fellowship for 2019. Robert Vince, director of the Center for Drug Design was named a fellow of the National Academy of Inventors. John Bryson, public affairs, received the H. George Frederickson Award from the Public Management Research Association. Michael Osterholm, public health, was selected by the U.S. Department of State as one of five 2018 U.S. Science Envoys. Stephen Shuman, dentistry, was named a fellow by the Gerontological Society of America. Associate Professor Casey Hooke was selected as a fellow to the American Academy of Nursing. Mechanical Engineering Professor Uwe Kortshagen was elected as a fellow of the American Physical Society. Kinesiology professor Diane Wiese-Bjornstal was named a fellow by the National Academy of Kinesiology.

## An Emphasis on Diversity and Inclusion

The University has made a strong commitment to building a workforce that reflects the diversity of our community. Increasing diversity is a top priority of the University, and one explicitly outlined in the Twin Cities campus strategic plan. In 2018, the University was named by *Forbes* as one of America's Best Employers for Diversity. More than 50 "Campus Climate" initiatives and projects across the University and in individual colleges and departments are devoted to promoting diversity, understanding, and inclusiveness on all campuses. Selected programs include:

- **Interdepartmental collaboration:** The University's Office for Equity and Diversity (OED), the Office of Human Resources (OHR), and the Office of the Executive Vice President and Provost have been working together to expand the efforts to attract diverse candidates to join the faculty and staff.
- **Increasing diversity of hiring pools:** OED and OHR are working closely with units and colleges to boost the diversity of hiring pools, especially for student-facing positions. OHR and OED are also leading a pilot program with University Services and the Office of Information Technology to diversify applicant pools for entry-level, mid-level, and leadership positions.
- **Implicit bias training for faculty and staff involved in hiring decisions:** The Implicit Bias Education Program is jointly sponsored by the Office for Equity and Diversity, the Office of the Executive Vice President and Provost, the Graduate School, the Office of Human Resources, and the Office of Admissions. 2017–2018 trainings include “Identifying & Challenging Implicit Bias” workshops for faculty involved in search committees and making graduate program admission decisions.
- **Diversity Community of Practice:** This grassroots community of faculty and staff from collegiate units across the Twin Cities campus meets monthly to create innovative strategies for meeting equity and diversity goals on the Twin Cities campus.
- **Institute for Diversity, Equity, and Advocacy (IDEA):** IDEA is an intercollegiate effort to recruit and retain faculty of color on the Twin Cities campus by building scholarly collaborations, mentoring, and personal and professional connections across disciplines.
- **Support of diverse groups on campus:** OED and OHR financially support staff and faculty cultural affinity groups, such as the Black Faculty & Staff Association, Latino/a Faculty & Staff Association, University Women of Color, and Pride at Work. The affinity groups help in networking and recruiting job candidates and in retaining top talent at the University..

- **Diversity recruiters:** OHR has hired six talent acquisition professionals who help to identify and recruit diverse candidates.

## Leadership Training for Faculty and Staff

The Leadership and Talent Development (LTD) department in the Office of Human Resources delivers systemwide programs based on research and best practices that are tailored to meet the needs of University faculty, staff, and human resource professionals. LTD programs increase leadership capacity and skills critical to lead at the University and to meet University, college, and departmental goals.

In the 2017–2018 fiscal year, LTD's leadership courses drew more than 2,000 participants. Programs include:

- “Leading on All Levels,” an in-person cohort program for individual contributors.
- “Leadership Essentials,” an intensive four-day course for supervisors to strengthen core leadership skills.
- “Supervisory Development Course,” a flexible online and on-demand course for supervisors across the University that covers areas such as “Feedback and Coaching,” “Managing Conflict,” and “Leading Teams.”

### Faculty and Academic Leadership Development

Professional development opportunities and support for faculty throughout their careers are essential to fostering a workforce that is engaged, connected, thriving, and achieving. To that end, the University provides a number of programs and initiatives designed to ensure faculty and instructional staff have opportunities to learn, grow, and advance.

The **Center for Educational Innovation** is a systemwide center that supports effective delivery of instruction across the spectrum from face-to-face to massively online (MOOCs) at all levels of instruction offered at the University. The Center has three high-level goals: 1) a coordinated service model to ensure that instructional support resources support institutional priorities; 2) alignment of academic technology investments and academic priorities; and 3) clarification of the University's strategy for

curricular innovation. Center staff work with faculty and academic units to advance curricular innovation through centrally and locally funded initiatives, workshops, and consultations with faculty.

Academic chairs and heads—department executive officers—also play a critical role in establishing and nurturing a productive working environment for their faculty and staff. The University offers a comprehensive, full-year **Provost's Leadership Program for Academic Chairs and Heads**, specifically targeting new chairs and heads and focused on mentoring faculty and staff, handling student issues, and addressing diversity and faculty life-course issues. “**Talking Heads**” is a leadership development initiative for department executive officers in which chairs and heads meet regularly to share best practices and learn about key leadership challenges across the University.

The University also holds workshops for chairs and heads on a wide variety of topics, including promotion and tenure, post-tenure review, annual reviews of faculty, and climate and sexual misconduct to ensure that these leaders are knowledgeable about policies and procedures.

In addition, the University has greatly expanded its participation in the **Big Ten Academic Leadership Program**, sponsored by the Big Ten Academic Alliance. University faculty participants in this program meet with a wide range of University leaders to discuss paths to leadership, roles of administrative offices, and decision-making. These meetings supplement three weekend seminars. The **Women's Faculty Cabinet** provides leadership to improve and enrich the academic and professional environments for women faculty on the Twin Cities campus. The cabinet recommends and responds to University policies affecting women faculty and promotes the University's efforts in recruiting, mentoring, and retaining women faculty.

## An Employer of Choice

The University is committed to attracting and retaining talented faculty and staff with competitive salaries and benefits, challenging and rewarding work, clear paths for advancement, a comprehensive compensation package, and a strong emphasis on

health and wellbeing. The University strives to maintain a compensation package that is competitive with peers and labor markets, as directed by the Board of Regents. At the same time, compensation must be balanced with the University's overall need for cost containment and efficiency. The portion of the University's total budget spent on compensation has remained relatively stable (roughly 61 to 62 percent) since 2009.

### Comprehensive, Affordable, and Competitive Health Benefits

The University's self-insured health program, UPlan, provides a full complement of medical and dental benefits to more than 19,000 enrolled employees and more than 39,000 total members, including family members.

The University aggressively manages its health benefits costs by focusing on value: cost-effective care that is responsive, comprehensive, error-free, and high-quality. Health benefits management strategies include:

- self-insuring with UPlan;
- negotiating with vendors for cost savings and establishing performance guarantees;
- managing pharmacy costs through increased generic-drug usage;
- guiding members to the most efficient and effective networks, such as Accountable Care Organizations (ACO)—a low-cost, narrow-network plan emphasizing outcomes rather than fees for service; and
- promoting an award-winning Wellbeing program.

Because the University has effectively managed medical costs, UPlan costs have been significantly below the national health care trend in four out of the last five years, including projected costs through 2018.

### Wellbeing Program

For more than ten years, the University has offered an extensive Wellbeing Program to increase the health, fitness, emotional, and overall wellbeing of its faculty and staff on all of its campuses. The program has been very well received by employees, and the University

continually looks for ways to enhance its offerings. By participating in the University-sponsored Wellbeing Program, employees in the 2017–2018 program year can earn points that translate into \$500 to \$750 in savings on their insurance premiums for calendar year 2019. Wellbeing programs include health assessments, fitness, health coaching, and programs to encourage healthy habits, manage weight, live with chronic illness, and reduce stress.

In the most recent program year, which ended in 2017, the Wellbeing Program achieved these performance milestones:

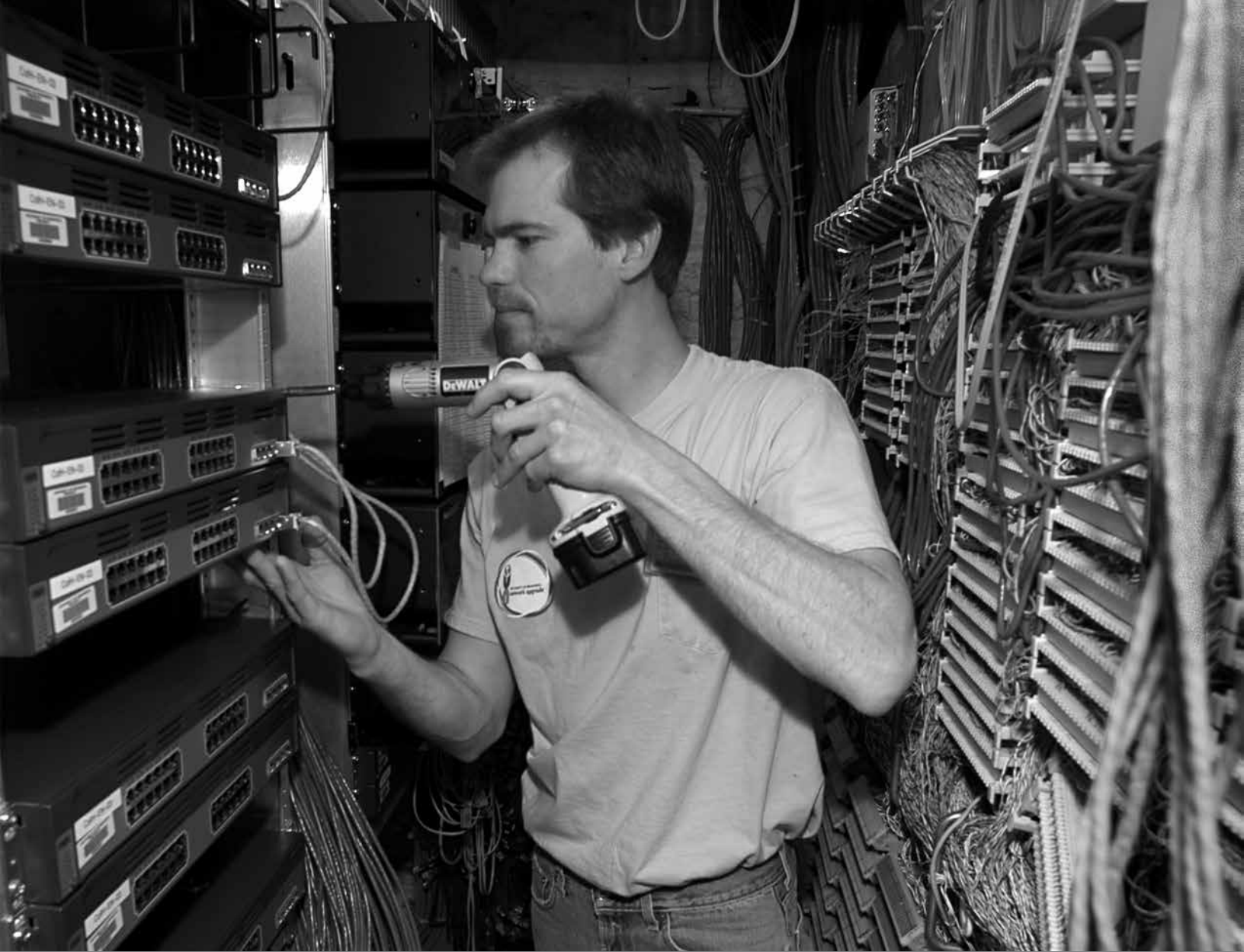
- 65 percent of University employees took part in the program; 41 percent finished.
- 41 percent of participants increased their activities over the previous year.
- 92 percent were satisfied with their health coaches.
- Employees who participated in phone health coaching saw their health risks shrink by 10.3 percent in the last program year—almost four times the rate of those who didn’t have a coach.

The University Wellbeing Program outperforms other universities and large employers. Benchmark research conducted by the Health Enhancement Research Organization gave the University a score of 157 compared to a score of 109 for other universities and 105 on average for companies with more than 5,000 employees. The criteria for scoring included strategic planning, organizational support, programs, participation strategies, and evaluation.

## Community Fund Drive

University employees believe in giving back to their community. The annual Community Fund Drive, an employee-run campaign to raise funds for local nonprofit organizations, has been a University tradition since 1931. In the 2017 campaign on the Twin Cities campus, 31 percent of employees participated and contributed \$1.45 million for local federations and nonprofits. In the last 20 years the drive has raised more than \$20 million for worthy causes in Minnesota. The University works with seven nonprofit federations representing nearly 500 organizations: the Greater Twin Cities United Way, Community Health Charities of Minnesota, Open Your Heart to the Hungry and Homeless, United Negro College Fund, Minnesota Environmental Fund, Community Shares Minnesota, and the University of Minnesota Foundation. Giving back is itself a component of wellbeing. Research shows the simple act of donating money or volunteering enhances wellbeing and can lead to improved psychological and physical health.





# Operational Excellence: Organization

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

## A Productive, Efficient Organization

The University's mission is delivered through its people and its space. After people, the construction, operation, and maintenance of the University's campuses represents the next largest share of University spending. Exceptional faculty and staff are free to do their best work when the campus is safe, the facilities are optimized, and operational efficiencies maximize resources available for direct mission. Stewarding the investments made by generations of students and their families—as well as state lawmakers, citizens, and donors—is a responsibility that University leaders take very seriously.

### Finance and Operations Restructuring

In 2016, the University aligned the four major operational units (Finance, Information Technology, Human Resources, and University Services) under a new position of Senior Vice President for Finance and Operations (SVP). As the University's chief financial officer and chief operating officer, the SVP leads the strategic financial and operational management of the institution. This meets the University's desire to have an effective, efficient, and fully integrated administrative infrastructure in support of the institution's academic, research, and outreach mission. Over the past two years, the SVP units have developed into a leadership team that works together to support the missions of the University.

### Lower Debt Financing Costs

During fiscal year 2018, the University advance refunded \$306.2 million of existing tax-exempt and taxable debt to take advantage of lower interest rates prior to the tax law change effective December 31, 2018. The weighted average interest rate obtained for the tax-exempt refinanced debt was 2.329 percent and for the taxable refinanced debt was 2.648 percent. As a result of the refinancing, the University will save \$28.6 million in interest costs over the remaining life of the refinanced bonds.

Additionally, the University obtained approval from the Board of Regents to expand its short-term borrowing capabilities by increasing the current

commercial paper (CP) program to a maximum size of \$400 million. This allows the University to issue CP Notes as needed to borrow short-term funds for capital projects during the construction period at very low short-term, variable rates that are lower than long-term fixed rates on bonds. The effect will lower overall capital financing costs on capital projects. In addition, a marginal increase in investment earnings during the construction period is anticipated because the University can invest its cash at slightly higher rates than what it pays on the CP issued. The first CP issuances under this program occurred in summer 2018.

### Bond Rating

In connection with the September 2017 bond issuance, the University received ratings (**Progress Card Measure**) from Moody's Investors Service (Moody's) and S&P Global Services (S&P), as follows:

- Moody's—Aa1, with stable outlook
  - The Aa1 rating reflects the University's excellent strategic positioning reflecting in strong student and research market positions and ample balance sheet reserves. The stable rating outlook reflects continued favorable student demand and research trends, growing tuition revenue, stable to improving operating cash flow and debt service coverage despite additional debt plans.
- S&P—AA, with stable outlook
  - The AA rating reflects their view of the University's 1) position as Minnesota's flagship research university and land-grant institution; 2) stable enrollment with rising freshman applicants and matriculants; 3) improved financial performance on an adjusted full-accrual basis; 4) manageable pro forma maximum annual debt service burden; and 5) favorable philanthropic support.
  - The stable outlook reflects their continued view that over the next two years, enrollment and demand trends will remain firm and its financial operating performance on an adjusted full-accrual basis will remain positive and become more robust.

## Travel & Employee Expense Reimbursement Processes

The University spends approximately \$63.7 million per year on travel related to sponsored research, intercollegiate athletics, study abroad programs, and other non-sponsored activities. Prudent management of travel costs, as well as tracking international travelers for “duty of care,” are key reasons why the University is implementing a new software tool for managing employees’ travel and employee expense reimbursements. The University conducted a pilot of the new system between March and the end of June 2018. Eleven major colleges and administrative units on the Twin Cities and Duluth campuses used the new system and job aids during the pilot, providing feedback on the new processes, tool, and materials. Metrics for the first ten weeks of the pilot included:

- 1,097 individuals accessed the system;
- 2,513 electronic expense reports were created, including 255 by faculty;
- 2,398 electronic expense reports were approved;
- 582 new UTravel credit cards have been issued;
- 61 percent of the overall spend has been through the new UTravel card; and
- 90 percent of expense reports have been created by the person incurring the expense rather than a delegate.

Feedback from the pilot has been used to inform decisions on the final configuration of the system, which is being released to the rest of the University beginning in fall 2018. Processes and tools have been redesigned to enhance efficiency, maximize the traveler experience, and create a scalable model for the entire University. The new system will be fully operational by the end of fiscal year 2019.

## Reallocation of Administrative Costs

The University internally reallocates resources to fund investments in higher priorities through its annual budgeting process. As a part of this work, President Kaler announced a goal to reallocate \$90 million in administrative expenses over six years beginning in fiscal year 2014 (**Progress Card Measure**). To make the goal measurable, the University became the first among its peer research universities to track

job categories and other operating costs to establish a measurable definition of annual “administrative costs.” As measured through the Cost Benchmarking Analysis, administrative costs consist of the annual combined costs for Leadership and Oversight; and Mission Support (staff and operating costs) and Facilities. From fiscal year 2014 through fiscal year 2018, the University reallocated \$79.1 million in administrative expenses (implemented and approved reallocations). To reach the \$90 million goal, the University plans to reallocate the final \$10.9 million in fiscal year 2019. Because of the University’s work to reduce costs and reinvest those dollars internally, the University has avoided or reduced costs to students and taxpayers. Over the last six years, tuition at the Twin Cities campus for Minnesota residents went up an annual average of just 1.2 percent. For the four campuses in greater Minnesota, the annual average tuition increase was just 0.4 percent.

## Enhanced Tools for Financial Analysis and Monitoring

Over the past several years, the University finance unit has developed several enhanced tools for analysis and monitoring of financial activity.

### *Cost Benchmarking*

The cost benchmarking analysis categorizes total University expenditures each fiscal year into one of four groups: Direct Mission, Student Aid, Mission Support & Facilities, and Leadership and Oversight. This analysis identifies personnel and non-personnel spending in each of these categories at the total University level and at the individual unit level, providing an understanding of how spending changes over time and the different spending profiles of the units. This analysis is also used to define and understand what is driving “administrative costs” (broadly defined as anything in the Mission Support & Facilities and the Leadership & Oversight categories) and to monitor this spending as a percent of the total over time. The management goal is to keep administrative costs down as a percent of the total and to focus new spending as much as possible in the direct mission category (**Progress Card Measure**).



### *Cost of Mission*

This analysis allocates 100 percent of University expenditures into the mission categories of Instruction, Research, and Public Service (auxiliary and student aid expenditures are identified separately) and then identifies which revenue sources support each of those missions. This is done at the all-University level and the unit level to provide a different perspective on the budget. Secondary or more specific levels of analysis flowing from this include the calculation of what each Twin Cities college or system campus is spending on instruction, what types of costs are driving that level of spending (which are unique to each college or campus), and what revenue sources are available to the different colleges and campuses to support instruction, research, and public service work.

### *Structural Imbalance Review*

This review helps predict and track structural imbalances in unit budgets. As part of the regular budget process, each unit's balances and annual revenues and expenditures (actual and budgeted) are reviewed in a way that helps identify situations in which recurring revenues are less than recurring expenditures. For units appearing to have such imbalances, staff focus on identifying the unit's specific budget challenges and solutions.

### **Enterprise Asset Management**

Maintaining and supporting the University's physical assets (**Progress Card Measure**) is the second largest cost (after compensation). Good information and workflow management are key to the optimal management of space allocation and utilization, campus planning, capital project management, leases and real estate, maintenance, and custodial work. To meet the continuing challenge of tighter budgets, caring for more complex and aging facilities, and integrating information to support better decision making, the University is in the implementation phase of an Enterprise Asset Management system. The new system is replacing dozens of unique and disconnected systems to better provide integrated and complete data to support meaningful decision-making about the lifecycle of physical assets (land, space, facilities, and equipment). The system will also provide the platform to manage the physical assets of the University in a

way that supports excellence in learning, discovery, and outreach and a positive campus experience for the next ten years.

### **Continued Diversification of the Twin Cities Energy Portfolio**

The University holds a goal of reducing greenhouse gas emissions by 50 percent by 2020 (**Progress Card Measure**). Progress in recent years has been made through recommissioning facilities, converting to LED lighting, and making long-term contracts with solar community gardens and Renewable Connect subscriptions with Xcel Energy. In the future, onsite solar PV arrays contribute to the diversification. The Main Energy Plant received final certification and entered service in November 2017. The plant operates 24/7, with a generating capacity of 22.8 mW of electricity and 272,000 pounds of steam per hour for the Twin Cities campus in Minneapolis. This technology makes use of the waste heat from the generation of electrical power resulting in efficiencies of up to 83 percent of the energy input. This system is more cost-effective (net savings of \$2+ million per year after debt service), reliable (provides redundancy to the existing southeast steam plant and Xcel Energy services), and sustainable (approximate net 12 percent reduction in carbon footprint) than before. Taken together, these initiatives have reduced the demand for traditional retail energy on the Twin Cities campus to just 39 percent.

### **Advancing Board of Regents' Housing Goals**

The Twin Cities campus undergraduate enrollment strategy calls for growth to between 31,000 and 32,000 students, with 90 percent of first-year students, 25 percent of second-year students, and ten percent of incoming transfer students to be living in University-managed housing. When this plan is realized in 2020, Housing and Residential Life will be prepared to support these goals. The University completed the purchase of Keeler Apartments in March 2018. These 160 beds had been master-leased since 2016, and will now be a permanent part of the housing portfolio. In addition, the renovation of Pioneer Hall and consolidation of Superblock dining facilities remains on track for a fall 2019 opening. Research shows that students who live in University housing

for their first year have higher GPAs and higher four-year graduation rates. When the Pioneer project is complete, Housing and Residential Life will have sufficient, high quality residence hall capacity for all first-year students who wish to live in University housing.

On the Duluth campus, work is underway on a long-range plan for University housing. This work, when complete, will identify phases for new facilities, strategic renovation, and removal of existing housing that has reached the end of its lifecycle. The plan will also inform timing of housing projects to meet current and expected student demand.

### **Advancements in Information Technology**

#### *Academic Technology*

The transition from the University's legacy course management system (Moodle) to Canvas, a state-of-the-art platform, continues this year. Canvas give instructors greater access to licensed, library-provided, open-education resource, and self-created course content and analytics. All of this contributes to the institution's understanding of how students learn in a digital classroom. The transition to Canvas is part of the University's membership in the Unizin consortium, a group of universities, including eight Big Ten institutions, that collaborate and share resources to adapt to the ever-changing digital learning landscape and incorporate new education technologies into their existing teaching and learning strategies.

#### *Two-Factor Authentication*

This year, the University is taking meaningful action to help protect students, faculty, staff, and systems by requiring Duo Security (two-factor authentication) at the University sign-in page.

The requirement, which is being rolled out over the course of twelve months beginning in November 2018, will help protect paychecks, financial aid, sensitive information, and more.

#### *Network and Cybersecurity Upgrade*

The multi-year upgrade and modernization of the University's legacy network (which was last upgraded in 2004) and cybersecurity tools continues. The initiative will increase network speed and capacity ten-fold, and employ threat-monitoring, log management, denial of service, and firewall technologies.

#### *Technology Portfolio*

The newly built Technology Portfolio aids information technology professionals and decision makers who are responsible for the adoption or purchase of technologies. The Portfolio offers use guidance, service delivery information, technical details, and more. To date, all technology services provided by the Office of Information Technology have been added to the Portfolio. This year, colleges and support units will add information on the technologies they provide.

# APPENDIX A: KEY DATA SOURCES AND WEB LINKS

## Key Data Sources

Association of American Universities Data Exchange	<a href="http://aaude.org">aaude.org</a>
Association of American Universities	<a href="http://www.aau.edu">www.aau.edu</a>
Association of Research Libraries	<a href="http://www.arl.org">www.arl.org</a>
Institute of International Education	<a href="http://www.iie.org">www.iie.org</a>
National Center for Education Statistics	<a href="http://nces.ed.gov/ipeds">nces.ed.gov/ipeds</a>
National Institutes of Health	<a href="http://www.nih.gov">www.nih.gov</a>
National Research Council	<a href="http://www.nationalacademies.org/nrc">www.nationalacademies.org/nrc</a>
National Science Foundation	<a href="http://www.nsf.gov">www.nsf.gov</a>

## University of Minnesota Campuses and Strategic Planning

Systemwide Strategic Vision	<a href="http://president.umn.edu/strategic-vision/system-wide">president.umn.edu/strategic-vision/system-wide</a>
Twin Cities Campus	<a href="http://twin-cities.umn.edu">twin-cities.umn.edu</a>
Strategic Plan	<a href="http://strategic-planning.umn.edu">strategic-planning.umn.edu</a>
Duluth Campus	<a href="http://d.umn.edu">d.umn.edu</a>
Strategic Plan	<a href="http://d.umn.edu/strategic-planning">d.umn.edu/strategic-planning</a>
Morris Campus	<a href="http://morris.umn.edu">morris.umn.edu</a>
Strategic Plan	<a href="http://digitalcommons.morris.umn.edu/camp_doc/11">digitalcommons.morris.umn.edu/camp_doc/11</a>
Crookston Campus	<a href="http://crk.umn.edu">crk.umn.edu</a>
Strategic Plan	<a href="http://crk.umn.edu/strategic-planning">crk.umn.edu/strategic-planning</a>
Rochester Campus	<a href="http://r.umn.edu">r.umn.edu</a>

## University of Minnesota Administrative and Academic Units

Academic Health Center	<a href="http://health.umn.edu">health.umn.edu</a>
Board of Regents	<a href="http://regents.umn.edu">regents.umn.edu</a>
Controller's Office	<a href="http://controller.umn.edu">controller.umn.edu</a>
Global Programs & Strategy Alliance	<a href="http://global.umn.edu">global.umn.edu</a>
Graduate School	<a href="http://grad.umn.edu">grad.umn.edu</a>
Office for Equity and Diversity	<a href="http://diversity.umn.edu">diversity.umn.edu</a>
Office for Public Engagement	<a href="http://engagement.umn.edu">engagement.umn.edu</a>

## University of Minnesota Links, Continued

Office for Student Affairs	<a href="http://osa.umn.edu">osa.umn.edu</a>
Office of Budget and Finance	<a href="http://finance.umn.edu">finance.umn.edu</a>
Office of the Executive Vice President and Provost	<a href="http://provost.umn.edu">provost.umn.edu</a>
Office of Institutional Research	<a href="http://oir.umn.edu">oir.umn.edu</a>
Office of the President	<a href="http://president.umn.edu">president.umn.edu</a>
Office of University Relations	<a href="http://university-relations.umn.edu">university-relations.umn.edu</a>
Office of Vice President for Research	<a href="http://research.umn.edu">research.umn.edu</a>
Research and Outreach Centers	
North Central Center at Grand Rapids	<a href="http://ncroc.cfans.umn.edu">ncroc.cfans.umn.edu</a>
Northwest Center at Crookston	<a href="http://nwroc.umn.edu">nwroc.umn.edu</a>
Southern Center at Waseca	<a href="http://sroc.cfans.umn.edu">sroc.cfans.umn.edu</a>
Southwest Center at Lamberton	<a href="http://swroc.cfans.umn.edu">swroc.cfans.umn.edu</a>
UMore Park at Rosemount	<a href="http://www.umorepark.umn.edu">www.umorepark.umn.edu</a>
Robert J. Jones Urban Research and Outreach-Engagement Center	<a href="http://uroc.umn.edu">uroc.umn.edu</a>
West Central Center at Morris	<a href="http://wcroc.cfans.umn.edu">wcroc.cfans.umn.edu</a>
University Libraries	<a href="http://lib.umn.edu">lib.umn.edu</a>
University of Minnesota Alumni Association	<a href="http://umnalumni.org">umnalumni.org</a>
University of Minnesota Extension	<a href="http://extension.umn.edu">extension.umn.edu</a>
University of Minnesota Foundation	<a href="http://give.umn.edu">give.umn.edu</a>

# APPENDIX B:

## BOARD OF REGENTS

**Honorable David J. McMillan, Chair**

Congressional District 8  
Elected in 2011, 2017  
Term expires in 2023

**Honorable Kendall J. Powell, Vice Chair**

At-Large Representative  
Elected in 2017  
Term expires in 2023

**Honorable Thomas J. Anderson**

Congressional District 7  
Elected in 2015  
Term expires in 2021

**Honorable Richard B. Beeson**

Congressional District 4  
Elected in 2009, 2015  
Term expires in 2021

**Honorable Linda A. Cohen**

At-Large Representative  
Elected in 2007, 2013  
Term expires in 2019

**Honorable Michael D. Hsu**

Congressional District 6  
Elected in 2015  
Term expires in 2021

**Honorable Dean E. Johnson**

At-Large Representative  
Elected in 2007, 2013  
Term expires in 2019

**Honorable Peggy E. Lucas**

Congressional District 5  
Elected in 2013  
Term expires in 2019

**Honorable Abdul M. Omari**

At-Large Representative  
Elected in 2013  
Term expires in 2019

**Honorable Darrin M. Rosha**

Congressional District 3  
Elected in 1989, 2015, 2017  
Term expires in 2023

**Honorable Randy R. Simonson**

Congressional District 1  
Elected in 2018  
Term expires in 2021

**Honorable Steven A. Sviggum**

Congressional District 2  
Elected in 2011, 2017  
Term expires in 2023

**Brian Steeves**

Executive Director and Corporate Secretary  
600 McNamara Alumni Center  
200 Oak Street S.E.  
University of Minnesota  
Minneapolis, MN 55455

# APPENDIX C:

## Senior Leadership

Eric W. Kaler

President

Karen Hanson

Executive Vice President and Provost

Mike Berthelsen

Vice President for University Services

Kathryn Brown

Vice President for Human Resources

Brian Burnett

Senior Vice President for Finance and Operations

Mark Coyle

Athletics Director

Michael Goh

Vice President for Equity and Diversity

Bernard Gulachek

Vice President and Chief Information Officer

Gail Klatt

Associate Vice President for Internal Audits

Matt Kramer

Vice President for University Relations

Boyd Kumher

Chief Compliance Officer

Chris Cramer

Vice President for Research

Lisa Lewis

President and CEO of the University of Minnesota  
Alumni Association

Doug Peterson

General Counsel

Kathleen Schmidlkofer

President and CEO of the University of Minnesota Foundation

Jon Steadland

Chief of Staff to the President

Jakub Tolar

Dean of Medical School and  
Vice President for Clinical Affairs

Michelle Behr

Chancellor, University of Minnesota Morris

Lendley Black

Chancellor, University of Minnesota Duluth

Lori J. Carrell

Chancellor, University of Minnesota Rochester

Mary Holz-Clause

Chancellor, University of Minnesota Crookston

# APPENDIX D:

## Tables and Figures

### 3 Planning for Success

Table 3-1. Comparison group institutions, Twin Cities campus.....	12
Table 3-2. Comparison group institutions, Duluth campus.....	15
Table 3-3. Comparison group institutions, Morris campus .....	21
Table 3-4. Comparison group institutions, Crookston campus .....	26

### 4 Education

Table 4-1. Total financial support to Twin Cities campus undergraduate degree-seeking students, 2016–17 and 2017–18 .....	35
Table 4-2. Student loan debt trends for Twin Cities campus undergraduate degree recipients, fiscal years 2014–2018 .....	35
Figure 4-A. Four-, five-, and six-year graduation rates of first-time, full-time undergraduate students, Twin Cities campus, classes matriculating in 2004–2014 .....	39
Figure 4-B. First-year retention rates of first-time, full-time undergraduate students, Twin Cities campus, classes matriculating in 2007–2017 .....	39
Figure 4-C. New freshman retention, students of color and all other domestic students, Twin Cities campus, classes matriculating in 2007–2017 .....	39
Figure 4-D. New freshman retention by Pell status, Twin Cities campus, 2007–2017 .....	40
Figure 4-E. Undergraduate degrees awarded, Twin Cities campus, 2007–2008, 2017–2018.....	40
Table 4-3. Retention (class matriculating in 2016) and graduation (class matriculating in 2011) rates sorted by four-year graduation rate, Twin Cities campus comparison group and Big Ten Conference public institutions....	40
Table 4-4. Student aid trends, degree-seeking undergraduates, Duluth campus, 2008 and 2018.....	41
Figure 4-F. Percent undergraduate students of color by fall term, Duluth campus, 2008–2018.....	42
Figure 4-G. Undergraduate degrees awarded, Duluth campus, 2008–2018.....	45
Table 4-5. Six-year graduation rates (class matriculating in 2010), Duluth campus and comparison group institutions .....	46
Figure 4-H. Four-, five-, and six-year graduation rates of first-time, full-time undergraduate students, Duluth campus, classes matriculating in 2004–2014.....	46



Figure 4-I. First-year retention rates of first-time, full-time undergraduate students, Duluth campus, classes matriculating in 2007–2017 .....	46
Figure 4-J. Percent undergraduate students of color by fall term, Morris campus, 2008–2018.....	48
Table 4-6. Student engagement rates, Morris campus and comparison group institutions, spring 2017 .....	50
Figure 4-K. Undergraduate degrees awarded, Morris campus, 2008–2018.....	51
Figure 4-L. First-year retention rates of first-time, full-time undergraduate students, Morris campus, classes matriculating in 2007–2017 .....	51
Figure 4-M. Four-, five-, and six-year graduation rates of first-time, full-time undergraduate students, Morris campus, classes matriculating in 2004–2014.....	51
Table 4-7. Six-year graduation rates (class matriculating in 2010), Morris campus and comparison group institutions .....	52
Figure 4-N. Percent undergraduate students of color by fall term, Crookston campus, 2008–2018.....	54
Figure 4-O. First-year retention rates of first-time, full-time undergraduate students, Crookston campus, classes matriculating in 2007–2017 .....	57
Figure 4-P. Undergraduate degrees awarded, Crookston campus, 2008–2018 .....	57
Figure 4-Q. Four-, five-, and six-year graduation rates of first-time, full-time undergraduate students, Crookston campus, classes matriculating in 2004–2014.....	58
Table 4-8. Six-year graduation rates (class matriculating in 2010), Crookston campus and comparison group institutions .....	58
Figure 4-R. Percent undergraduate students of color by fall term, Rochester campus, 2009–2018 .....	60
Figure 4-S. First-year retention rates of first-time, full-time undergraduate students, Rochester campus, classes matriculating in 2009–2017 .....	60
Figure 4-T. Undergraduate degrees awarded, Rochester campus, 2013–2018 .....	61
Figure 4-U. Four- and five-year graduation rates of first-time, full-time undergraduate students, Rochester campus, classes matriculating in 2009–2014.....	61
Table 4-9. Enrollment in graduate degree programs by ethnicity, University of Minnesota, 2008–2018 .....	64
Table 4-10. Total funding for graduate assistants, fellows, and trainees based on expenditures, fiscal years 2014–2018 .....	65
Table 4-11. Racial and ethnic diversity of students enrolled in health professional programs, all campuses, 2014–2018 .....	72
Figure 4-V. Five-year graduation rates of health education programs, students matriculating in 2013.....	77
Table 4-12. Fall 2018 enrollment and degrees awarded in select professional programs, 2017–2018 .....	78

**5 Research and Discovery**

Table 5-1. Top 20 institutions reporting largest research and development expenditures,  
fiscal years 2016 and 2017 ..... 86

Figure 5-A. Office of University Economic Development Visits and Events, 2015–2017 ..... 88

**6 Outreach, Service, and Engagement**

Table 6-1. Publicly engaged sponsored research, training, and public service, fiscal years 2015–2018 ..... 95

# APPENDIX E:

## Progress Card Measures Definitions

### GOLD MEASURES

#### Measure

4- and 6-year graduation rates, by campus

#### Definition/Discussion

The percentage of first-time, full-time new entering freshmen that graduated within four or six years. The University counts as a successful completion a student that first enrolls at any U of M campus and graduates from any U of M campus in the given time frame. (For federally reported measures, a student must begin and graduate from the same campus to be counted as a successful completion for that institution.)

The four-year graduation rates reported in 2021 will be based on the 2017 entering cohorts, while the six-year graduation rates in 2021 will be based on the 2015 entering cohorts. The provost on the Twin Cities campus and chancellors on the system campuses were asked to set reasonable stretch goals for their individual campuses given incoming student characteristics, availability of degree programs, and peer comparisons.

#### Measure

4-year graduation rates of Pell-awarded students (system)

#### Definition/Discussion

The percentage of first-time, full-time new entering freshmen who received federal Pell grants their first year and graduated within four years.

This is a system-level measure of undergraduates at all campuses. Similar to overall four-year graduation rates, this measure takes an incoming cohort of students receiving Pell grants and examines their graduation levels four years later. Ideally financial need would not be a barrier to graduation, yet we know that Pell eligibility can also correlate with other graduation risk factors such as being a first-generation student.

The ultimate goal for these students would be to bring their graduation rate up to that of the student body as a whole. Although this may be unrealistic in a shorter time frame, the proposed goal grows the graduation rate of Pell-awarded students at twice the rate of the proposed growth rate for the student body overall.

#### Measure

Twin Cities entering freshman average ACT

### **Definition/Discussion**

The composite score on the ACT exam for entering students. The ACT uses a 36-point scale on four multiple-choice testing areas: Math, English, Science, and Reading.

A long-time measure of the academic preparedness of the incoming class, the average ACT score of the freshman class has been rising steadily, from 24.8 in 2003 to 28.4 in 2017. However, given state demographics, natural limits, and the desire to meet multiple goals for the incoming class (including access for students across Minnesota, students of color, and students from diverse socio-economic backgrounds), it is unlikely that the University will see or desire a significant increase in this measure in the near future.

The University has a goal of exceeding an average ACT of 28.0 while continuing to monitor student access to a University education.

### **Measure**

Institutional gift aid (system)

### **Definition/Discussion**

The total amount of student gift aid provided by the University across all campuses. Gift aid includes Promise scholarships, admissions scholarships, collegiate and department scholarships, athletic scholarships, Regents scholarships, and graduate assistant tuition benefits. This measure does *not* include state or federal grants, student employment, or loans.

While there is no “correct” level of institutional gift aid, the University has a long-standing commitment to making education as affordable as possible for students, and increasing gift aid through fundraising and institutional resources is an important strategy in meeting that commitment. The goal represents a three-percent annual increase in institutional gift aid through 2021.

### **Measure**

R&D expenditures (Twin Cities)

### **Definition/Discussion**

The total dollar amount of research and development expenditures defined and collected annually by the National Science Foundation through the Higher Education Research & Development Survey. All institutions expending at least \$150,000 on R&D in the fiscal year are surveyed, and the data is comprehensive of all sources of R&D expenditures.

Though this measure includes the many sources of an institution’s R&D funding, the largest source continues to be federally sponsored funding. The federal investment in sponsored research projects has been in decline for several years, only returning to FY2012 levels in FY2017. Despite this, the Office of the Vice President for Research has proposed a goal that would increase R&D expenditures by nearly five percent over the next few years.

### **Measure**

Medical School ranking (Twin Cities/Duluth)

### **Definition/Discussion**

An annual ranking based on the total dollar amount of grants from the National Institutes of Health to medical schools as analyzed by the Blue Ridge Institute for Medical Research.

Medical school rankings have traditionally been based on National Institutes of Health (NIH) awards to U.S. medical schools in a given year. In 2017, the University of Minnesota's medical school received \$143 million in NIH awards and ranked 33rd in the country. In 2017 the University of California – San Francisco Medical Center was the top-ranked school in the country, with \$527 million in NIH awards. Minnesota ranked 4th in the Big Ten, behind Michigan (12th), Northwestern (18th), and Wisconsin (24th). The Mayo Clinic in Rochester was 17th in the country in NIH funding in 2017.

Former Senior Vice President and Dean of the Medical School Brooks Jackson stated the desire to return to being a “Top 20” medical school. The 20th-ranked school in 2017, the New York University School of Medicine, had \$232 million in NIH awards, so achieving that ranking is an ambitious goal over a relatively short time period.

### **Measure**

Faculty awards (Twin Cities)

### **Definition/Discussion**

The number of prestigious national awards received by faculty in the arts, humanities, sciences, engineering, and health fields and the institutional ranking based on those awards as measured annually by the Center for Measuring University Performance (MUP) at Arizona State University.

The MUP analyzes and ranks research universities in nine different areas, including the number of prestigious national faculty awards. The 24 awards included in their analysis range from the Guggenheim Fellowships, MacArthur Foundation Fellowships, and National Humanities Center Fellowships to the NSF CAREER awards.

This measure can be quite variable from year to year, but the University desires to maintain its place among the top ten public research universities nationally in prestigious faculty awards. The ranking goal requires approximately 25–30 of these faculty awards annually, and the numeric goal of 35 or more faculty with annual awards aligns with the strategic emphasis on faculty excellence.

### **Measure**

Participation in the employee engagement survey (system)

### **Definition/Discussion**

The system-level survey response rate for faculty and staff on the biennial Employee Engagement survey. Though employee engagement is a nebulous concept to attempt to measure at the all-University level, a private-sector standard is to measure participation in such a survey so that local-level units can receive as much rich and comprehensive data as possible. The University measures faculty and staff participation in this survey.

Although employee survey participation is already high compared to other higher education institutions, the University strives to increase participation by two percent with each administration of the survey.

### **Measure**

Operational excellence (system)

### **Definition/Discussion**

The President has set as a goal a minimum of \$90M in cost savings over a six-year period (FY14–FY19). The cost savings are identified annually in the budget process and must come from categories not directly related to mission activities of instruction, research, or public service.

The goal for this measure is \$90M by FY19.

# MAROON MEASURES

## Measure

Twin Cities transfer student 3-year graduation rate

## Definition/Discussion

The percentage of students who previously attended a postsecondary institution outside the University system and graduated within three years of transferring to the Twin Cities campus.

Though not generally reported on a nationwide basis, the ability to graduate transfer students is an equally important and worthy goal to traditional freshman graduation rates. There is more variability in these cohorts, with some students entering with 30 credits or less, while a few bring in as many as 90 credits. The three-year graduation rate for transfer students would be comparable to the five-year traditional rate, understanding the additional variability among these students. Much like goals for increasing the traditional four- and six-year rates, the University believes it should also increase these graduation rates.

The University has a goal of exceeding a 65 percent graduation rate for transfer students.

## Measure

Graduate and professional degrees awarded (Twin Cities/Duluth)

## Definition/Discussion

The total number of master's, doctoral, and professional degrees awarded annually across the University.

The University is the primary generator of graduate and professional degree recipients for the State of Minnesota. The ongoing need for an educated workforce, both throughout the general population but also at the highest levels of education, requires the University to maintain its priorities in this area.

Graduate enrollments have predictably been falling as the economy has improved. However, the University has been opening new programs at the professional master's level, filling demand for new emerging areas in technology, business intelligence, international law, and other fields. The University will need new programs such as these to maintain current degree completions above 5,250 per year.

## Measure

Median undergraduate debt at graduation (system)

## Definition/Discussion

The median amount of student debt accumulated by undergraduates with student debt at the time of their graduation.

This measure can be heavily influenced by many factors, only some of which the University controls. Along with tuition and institutional aid policies, other factors that influence student debt include federal and state financial aid policies, program choice and time to degree, and student and parent behaviors and choices. Because this measure is relevant to all students in the University of Minnesota system, we monitor this at the all-University level.

The University proposes a goal of limiting increases in the median amount of cumulative debt for undergraduates with debt to no greater than the consumer price index, with adjustments according to state and federal policy changes. Although a wide variety of factors will influence this measure, it is an important priority for the Board of Regents and administration to continue to monitor.

**Measure**

Students of color with a favorable sense of belonging on campus (Twin Cities)

**Definition/Discussion**

Percentage of undergraduate students of color responding “agree” or “strongly agree” to the statement “I feel that I belong at this campus.” Data is collected as part of the Student Experience in the Research University (SERU) survey, administered to all undergraduates on the Twin Cities campus.

The University’s goal is to improve the campus climate and sense of campus belonging for all students. The goal for this measure is to have the students of color favorable sense of belonging response match that of all other students—white, international, and students of unknown race/ethnicity—in the aggregate.

**Measure**

Percent of new entering (and all currently enrolled undergraduate) students who are Minnesota high school graduates (system)

**Definition**

Percent of the University’s new entering students and the percent of all enrolled undergraduate students who identified Minnesota as their home location prior to enrollment. The source for this measure is the University’s enrollment statistics. This measure analyzes fall enrollments to help assess access for Minnesota students throughout their academic careers. The percent of Minnesota high school students among both new entering and all undergraduate students throughout the University systemwide has remained consistently high.

The goal for this measure is to maintain the historical access of Minnesota students to the University of Minnesota.

**Measure**

Percent of recent Minnesota high school graduates choosing a Minnesota college who enroll at the University (system)

**Definition**

The percent of Minnesota public high school students who graduate in the spring and enroll at a Minnesota postsecondary institution in the fall of that year who choose the University of Minnesota. The source for this measure is the Minnesota Office of Higher Education’s Basic Data Series.

This measure focuses service to Minnesota students to those recent high school graduates who choose to continue their education in Minnesota. The University has traditionally been an attractive choice for Minnesota students seeking a bachelor’s degree and has increased its share of the Minnesota college-bound students who graduate from a Minnesota high school. Approximately one-fifth of Minnesota high school graduates choose a postsecondary institution outside of Minnesota and one-third do not attend a postsecondary institution the following fall after graduation. Those students are not included in this measure.

The goal for this measure is to maintain the historical access of Minnesota high school graduates to the University of Minnesota.

**Measure**

Enrollment in health science specialties with shortages (Nursing, Pharmacy, Dentistry) (Twin Cities/Duluth/Rochester)



### **Definition/Discussion**

The annual fall enrollments in health sciences fields identified by the Minnesota Department of Employment and Economic Development's Labor Market Information Office as leading to Occupations in Demand in Minnesota.

The University has a crucial role in meeting the need for growing the healthcare workforce across the state. In particular, the University recognizes its ability to meet the needs for healthcare professionals in high demand throughout the state, and has prioritized enrollments at all educational levels in the fields of nursing, dentistry, and pharmacy. The University proposes to increase enrollments to greater than 2,100 students in these fields.

### **Measure**

Total enrollment in the AHC schools and Center for Allied Health (Twin Cities/Duluth/Rochester)

### **Definition/Discussion**

The total combined fall enrollments in the Academic Health Center schools of Dentistry, Medicine, Nursing, Pharmacy, Public Health, and Veterinary Medicine, and the Center for Allied Health. This measure includes enrollments on the Twin Cities, Duluth, and Rochester campuses.

In keeping with the goals of the AHC's strategic plans and recommendations from the Governor's blue-ribbon committee on the medical school, expanding access to health education across the AHC is a key component in returning to national leadership in healthcare training, research, and care. In addition to the state-level demand for healthcare workers identified in the preceding measure, expanding enrollments across the AHC addresses the growing needs for doctors and other health professionals across a wide variety of in-demand specialties at the state and national levels. The University proposes to increase enrollments to above 6,350 students.

### **Measure**

National public research university ranking (Twin Cities)

### **Definition/Discussion**

The annual ranking by the National Science Foundation of public higher education institutions according to total annual research and development expenditures.

Reported annually by the Vice President for Research, the public research university rankings are compiled from the Higher Education Research & Development Survey completed by all institutions with at least \$150,000 in dedicated R&D expenditures in a fiscal year. While the total R&D expenditures metric is our primary measure of research productivity, monitoring the ranking allows the administration and Board to evaluate the relative competitiveness of the University.

The University continues to be among the top ten public institutions on this measure and strives to stay at this high level understanding that there will be year-to-year variance.

### **Measure**

Minnesota intellectual property agreements (system)

### **Definition/Discussion**

The total number of intellectual property agreements executed annually through the MN-IP Program.

Over the past few years, the University has prioritized making it easier for businesses to partner with the University to transform discoveries into innovative solutions. MN-IP is designed to improve access to University-developed technology while reducing the risk and cost associated with licensing intellectual property (IP) and

sponsoring research. Programs to help both create and license University IP have been developed, and increasing the number of agreements is an important policy direction.

With limited trend data for this emerging program, it is unclear what the optimal rate for increasing the annual number of MN-IP agreements should be. Currently, the University has a goal of increasing agreements ten percent year-over-year, with updated information provided by the Vice President for Research as it becomes available.

#### **Measure**

Public service expenditures (system)

#### **Definition/Discussion**

The University's total annual expenditures on public service. The University records its mission-related expenditures into instruction, research, and public service categories.

There are no agreed-upon comprehensive measures of public service and outreach in higher education, in part because public service and outreach informs much of the work of a land-grant institution. The wide range of activities and expenditures included broadly under public service and outreach makes it difficult to identify a single measure of progress. While exploring and defining a more comprehensive measure, the University proposes to continue to monitor our overall expenditures.

The University has had a staunch commitment to public service and outreach as a core mission function and plans to keep its expenditures above \$245 million annually.

#### **Measure**

Average citations per faculty member (Twin Cities)

#### **Definition/Discussion**

The number of times a recent faculty publication is cited by scholars during a five-year period as measured by Academic Analytics, a data analytics source provider. The total number of citations is averaged across all faculty at the institution and pertains to works published within that same five-year period.

There are several different services for faculty citation counts, none of which are comprehensive. The University discontinued its contract in 2017 with Academic Analytics and is currently studying other data options. The University proposes further discussion of this measure over the coming months.

The specific goal of maintaining an average citation count per faculty above 125 annually may be updated with different data sources, but the goal's emphasis on faculty scholarship and excellence will continue.

#### **Measure**

National scholarship awards to students (system)

#### **Definition/Discussion**

The number of prestigious national awards annually received by University undergraduates. The seven leading student awards included in this measure are the Beinecke, Churchill, Truman, Rhodes, Fulbright, Goldwater, and Astronaut awards.

These awards represent a wide variety of fields and expertise and are some of the most prestigious student awards in the world. Any given year can be quite variable in the number of awards our students apply for and receive;

additionally, many of these leading awards have limitations based on location of the students' institution or home residence.

As such, the measure examines awards in five-year blocks (2015–2020) of awards, with a goal of exceeding the previous half-decade's achievement. The Board will also receive annual progress updates on this measure.

#### **Measure**

Spending on leadership and oversight vs. mission and mission support (system)

#### **Definition/Discussion**

The percentage of University expenditures on leadership and oversight as determined by the University's internal cost benchmarking study, which has divided all University expenditures into mission, mission-support, and leadership and oversight categories since 2012.

One purpose of this study is to ensure that the University continues to make investments in mission-related activities, while limiting new investment where possible in oversight and overhead. This analysis has shown the ability to contain leadership and administrative costs; however, monitoring levels vs. setting an actual target is probably prudent, as many variables go into this metric.

The University proposes to maintain and continue to try to decrease the percentage of spending on leadership and oversight, understanding that there is a natural floor for this percentage of expenditures.

#### **Measure**

University square feet considered in "poor" or "critical" condition (system)

#### **Definition/Discussion**

The number of gross square feet of University facilities systemwide rated through the Facilities Condition Assessment as being in "poor" or "critical" condition.

The University has for a number of years completed a comprehensive facility condition assessment (FCA) on many of its buildings. Beginning in 2013 this was extended to all buildings systemwide with an enhanced methodology.

The University proposes a goal of tracking the total number of gross square feet considered either "poor" or "critical" by this methodology and decreasing the total square footage in these categories over time.

#### **Measure**

Sustainability – metric tons of greenhouse gasses (system)

#### **Definition/Discussion**

The number of metric tons of greenhouse gasses produced annually across the University system.

The Board of Regents policy on Sustainability and Energy Efficiency directs campus operations to reduce emissions to the environment. In addition, the institution has committed to regular greenhouse gas inventories as part of the American College and University Presidents' Climate Commitment, and the Minnesota State Legislature has also established emission reduction requirements for buildings constructed with state funds.

In 2008, when we first began measuring greenhouse gas emissions, the University set as a goal a 50 percent reduction in emissions by 2021. With changes to the emission calculation methodology in 2016 to more accurately

reflect trend data in purchased electricity and campus steam plants, the base level of 703,311 metric tons yields a 50 percent reduction target of 351,656 metric tons by 2021.

**Measure**

University credit rating (system)

**Definition/Discussion**

Moody's Investors Services routinely monitors the University's credit rating and takes into account several factors related to the University's overall financial health, student demand, financial statement analysis, state support, and analysis of the University's management strength. Moody's credit ratings range from a high of Aaa to C.

The University works to maintain its current credit rating per Board policy.

**Measure**

Athletics graduation success rate (GSR) (Twin Cities)

**Definition/Discussion**

The percentage of first-time, full-time undergraduates in Division I athletics who begin at the Twin Cities campus as freshmen or transfers, receive athletic aid their first year, and graduate within six years of their first term at any institution. The GSR excludes student-athletes who leave the University in good academic standing with remaining athletic eligibility.

Though it functions much like a traditional graduation rate statistic, the GSR is a measure unique to intercollegiate athletics. The GSR holds colleges accountable for graduating those student-athletes who transfer into the University but also does not penalize an institution's graduation rate for student-athletes that transfer or leave an institution with athletic eligibility and in good academic standing.

The University already ranks very highly in this measure and has the goal to maintain the significant gains of the past several years.



# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Board of Regents**

**December 14, 2018**

**AGENDA ITEM:** Report of the Committees

☐

**Review**

☐

**Review + Action**

☐

**Action**

☒

**Discussion**

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

**PRESENTERS:** Regent David J. McMillan

## **PURPOSE & KEY POINTS**

Pursuant to Board of Regents Policy: *Board Operations and Agenda Guidelines*, "The Board conducts business through meetings of the Board and its committees.... [and] Committees provide recommendations for action by the Board. Typically, standing committees have the following responsibilities:

- Recommend action on matters where the Board has reserved authority to itself as outlined in Board of Regents Policy: *Reservation and Delegation of Authority* and other Board policies;
- Provide governance oversight on topics within the committee's purview;
- Review and make recommendations on relevant new and existing Board policies;
- Receive reports on policy-related issues affecting University departments and units;
- Receive information items (e.g., status reports on current issues of concern and administrative searches); and
- Review other items placed on the agenda by the Board chair in consultation with the president and Board vice chair."

## **BACKGROUND INFORMATION**

Current committee chairs:

- Audit & Compliance Committee – L. Cohen
- Finance & Operations Committee – T. Anderson
- Governance & Policy Committee – D. Rosha
- Litigation Review Committee – R. Beeson
- Mission Fulfillment Committee – A. Omari



# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Board of Regents**

**December 14, 2018**

**AGENDA ITEM:** Interview Finalist for President of the University of Minnesota

☐

**Review**

☐

**Review + Action**

☐

**Action**

☒

**Discussion**

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

**PRESENTERS:** Regent David J. McMillan

## **PURPOSE & KEY POINTS**

The purpose of this item is to interview Joan T. A. Gabel for the position of president of the University of Minnesota.

Gabel has served as the executive vice president for academic affairs and provost at the University of South Carolina since 2015. As the chief academic officer, she oversees the schools and colleges of the USC Columbia campus. Previously, she served as dean of the University of Missouri's Trulaske College of Business for five years. While at Missouri, Gabel was named a "shining star" by the *Wall Street Journal* and is the recipient of numerous awards, including the Bunche, Kemper and Holmes-Cardozo awards for Excellence in Research.

Before joining the University of Missouri, Gabel served as the DeSantis Professor and chair of the Department of Risk Management/Insurance, Real Estate & Legal Studies at Florida State University's College of Business. She was also director of international relations for the College of Business, and served on the faculty of the Robinson College of Business at Georgia State University for 11 years. While there, she was interim director of the Institute of International Business and faculty director of the Atlanta Compliance and Ethics Roundtable. She has also served as editor-in-chief of the American Business Law Journal.

Raised in Atlanta, Gabel earned her bachelor's degree in philosophy from Haverford College in Pennsylvania and her Juris Doctor from the University of Georgia. She and her husband, Gary, have three children: a daughter who lives and works in Seattle, a son who is a junior in college, and a son who is a junior in high school.

## **BACKGROUND INFORMATION**

On September 14, 2018, the Board of Regents charged the Presidential Search Advisory Committee with recommending 3-4 unranked lead candidates for President of the University of Minnesota.

On December 5, 2018, the Board of Regents selected Joan T. A. Gabel as the sole finalist for the position of 17<sup>th</sup> president of the University of Minnesota.