



# Finance & Operations Committee

February 2024

February 8, 2024

2:30 p.m.

Boardroom, McNamara Alumni Center

## FIN - FEB 2024

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# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Finance & Operations**

**February 8, 2024**

**AGENDA ITEM:** FY 2025 Annual Operating Budget Framework

**Review**

**Review + Action**

**Action**

**Discussion**

*This is a report required by Board policy.*

**PRESENTERS:** Julie Tonneson, Vice President and Budget Director

## **PURPOSE & KEY POINTS**

The purpose of this item is to discuss the FY 2025 Annual Operating Budget Framework, highlighting revenue and expense categories. This is the final committee discussion on the FY 2025 budget before the presentation of the Interim President’s Recommended Annual Operating Budget for FY 2025 at the May 2024 meeting.

## **Budget Development**

Budget planning starts each year with the development of the budget framework: a very high-level set of assumptions regarding changes in revenues and expenditures that summarizes plans for achieving a balanced budget. It focuses on the state appropriation and tuition as the significant unrestricted funds available to support the maintenance and operations of the University’s core missions.

Although a small component of budget planning, the other funds of the institution (fees, auxiliary and other unrestricted sales, restricted grants, contracts, gifts, etc.) are incorporated into detailed budget planning for each relevant unit and are estimated and provided at the total University level as part of the recommended annual operating budget. In any given year, among different units of the University, increases and decreases in these other funds can play a significant role in supporting program enhancements and general cost increases in existing activities. In addition, in times of significant budget disruptions, available Central Reserve funds can be accessed to cover one-time needs or bridge to future revenue growth or spending reductions. The recommended annual operating budget presented in May will be an all-funds budget and the process to arrive at that point requires more detailed conversations, and ultimately decisions, on variables that will impact the state appropriation and tuition portion of the budget in particular.

Budget development is a process of asking and answering questions about what to plan as the incremental changes for each major resource and expenditure category. For example, answering questions about the goals for tuition rate changes and internal reallocations, coupled with goals for salary increases and addressing programmatic initiatives, may first lead to an imbalanced budget. If so, that requires going back to each question and adjusting answers until final plans balance the budget to address University goals in the best way possible.



## Expense and Resource Categories

### *Inflation*

The University experiences inflation in many different ways. Like a personal household, costs for some items in a given year may grow significantly while prices for other items remain flat or even decrease. The University could be considered a collection of many different “households” or “cities.” Given the diversity in purpose and activities found across campuses, colleges, and support units, inflation affects these units differently. For example, in recent years, University Libraries has faced inflation rates on collections materials and subscriptions well beyond what is captured in the different aggregate inflation indices, and virtually no other University unit has had to manage that expense. In some years, prices for materials used in art classes (precious metals), labs (gases and chemicals), or facility projects (lumber) might be high, but again, those costs impact only specific units. These examples are combined with more general cost increases experienced broadly for salaries, fringe benefits, utilities, office supplies, etc.

This environment leads the University to manage inflationary costs in three primary ways:

1. Some cost increases are addressed at the institutional level through planning as part of the budget framework. These items are identified and estimated as required obligations when making resource decisions. This is true for utilities, debt service, technology maintenance agreements, and so forth, as well as for compensation. The institution makes decisions on how to support these cost increases in building the budget framework during the budget development process.
2. For other general cost increases that will impact all units but to varying degrees (sometimes in insignificant amounts), units are asked to manage them within their local budget planning processes. No institutional-level decision is made on how to handle the costs of pens and paper, for example. Each unit assesses its need and buys these types of items over time, budgeting for a revolving set of needs annually (same total dollar amount but varying purchases each year, for example). They will use reserves and balances if necessary and rely on the annual variances in the budget (actual expenditures less than budgeted) if their budgeted line items are insufficient.
3. Finally, units are asked to note areas of significant financial concern related to their programming and operations during the annual budget development process. This process allows units to communicate projected cost increases exceeding the general categories mentioned above, which subsequently require central decisions about whether to invest a portion of the planned strategic investment pool to cover these costs or to direct the unit to reallocate resources to cover these costs internally. The previous example of library collections falls into this category. Often a portion of the strategic investment pool is allocated to University Libraries to support these costs.

This approach requires monitoring inflation rates to recognize and plan for the categories above, but decisions are not made to apply a standard percent across all expenditures. The inflation indices monitored by the University include the Consumer Price Index for Urban Consumers (CPI-U), the Personal Consumption Expenditure Price Index (PCEI), and the Higher Education Price Index (HEPI). The first two indices measure price increases for a “market basket of goods and services” purchased by U.S. consumers. The HEPI measures price increases for goods and services purchased by colleges and universities (excluding research-focused purchases), so it is more heavily weighted toward changes in personnel costs, including subcategories reflecting market-influenced prices for faculty.

## *Expenditure Categories*

### Compensation

Over the past 20 years, compensation has accounted for a steady 60-65 percent of University annual spending. The annual percentage change in the general compensation pool for planning purposes represents an average increase across all employees. The University establishes it as part of the budgeting process. A variety of factors determines the “pool” increase: the national/regional cost of living (inflation rate analysis as mentioned above), the average projected compensation increases in competitive industries or institutions, recent experience related to recruitment and retention of employees, and the balance between available resources (including required internal reallocations), other framework costs, and strategic investment plans.

For FY 2025 budget planning, the cost related to fringe benefits and each one percent increase in the general salary pool would be as follows:

- Fringe with no salary increase framework funds\* = Decrease of \$7.0 million
- Four percent salary increase for labor-represented employees framework funds\* = \$4.8 million
- One percent salary increase for all other employee groups framework funds\* = \$12.7 million
- Fringe with no salary increase **all** funds = Decrease of \$15.0 million
- Four percent salary increase for labor-represented employees **all** funds = \$9.7 million
- One percent salary increase for all other employees **all** funds = \$25.5 million

#### *\*State and Tuition Funds*

The reduction in fringe benefit costs is not related to a change in benefits: it results from the required methodology of calculating the employer’s fringe rates based on actual activity from FY 2023 (costs and salary base) and the corresponding normal cycle of “over and under recovering” from departments. Costs are increasing, but an over-recovery in past years coupled with a higher salary base resulted in an overall reduction in fringe benefit rates compared to last year, which in turn leads to a reduction in cost for departments.

### Facilities/Operations/Strategic Choices

In all other categories of spending, the University must address costs, and there are choices to be made from a longer-term, strategic perspective that will have immediate budgetary implications. Funding for items such as utilities, debt service, vendor licensing, maintenance contracts, etc., will be incorporated into the recommended budget based on known or estimated cost increases. For other more discretionary items for core operations or strategic programmatic opportunities, a decision needs to be made on the size of the pool, given other variables in balancing the framework.

Current estimated increases in required facilities and technology costs are as follows:

- Facilities Expenses = \$8.0 million
- Technology Licensing/Maintenance = \$2.4 million

Recent experience in increases for other operating and strategic cost categories has been as follows:

- Other Core Operations = \$5.0 to \$10.0 million
- Strategic Choices = \$10.0 to \$20.0 million

### *Resource Categories*

#### State Appropriation

The state-approved biennial budget appropriation for the 2024-2025 biennium included the following recurring increases:

- \$50 million for core mission support starting in FY 2024
- \$1 million for safety and security initiatives starting in FY 2024
- \$366,000 for unemployment insurance aid starting in FY 2024
- \$110,000 for menstrual products starting in FY 2024

The final bill included no recurring increase in the University's appropriation for FY 2025. As a result, the University's FY 2024 annual operating budget included \$8.9 million recurring to be allocated in FY 2025 (a combination of state, tuition, and reallocated funds not committed to recurring needs in FY 2024) and subsequently, the development of a supplemental request to the state for additional core operating funds to be considered during the 2024 legislative session.

In October 2023, the Board of Regents approved a supplemental request as a resubmission of the original proposal—an incremental increase of \$45 million in FY 2025 for core mission support: to hold down tuition increases, support student services, ensure delivery of high-quality instruction, research, and public service, and provide safe, maintained spaces for students, employees, and the citizens that share our campuses every year. The supplemental request recognizes that the needs and projected costs of the University in FY 2025 remain consistent with what was estimated a year ago.

A decision by the State regarding the University's request will likely not be finalized until after the recommended annual operating budget is reviewed at the May 9, 2024 Board meeting. Therefore, the current plan is to submit a balanced budget based on the appropriation in law, with a recommended set of contingent actions should the appropriation be increased.

#### Tuition

Decisions related to resident and nonresident undergraduate rates for FY 2025 need to consider a variety of factors: projected cost increases (inflation), desired investments in excellence, available increases in state appropriations, the tuition level rank by campus in their various comparison groups, the availability of need-based financial aid for students, and the financial burden placed on all students and families.

For FY 2025, each one percent increase in **resident** undergraduate tuition is equivalent to the following in estimated incremental new tuition revenue:

- Twin Cities campus = \$3.5 million
- Other system campuses combined = \$1.2 million

For FY 2025, each one percent increase in **nonresident** undergraduate tuition is equivalent to the following in estimated incremental new tuition revenue:

- Twin Cities campus = \$1.3 million
- Other system campuses combined = \$0.1 million

The graduate and professional tuition rates vary by school and program, often reflecting market rates, unique program rankings and student demand, earnings potential for students, and student debt load at graduation. These rates have generally increased in the 0 to 3.5 percent range over the last several years. Each one percent increase in these tuition rates (if all were to be raised at the same rate) would generate an estimated \$3.5 million in new tuition revenue.

### Reallocation

Reallocation in the budget planning context means that decisions are made to reduce spending in some areas/activities to pay for cost increases and investments in other areas/activities—on a recurring basis. In each of the last nine years, planned reallocations have been incorporated into the budget framework in the range of 1 percent to 2.5 percent of total unit allocations (state appropriation and tuition for academic units and general O&M for support units). The amount of reallocation required has not been identical (across-the-board) for all units. It has varied based on each unit's unique financial circumstances and needs. The total amount incorporated into the budget has been calculated as needed to balance the budget in combination with planned revenue increases and priority costs and investments.

As the University plans the budget for FY 2025, planned spending reductions and reallocations will continue to be an essential part of balancing the budget, even as the focus or goals may shift from year to year. Even with stable or growing state support, the need to reprioritize the use of resources will remain. The expectation for managers across the system to find and implement opportunities to gain efficiencies and lower costs (or at least the growth in some costs) will continue as a part of the budget process. Efforts are also underway as part of the PEAK Initiative to restructure and gain efficiencies and service improvements across various functions. This work will contribute to units' abilities to manage this reallocation process in the future but is not expected to impact FY 2025 budget plans.

## **BACKGROUND INFORMATION**

The Board discussed aspects of the FY 2025 annual operating budget framework at four Finance & Operations Committee meetings:

- December 2023: *FY 2025 Budget Variables and Levers*
- October 2023: *Interim President's Recommended Supplemental FY 2025 State Budget Request – Action*
- September 2023: *Interim President's Recommended Supplemental FY 2025 State Budget Request – Review*
- September 2023: *Overview of the University Budget Model*

The committee will review the President's Recommended FY 2025 Annual Operating Budget at the May meeting and take action at the June meeting.

# FY 2025 Annual Operating Budget Framework

Julie Tonneson, Vice President and Budget Director

Finance & Operations Committee

February 8, 2024

**SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS**

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**UNIVERSITY BUDGET**

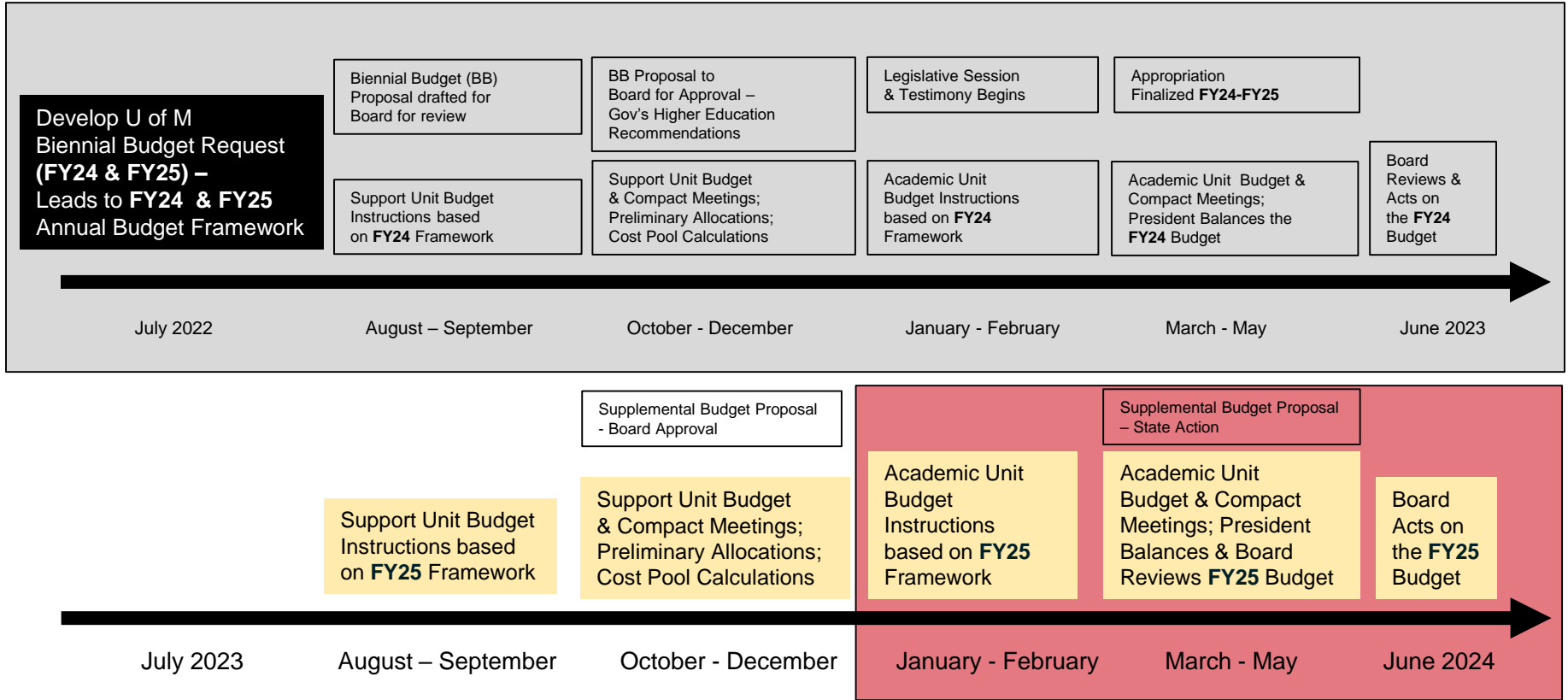
**UNIVERSITY OF MINNESOTA**

# Today's Agenda – FY 2025 Framework

- Framework as Part of the Normal Process
- Expenditure Estimates and Planning
- Resource Options and Planning
- Pulling it All Together – Example Scenarios



# The Normal Budget Process - Timeline



# “Budget Framework”

**Change in  
Available  
Resources**

**=  
or  
>**

**Change in Costs  
and Investments**





# FY 2024 Framework – Approved Budget

## Incremental Recurring Resources:

## Approved

Appropriation for Core Mission	\$50,000,000
Appropriation/State Transfer for Specified Items in Law	\$5,500,000
Unit Reallocations	\$39,500,000
Tuition Revenue	\$23,500,000
One-Time Balances to Bridge	<u>\$8,300,000</u>
Total Incremental Resources	\$126,800,000

## Incremental Recurring Expenditures:

Compensation and Benefits	\$58,400,000
FY23 Tuition Revenue Challenge	\$23,300,000
Facilities and Technology Infrastructure	\$13,800,000
Core Operations and Services	\$13,100,000
Program/Compliance/Student Aid	<u>\$9,300,000</u>
Total Incremental Investments	\$117,900,000

**Balance**

**\$8,900,000**



# FY 2024 Budget Plan Resources: Framework Funds Highlighted

University of Minnesota		All-Funds Budget Plan FY24	
<b>RESOURCES</b>			
a	<b>Carry Forward</b>	<b>\$1,637,974,202</b>	
	<b>Revenue Current Funds (By Fund)</b>		
	State Appropriation	\$686,558,000	38%
	Tuition	\$1,051,268,259	
	State Special	\$94,845,000	2%
	Sales, Fees, and Misc	\$433,479,927	10%
	Indirect Cost Recovery	\$214,060,312	5%
	Auxiliary Enterprises	\$445,032,946	10%
	Internal Sales	[\$264,240,806]	
	Private Practice	\$150,390,571	3%
	Federal Appropriations	\$18,000,000	0%
	Gifts & Endowment Income	\$299,313,882	7%
	Restricted Grants, Contracts & Misc	\$353,617,474	8%
b	<b>Total Nonsponsored Revenues</b>	<b>\$3,746,566,371</b>	
c	<b>Resources Expended MY/Sponsored Funds</b>	<b>\$780,000,000</b>	17%
d	<b>Total Annual Revenues - Current Funds (b+c)</b>	<b>\$4,526,566,371</b>	<b>100%</b>
e	<b>Total Resources All Current Funds (a+d)</b>	<b>\$6,164,540,573</b>	



# Planning for Framework Funds

# Budget Variables

“What do we want to plan for in...”

- state appropriations?
  - tuition rates at each level and for each campus?
  - targeted reallocation across all units?
  - growth in other resources to apply to framework costs?
- 
- general salary increase (applying known fringe rate changes)?
  - “must-do” cost increases related to facilities, technology, safety, and compliance
  - investment beyond “must do” – priorities that we should address



# Expenditure Estimates and Planning

# Maintain the Core Mission

## Compensation

Fringe – 0% Salary

- “other funds” = (\$8.1M)
- State & Tuition = (\$7.3M)

Then – growth over that:

Salaries/LR at 4%

- “other funds” = \$4.9M
- State & Tuition = \$4.8M

Salaries/All Other – each 1%

- “other funds” = \$12.8M
- State & Tuition = \$12.7M

## Facilities/Tech.

Facilities:

- Utilities - +3%/\$3M
- Debt Service - +10%/\$5M
- Leases - down

Technology Licensing &  
Maintenance - +\$2M

## Supplies/Equip etc.

Inflation and program-driven purchases

Units cover within “churn” of their budgets or

Units bring forward for central consideration as “significant financial concerns” = strategic investment (next slide)



# Beyond the Core – Invest in Strategic Goals

## Academic and support units

- Enhance/strengthen programs and services statewide
- Take advantage of opportunities/move in new directions
- Address structural budget issues

Investment pool goal = \$20.0m to \$30.0m

*(Less when resources are constrained or core needs are greater than in a “typical” year)*



# Resource Options and Planning: Constrained by Available Resources

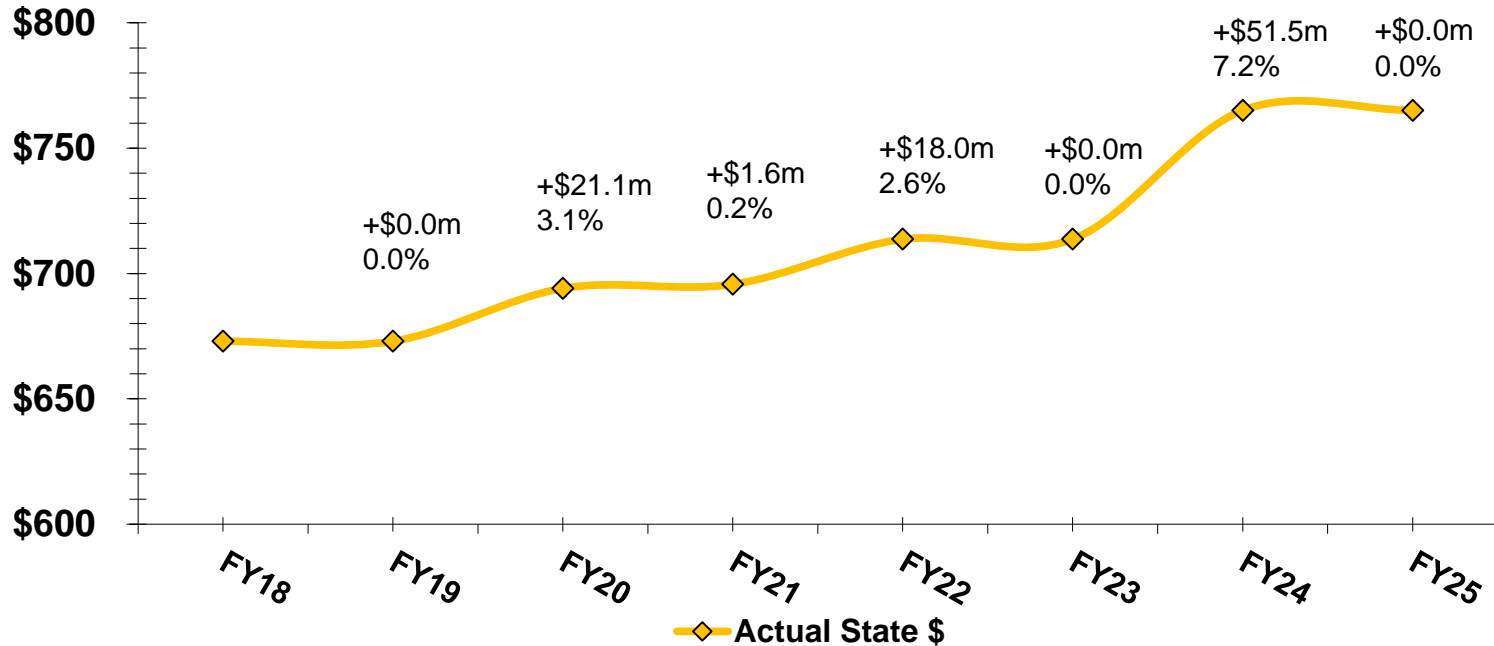
State \$\$

Tuition

Reallocations



# State Appropriation – Slow and Sporadic Growth



\*Includes O&M, and General Fund, Cigarette Tax and Health Care Access Specials – excludes nonrecurring appropriations



# Biennial Budget Request - Results

	2024 Increment	2025 Increment	Biennial Math
Core Mission	\$50.0M	\$0.0	\$100.0M
Safety & Security	\$1.0M	\$0.0	\$2.0M
Unemployment Insurance	\$0.4M	\$0.0	\$0.8M
Menstrual Products	\$0.1M	\$0.0	\$0.2M
<b>Total Recurring Increase</b>	<b>\$51.5M</b>	<b>\$0.0</b>	<b>\$103.0M</b>
<b>% Increase over Prior Year</b>	<b>7.2%</b>	<b>0.0%</b>	

Excludes:  
 American Indian Scholars  
 Transfer of \$4.0M beginning FY24



**Supplemental Request:  
 \$45.0M – Core Mission**



# Tuition Goals

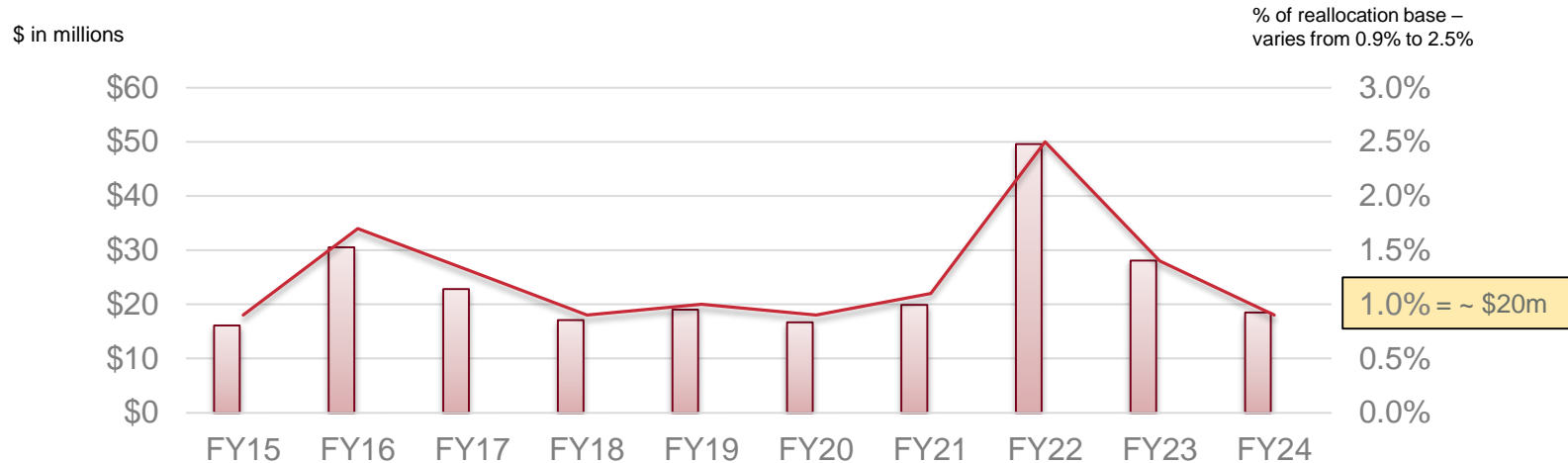
Estimate/Potential  
for FY25

- Resident undergraduate TC  
– *keep change within inflation* \$3.5m per 1%
- NRNR undergraduate TC  
– *balance emphasis on rebuilding enrollment with appropriate differentiation* \$1.3m per 1%
- Resident and NRNR undergraduate system campuses  
– *differential from TC?* \$1.3m per 1%
- Graduate and professional  
– *keep change within inflation* \$3.5m per 1%



# Repurposing Existing Resources

“Reallocations” approved in the budget (state and tuition funds):



Note: FY20 and FY21 do not include one-time reductions in response to COVID-19

Goal: Continue responsible efforts to reduce costs where possible and gain efficiencies while remaining competitive nationally and internationally.



# Pulling it all together

# It is possible to bring the budget together in different ways based on overarching goals

## Framework Funds

Incremental Resources - Examples				Incremental Expenditures - Examples				
						Labor-4%	Other	
<b>Tuition</b>		0.0%	1.0%	1.5%	<b>Compensation</b>	Other-0%	each 1%	
TC Resident Undergrad	\$0	\$3.5m	\$5.3m		Fringe Alone	(\$6.1m)	\$3.2m	
System Campus Res Undergrad	\$0	\$1.2m	\$1.8m		Salary Increase (assoc. fringe)	\$3.6m	\$9.5m	2%=\$22.9m
TC NRNR Undergrad	\$0	\$1.3m	\$1.9m		Total	(\$2.5m)	\$12.7m	
System Campus NRNR Undergrad	\$0	\$0.1m	\$0.2m					
Resident Grad & Professional	\$0	\$1.9m	\$2.9m					
NRNR Grad & Professional	\$0	\$1.6m	\$2.4m					
					<b>Other Costs</b>	Minimum	Invest	Advance
				Request				
				5.9%	Facilities	\$8.0m	\$15.0m	\$30.0m
<b>State Appropriation</b>				\$45.0m	Technology	\$2.50	\$5.0m	\$8.0m+
					Maintain/Strengthen Support Core	\$7.0m	\$10.0m	\$12.0m+
		0.5%	1.0%	1.5%	Maintain/Strengthen Academic Core	\$12.0m	\$15.0m	\$20.0m+
<b>Internal Reallocation</b>	\$10.0m	\$20.0m	\$30.0m		Strategic Program Pool	\$0	\$10.0m	\$20.0m+



Primary  
Decision  
Points

<b>FY25 <u>Example</u> Frameworks for Incremental Budget Changes</b>							
<b>Resources</b>			<b>Example 1</b>		<b>Example 2</b>		
1	Tuition-Res Undergrad		14,000,000	3.00%		17,500,000	3.75%
2	Tuition-Nonres Undergrad		4,000,000	3.00%		5,300,000	4.00%
3	Tuition-Grad & Professional		10,500,000	3.00%		14,000,000	4.00%
5	New State Appropriation-Core Mission		35,000,000			-	
7	Reserved Recurring O&M-FY24		9,000,000			9,000,000	
9	Reallocation - General		16,000,000	0.75%		16,000,000	0.75%
11	Other Revenues-TBD		1,000,000			1,000,000	
12	<b>Total Resources</b>		<b>89,500,000</b>			<b>62,800,000</b>	
14	<b>Costs</b>						
16	<b>Compensation - Labor Represented</b>		<b>4,800,000</b>			<b>4,800,000</b>	
17	Compensation - Non-Labor		44,200,000	4.00%		28,300,000	2.75%
18	Workforce Reinvestment Initiatives		5,000,000			-	
19	<b>Facilities</b>		<b>8,000,000</b>			<b>8,000,000</b>	
20	<b>Tech Licenses/Maint.</b>		<b>2,500,000</b>			<b>2,500,000</b>	
21	Program/Service Investments (Core +)		25,000,000			19,000,000	
22	<b>Total Challenge/Spend</b>		<b>89,500,000</b>			<b>62,600,000</b>	
24	<b>Balance - Resources over Challenge</b>		-			200,000	



# Possible Scenarios



**Questions?**  
**Thoughts?**  
**Input?**





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# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Finance & Operations**

**February 8, 2024**

**AGENDA ITEM:** Evolution of the University’s Employment Structure

**Review**                       **Review + Action**                       **Action**                       **Discussion**

*This is a report required by Board policy.*

**PRESENTERS:** Kenneth Horstman, Vice President for Human Resources  
Lincoln Kallsen, Assistant Vice President, Office of Institutional Analysis

### **PURPOSE & KEY POINTS**

The purpose of this item is to provide an overview of the current University employment structure and its evolution over time. The presentation will include a brief description of each employee group, employment data trends over the past ten years, and challenges and opportunities that impact the University’s workforce.

Data trends will include:

- Employee counts by job group
- Part-time employment
- Headcount by funding
- Positions funded by O&M funds and funded by non-O&M funds
- Employee counts by legal sex
- Growth in employee diversity
- Internal fill ratio
- Employee turnover rates
- Retirement risk
- Faculty and staff retention

### **BACKGROUND INFORMATION**

The Board previously discussed this topic at the following meetings:

- October 2023: *University Job Structures: Past, Present and Future*, Finance & Operations Committee
- May 2023: *Annual Workforce & Human Resources Strategy Report*, Finance & Operations Committee

# Evolution of the University's Employment Structure

Kenneth E. Horstman, Vice President, Office of Human Resources

Lincoln Kallsen, Assistant Vice President, Office of Institutional Analysis

Finance & Operations Committee

February 8, 2024



Office of Human Resources

UNIVERSITY OF MINNESOTA

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# Agenda

- Overview of the current state of employment
- Evolution of the employment structure, including 10-year data trends
- Challenges and opportunities



# Overview of the Current State of University Employment



# Current State of University Employment



## Employees

Faculty	4,823
Staff	16,486
Graduate Assistants	4,404
Professionals in Training	1,962
<b>Total</b>	<b>27,675</b>



## FY23 Salary & Fringe

Mission	\$1,546,194,457
Operations	\$649,910,873
Administration	\$469,974,409
<b>Total*</b>	<b>\$2,666,079,740</b>

\*Note: The total includes rounding

# Employee Groups

- Faculty
- Professional & Administrative (P&A) *(includes Senior Leaders)*
- Professionals in Training
- Civil Service
- Labor Represented
- Graduate Assistants



# Faculty

- **Types of Positions**
  - Tenured and tenure-track faculty and instructional staff
- **Work**
  - Engaged in teaching, research and service
  - Examples: classroom teaching, academic advising, department committee work, curriculum development, research and creative activities, and service





# Academic Professionals and Administrative Staff (P&A)

- **Types of Positions:**
  - **Academic professional:** lecturers, educators, researchers, librarians, advisers, development officers
  - **Academic administrative:** finance, HR, IT, and others, including senior leaders as defined by BOR Policy:  
*Reservation and Delegation of Authority*



# Professionals in Training

- **Types of Positions**
  - Teaching and research
- **Work**
  - Internships or residencies; or are otherwise involved in further training in a disciplinary field



# Civil Service

- **Types of Positions**
  - Support both academic and administrative functions
- **Work**
  - Support business and research operations, information technology, student services, HR, accounting, service and maintenance, and purchasing



# Labor Represented

- **Types of Positions/Labor Unions**
  - AFSCME, Teamsters, Law Enforcement, Crafts & Trades, Printers, Broadcast Technicians, Faculty
- **Defined by**
  - Employees who have exclusive representation under law and are statutorily governed by collective bargaining agreements approved by the Board of Regents



# Graduate Assistants (GA)

- **Types of Positions**
  - Students registered in a graduate or post-baccalaureate professional degree program and work in a GA, Teaching Assistant (TA) or Research Assistant (RA) position
- **Work**
  - Duties range from assisting professors with grading and teaching; teaching courses independently; conducting research; or performing professional tasks in an on-campus office, lab, clinic, or facility



# Evolution of the University's Employment Structure



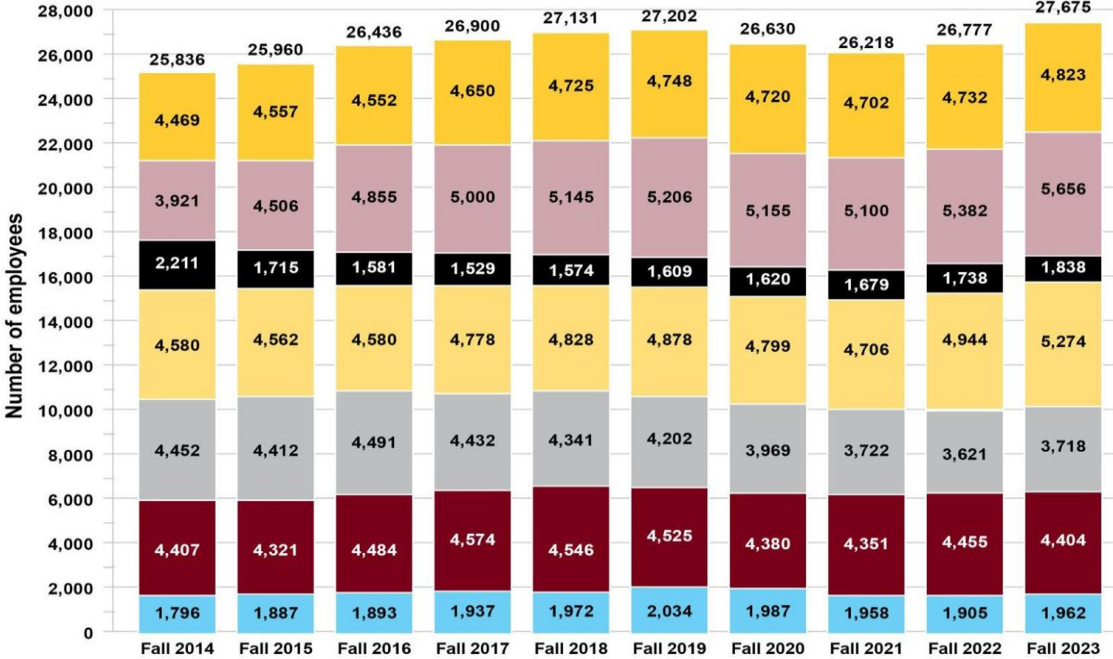
# Official Employee Headcounts

- Snapshot taken at Pay Period 9 (PP9)
  - Why use PP9: Provides a consistent reference since the number of employees changes every day
  - PP9 includes:
    - Employees must be paid on PP9 in late October
    - 1,860 distinct job codes, across a very wide range of needed employee talent
  - PP9 excludes:
    - Undergraduate student workers, temp-casual employees, and contactors



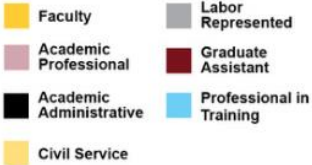
# Employment Rebounds After COVID

## Employee counts by Jobcode group



### Insight

FY23 total employee count slightly exceeds pre-pandemic levels (2019). FY23 saw growth of researchers, educators & student-facing roles over FY22



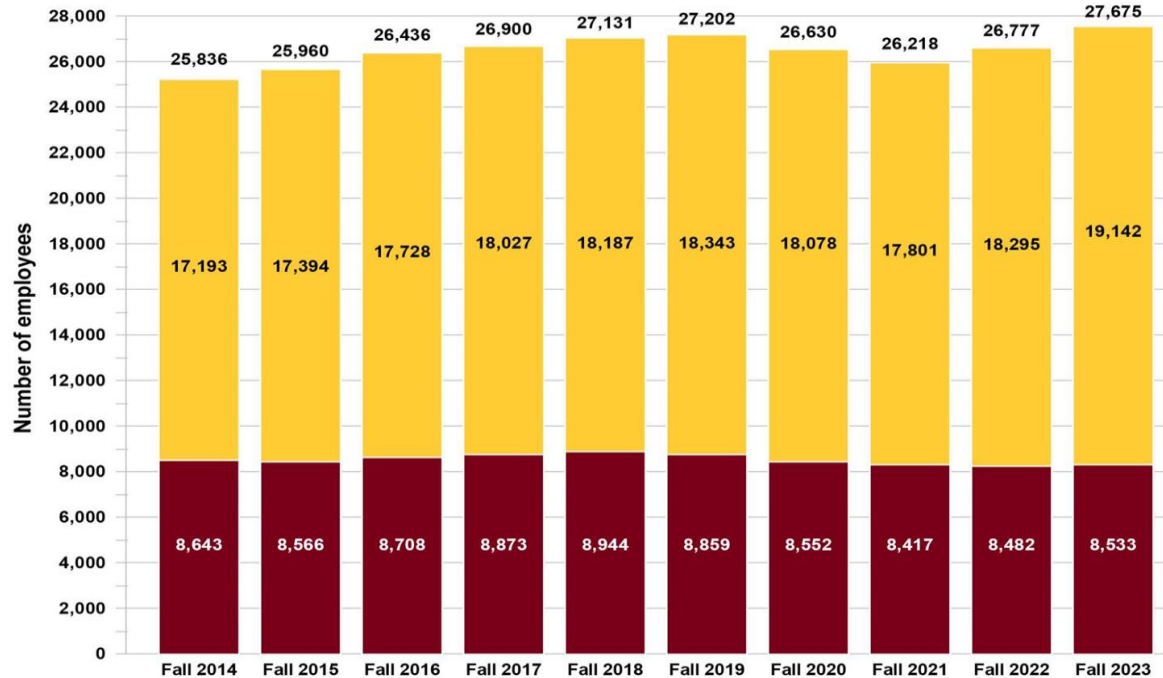
Source: UMN DW HR payroll 9 & 21 snapshots





# Consistent Part-Time Jobs Numbers

Employee counts by Full-time/Part-time



Source: UMN DW HR payroll 9 & 21 snapshots

Full-time Part-time

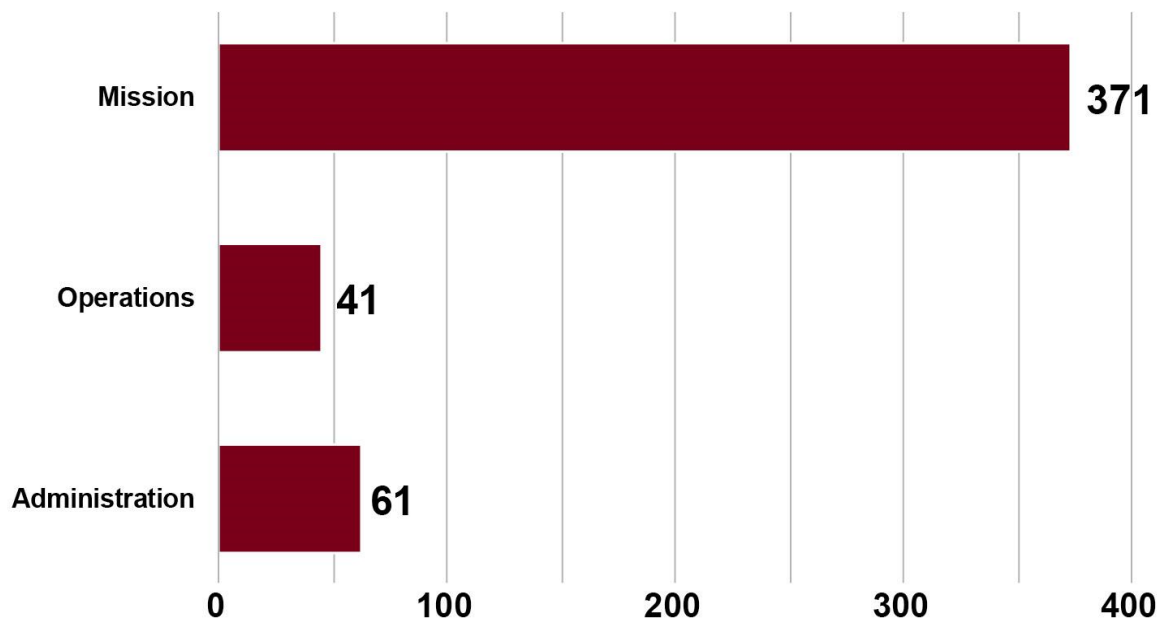
## Insight

Most part-time employees are graduate assistants; other part-time roles include temporary casual, academic professional educators, and researchers.



# Growth in Mission-Focused Roles

## Increase from Fall 2019 to Fall 2023 in Headcount by Expenditure Category



### Insight

Between 2019 and 2023, nearly 80% of additional headcount has been directed toward mission-focused work.



# Positions Funded 100% by Operations and Maintenance (O&M) Funds

	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018	Fall 2019	Fall 2020	Fall 2021	Fall 2022	Fall 2023
Faculty	2,360	2,397	2,375	2,371	2,353	2,328	2,206	2,153	2,138	2,157
Academic Professional	1,848	2,085	2,221	2,274	2,398	2,331	2,275	2,213	2,418	2,539
Academic Administrative	1,053	819	792	786	790	802	812	814	805	790
Civil Service	1,616	1,574	1,561	1,597	1,627	1,633	1,571	1,458	1,512	1,523
Labor Represented	1,901	1,876	1,859	1,841	1,857	1,829	1,788	1,606	1,571	1,582
Graduate Assistants	2,160	2,086	2,225	2,292	2,302	2,261	2,220	2,071	1,571	1,582
Professionals-in-Training	113	126	135	128	148	162	153	136	139	183
<b>Grand Total</b>	11,051	10,963	11,168	11,289	11,475	11,346	11,025	10,451	10,643	<b>10,739</b>

**Insight**  
 There were 607 fewer positions paid for via O&M funds in 2023 compared to 2019 (before the pandemic).



# Positions 100% **NOT** Funded by Operations and Maintenance (O&M) Funds

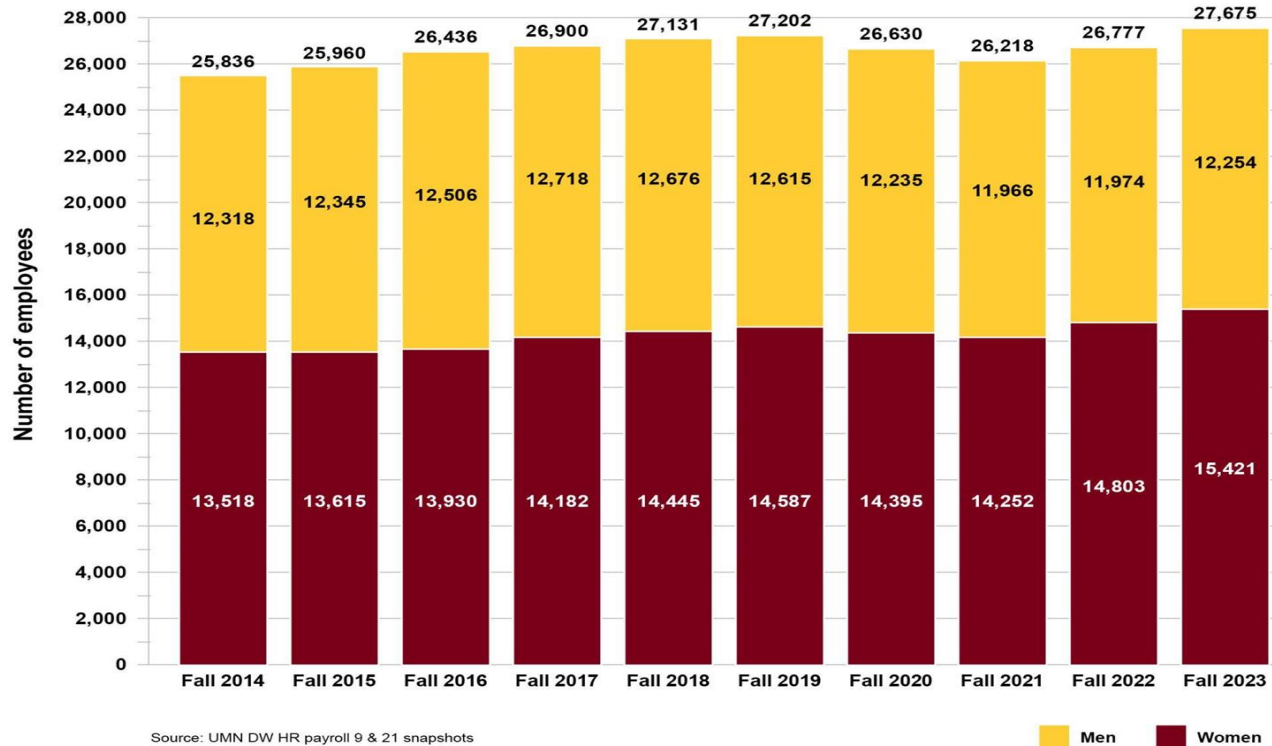
	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018	Fall 2019	Fall 2020	Fall 2021	Fall 2022	Fall 2023
<b>Faculty</b>	981	1,011	1,025	1,067	1,116	1,148	1,230	1,297	1,350	1,416
<b>Academic Professional</b>	1,691	2,007	2,157	2,219	2,194	2,318	2,320	2,282	2,358	2,459
<b>Academic Administrative</b>	805	596	538	515	529	543	536	578	624	667
<b>Civil Service</b>	2,544	2,586	2,651	2,828	2,831	2,851	2,815	2,814	3,010	3,224
<b>Labor Represented</b>	2,274	2,267	2,376	2,344	2,250	2,154	2,017	1,910	1,855	1,941
<b>Graduate Assistants</b>	1,675	1,674	1,681	1,683	1,647	1,629	1,588	1,701	1,757	1,801
<b>Professionals-in-Training</b>	1,630	1,699	1,701	1,769	1,780	1,796	1,762	1,764	1,718	1,668
<b>Grand Total</b>	11,600	11,840	12,129	12,425	12,347	12,439	12,268	10,451	12,672	<b>13,176</b>

**Insight**  
Other funding sources include research grants, foundation funds, auxiliary services



# Growth in Women Employees

Employee counts by legal sex

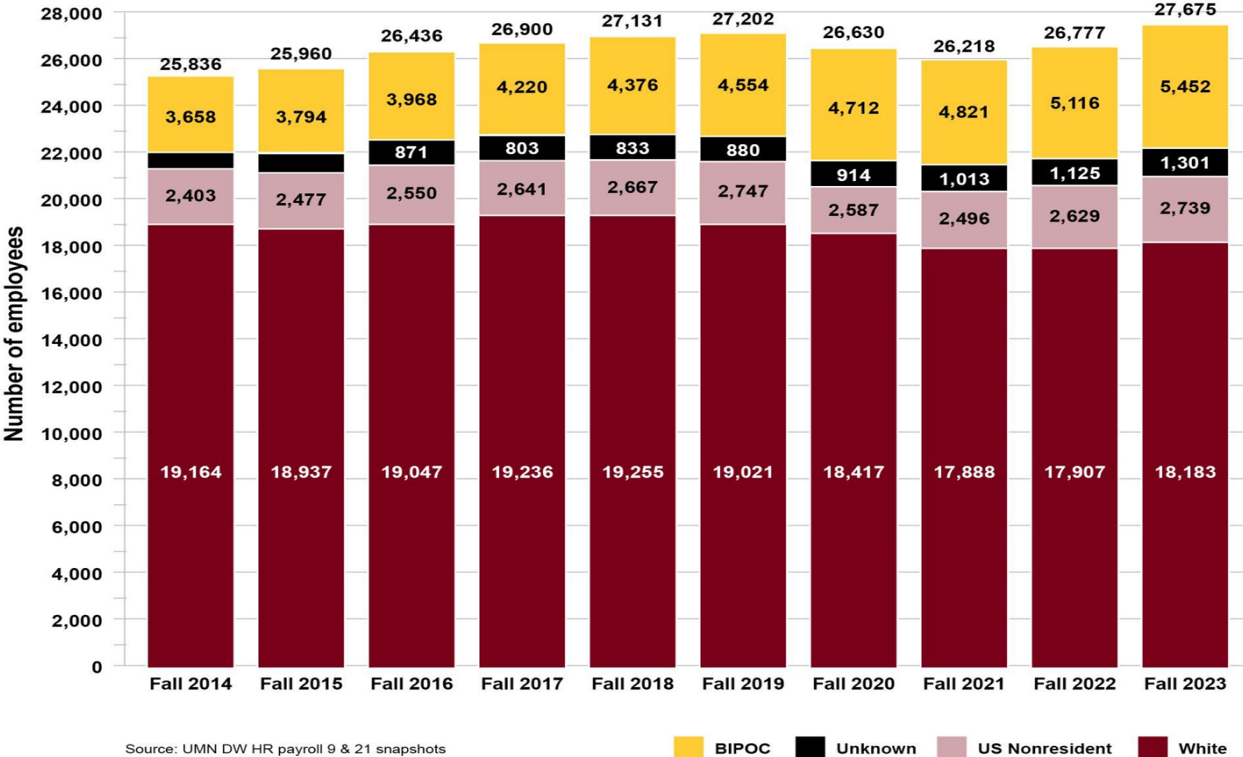


**Insight**  
Women have grown from 52.3% of the workforce to 55.7% over 10 years



# Growth in Employee Diversity

Employee counts by Race/ethnicity group (IPEDS)



**Insight**  
 The portion of BIPOC\* employees has grown from 14.2% to 19.7% over 10 years

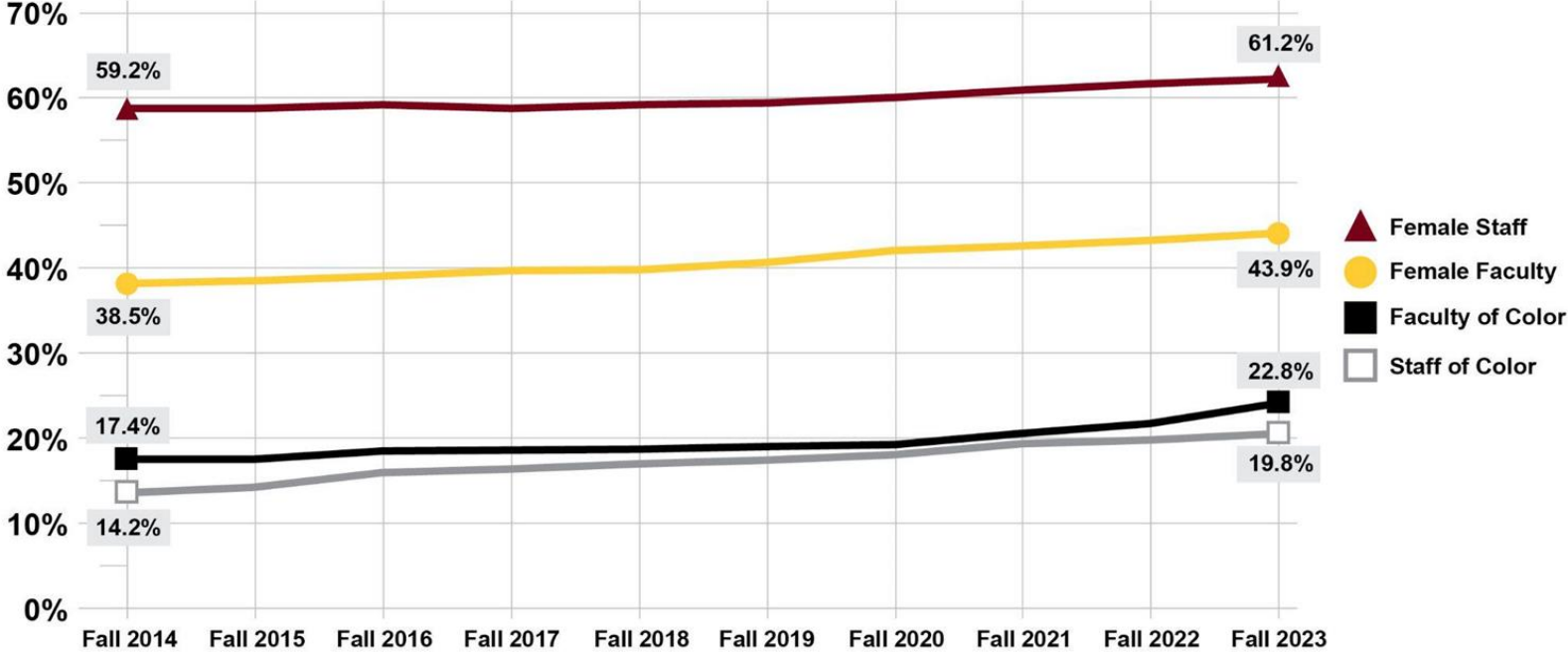
\*Note: In aggregate format, "BIPOC" includes the following race and ethnicity categories: American Indian or Alaska Native, Asian, Black or African American, Hispanic, Native Hawaiian or Other Pacific Islander, and Two or more races. Source: [IDR glossary](#).

Source: UMN DW HR payroll 9 & 21 snapshots

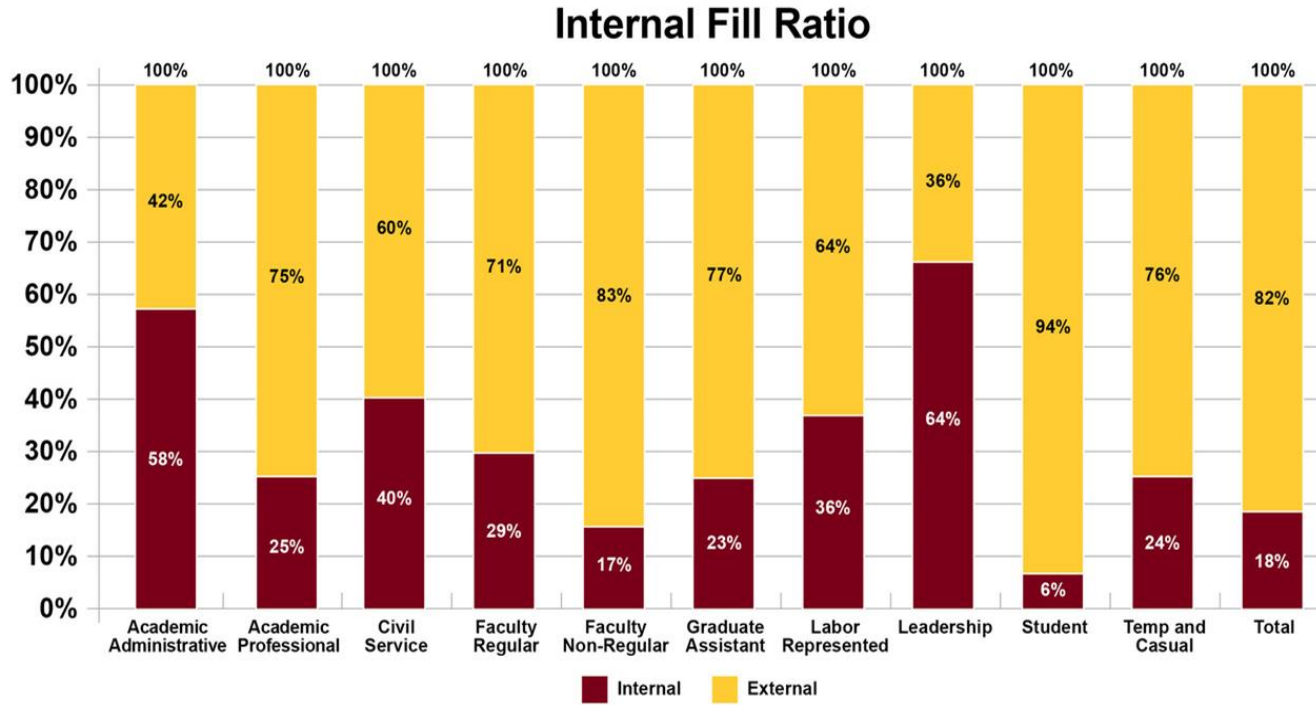


# Progress in Workforce Diversity

## Systemwide Diversity Headcount Distribution



# Sources of Hires Vary by Group



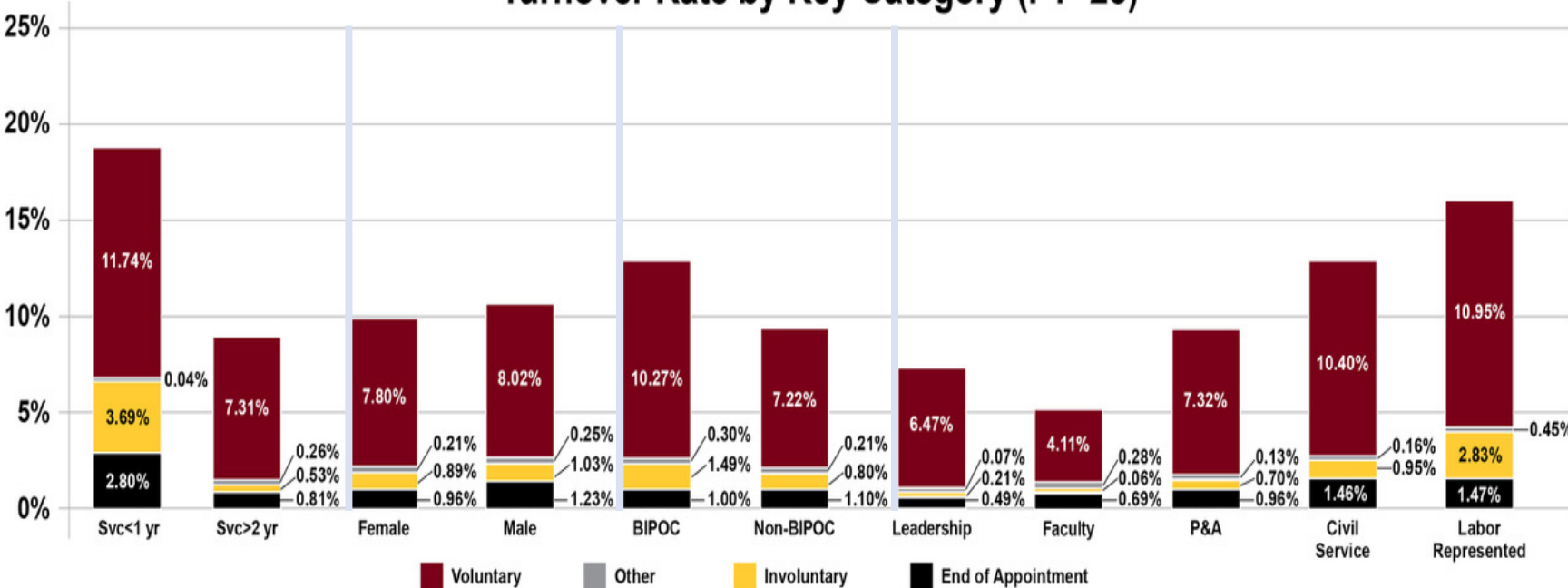
**Insight**  
Leadership and Academic Administrative roles have the highest internal fill ratio





# Employee Turnover Rates Vary

Turnover Rate by Key Category (FY '23)



# Retirement Risk Spread Across Groups

## Percentage of Employees in Retirement Risk Zone

Campus	Academic Administrative	Academic Professional	Civil Service	Faculty	Labor Represented	Leadership
Crookston	0%	22%	15%	44%	43%	35%
Duluth	50%	21%	27%	32%	33%	37%
Morris	50%	22%	14%	38%	50%	29%
Rochester	0%	14%	27%	7%	0%	50%
Twin Cities	25%	21%	19%	35%	28%	31%

### Insight

Retirement risk shifted from only Leadership to broader distribution since FY16

LEGEND	0%-34% = Low	35%-49% = Middle	50% and higher = High
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# Faculty and Staff Retention Breakdown

Employee Group	Segment	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
All Faculty	Women	88.0%	87.4%	87.0%	88.7%	89.5%	87.7%	88.1%	88.6%	86.5%	87.7%
All Faculty	Men	89.7%	89.0%	88.4%	89.4%	90.2%	89.9%	88.5%	89.6%	87.8%	89.1%
Staff Non-Faculty	Women	86.6%	86.9%	87.7%	88.3%	87.4%	87.1%	89.4%	83.7%	86.2%	88.7%
Staff Non-Faculty	Men	87.0%	87.6%	86.9%	88.1%	86.7%	87.1%	89.3%	84.9%	85.8%	87.8%
All Faculty	BIPOC	88.9%	89.8%	90.1%	90.5%	90.2%	90.3%	92.4%	89.9%	88.4%	90.3%
Staff Non-Faculty	BIPOC	86.9%	86.1%	87.0%	86.7%	84.9%	85.8%	87.7%	83.0%	83.4%	84.6%
All Faculty	Underrepresented	86.1%	88.6%	85.2%	89.4%	86.7%	88.1%	91.4%	86.1%	83.9%	88.0%
Staff Non-Faculty	Underrepresented	86.7%	86.3%	87.0%	86.2%	84.4%	86.3%	87.1%	82.9%	82.8%	83.7%

**Insight**  
 Most groups and segments are fairly consistent over time, with exception of underrepresented or BIPOC staff, which declined



# Challenges & Opportunities



# Challenges & Opportunities



Addressing  
broader  
trends



Attracting and  
retaining  
employees

# University Efforts in Progress



Understanding  
the employee  
experience



Creating paths  
to professional  
growth



Enhancing  
recruitment  
& retention

# Opportunity: Employee Engagement

Engagement supports retention and internal talent development

## 10 Years of Employee Engagement



Effective environment for staff has increased by 10 points since 2013 and has remained between 64-66% favorable for faculty over 10 years



The number of engaged staff is at an all-time high



The number of frustrated employees is at an all-time low



UNIVERSITY OF MINNESOTA

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Crookston Duluth Morris Rochester Twin Cities

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





# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Finance & Operations**

**February 8, 2024**

**AGENDA ITEM:** MPact 2025: Sustainability Update

**Review**

**Review + Action**

**Action**

**Discussion**

*This is a report required by Board policy.*

**PRESENTERS:** Shane Stennes, Chief Sustainability Officer

## **PURPOSE & KEY POINTS**

The purpose of this item is to provide an update on progress toward the sustainability goals in the MPact 2025 Systemwide Strategic Plan (MPact 2025). This update also includes the annual progress report required by Board of Regents Policy: *Sustainability and Energy Efficiency*. The Annual Report on Sustainability highlights the sustainability accomplishments over the past year and illustrates the impact this work has on the University.

As part of MPact 2025, the University has committed to building a fully sustainable future and identified three actions to advance this goal:

- Establish a next-generation systemwide Climate Action Plan.
- Demonstrate state and worldwide leadership in sustainability and environmental teaching, research, and convening power.
- Develop system leadership and governance coordination for sustainability initiatives.

## **Climate Action Planning**

Climate change has been referred to as the greatest challenge of the 21st century and an existential threat to humanity that is already causing harm to people, communities, and ecosystems in Minnesota and around the world. Those impacts will become more severe and pronounced if the causes and symptoms of climate change go unchecked. The Duluth and Twin Cities campuses developed Climate Action Plans that were reviewed by the Board in 2023. The Rochester campus has started the planning process and will present their plan to the Board in the summer of 2024. The Crookston campus will begin work in early 2024 and the Morris campus will begin in fall 2024. Both the Duluth and Twin Cities Climate Action Plans set tangible goals and pathways toward carbon neutrality. Some of the details will be further defined in the upcoming Energy and Utility Plans, but implementation is already underway on several initiatives.

## **Demonstrate State and Worldwide Leadership**

The determination to build a sustainable future and advance sustainability efforts across the University system demonstrates a desire to be at the forefront of these initiatives and to serve as a

state and worldwide leader among higher education institutions. To stand out and pave the way, sustainability must be integrated into everything the University does and will require transformational change. In 2023, systemwide support allowed the University to deepen work embedded throughout the mission by delivering:

- sustainability education to teach skills highly valued by students and employers;
- sustainability research to solve humanity’s greatest challenges;
- sustainability outreach to empower communities through policy and practice; and
- sustainability operations to advance the mission and lead by example.

Examples of the supporting organizational structures, programs, and initiatives advancing sustainability work across the system are shared within the annual report included in the docket and reflected in the rankings/ratings summarized below.

The leadership by the Board is integral to this success. Opportunities to continue and further sustainability efforts through the implementation of the Board’s work plans and governance responsibilities are highlighted in the presentation materials.

### **Times Higher Ed (THE) Impact Rankings**

The Times Higher Ed Impact Rankings measure progress towards the United Nations’ Sustainable Development Goals amongst institutions of higher education. Times Higher Ed Impact Rankings are published annually, with data collected in the fall and final rankings released each year in April or May. Each participating institution must submit data on Sustainable Development Goal (SDG) 17: *Partnership for the Goals*, as well as three other SDGs of their choice. Institutions may submit data on more SDGs, but only SDG17 and the three highest-scoring SDGs count toward the overall ranking. Metrics include quantitative data and evidence related to programmatic offerings. In 2023, 1,591 institutions from 112 countries/regions participated in the rankings. In the United States, 50 institutions participated last year, including three Big Ten peers: Indiana University, Michigan State University, and Pennsylvania State University.

The University of Minnesota provided systemwide data for the years 2022 and 2023. [From 2022 to 2023, the University maintained or improved in ranking across every category.](#)

	<b>2022 Global Rank</b>	<b>2023 Global Rank</b>	<b>2022 US Rank</b>	<b>2023 US Rank</b>
<b>Overall</b>	Between 201-300th	Between 101-200th	25th	8th
<b>SDG 2: Zero Hunger</b>	16th	14th	5th	3rd
<b>SDG 3: Good Health and Wellbeing</b>	57th	44th	2nd	2nd
<b>SDG 13: Climate Action</b>	Between 101-200th	Between 101-200th	Between 7-15th	Between 6-8th
<b>SDG 17: Partnerships for the Goals.</b>	Between 301-400th	100th	Between 19-25th	6th

## **Sustainability Tracking, Assessment, and Rating System (STARS)**

STARS is a transparent, self-reporting framework for colleges and universities to measure their sustainability performance. Ratings range from platinum being the highest to gold, silver, or bronze. The Twin Cities and Morris campuses have achieved gold ratings. Crookston has nearly completed its assessment and is undergoing a formal review process. Duluth has begun to update the campus rating, which was previously gold. Rochester will initiate the STARS process upon completion of the campus and climate action planning process.

# BUILDING A FULLY SUSTAINABLE FUTURE

2023-2024



UNIVERSITY OF MINNESOTA

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Crookston Duluth Morris Rochester Twin Cities



# Sustainability Leadership

We serve the state and impact the world.  
Inspired by Minnesota to improve people and places at world-class levels.

For 170 years the University of Minnesota has addressed the greatest challenges facing Minnesota and the world. The present moment is no different. This report highlights work completed in 2023 across the institution in teaching, research, outreach, and operations to address climate change, water stewardship, human health, equity, production and access to food, and other critical issues. Work across the system is positively impacting individual lives and communities by developing and deploying solutions to ecological crises while fostering the creation of a sustainable economy and just society.

Many of humanity's greatest challenges are becoming more significant, acute, and dire despite these and similar efforts by other organizations. Approaching the quarter mark of the 21st century, it's more critical than ever to act commensurate with the scale of the challenge and at a pace that matches the urgency of the need. This will require evolving the institution, broader and deeper integration, and a commitment to challenge convention.

The University is an essential leader in making this substantial transition across the globe. Through our students, graduates, employees, partners, scholarship, innovation, and example we can catalyze the paradigm shift needed to realize our commitment to Build a Fully Sustainable Future.



# MPact 2025: MNtersections Progress Card

In 2023, the University advanced MPact 2025's commitment to Build a Fully Sustainable Future by assessing strengths and areas for improvement. Through this assessment, we recognized important milestones that are highlighted within this report and identified areas where we can take ambitious action. We are committed to demonstrating state and worldwide leadership in sustainability through the tripartite mission. We measure our progress on this goal through the following metrics systems.

## INCREASE TIMES HIGHER ED SUSTAINABILITY DEVELOPMENT GOAL RANKING



The University of Minnesota participated in the Times Higher Education Impact Rankings for a second year, ranking **#8 in the US overall**, and receiving a [Times Higher Education Impact Rankings](#) score of **80.4 out of 100**. The University of Minnesota also ranked **#14 in the world** and **#3 in the US** for its work related to combating hunger and ranked **#2 in the US** and **tied for #44 in the world** for its work related to promoting good health and well-being.

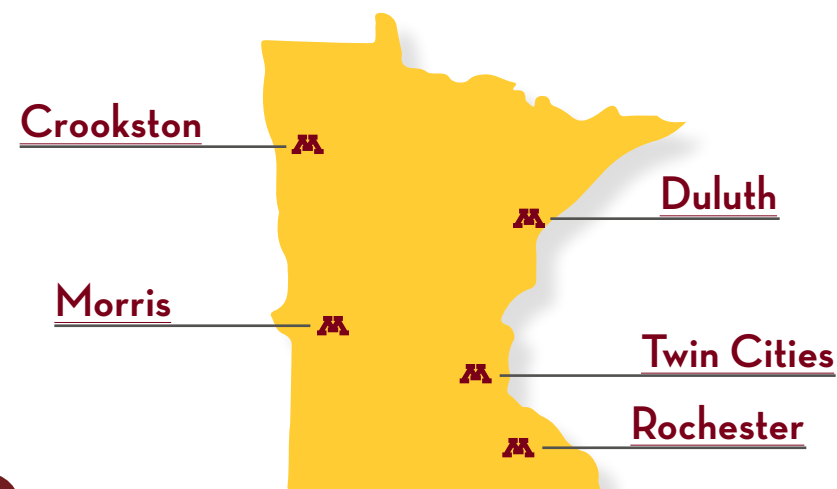
[The Sustainable Development Goals](#) (SDG) Initiative brings together partners across the University to achieve MNtersections goals 3.1 (Health), 3.2 (Sustainability), and 3.3 (Natural Resources and Agro-Food Systems). The Initiative's work is aligned with SDGs 2 (Zero Hunger), 3 (Good Health and Well Being), 6 (Clean Water), and 13 (Climate Action).

## PURSUE GOLD STARS® RATING



**The University of Minnesota Morris and the University of Minnesota Twin Cities have received Gold ratings on the Sustainability Tracking, Assessment & Rating System™ (STARS®)**, demonstrating sustainability performance in research, curricular, co-curricular, operations, planning, and administrative categories. Aligning with MPact 2025, **Crookston's** estimated completion is Spring 2024 and **Duluth's** is Summer 2024. **Rochester** will begin in Fall 2024.

## LEARN MORE ABOUT SUSTAINABILITY



[Systemwide Sustainability](#)

[Institute on the Environment](#)

[Extension/RSDP](#)

[UMN Centers and Institutes](#)

## ESTABLISH NEXT GENERATION CLIMATE ACTION PLANS



The **Twin Cities** and **Duluth** campuses have completed Climate Action Plans to guide investment and development to meet carbon neutrality goals and build climate resilience on campus. **Rochester** has begun its visioning process for the same effort and **Crookston** and **Morris** will complete climate action plans by the end of 2025.





# Sustainability Education

to teach skills highly valued by students and employers

Each year learning about sustainability happens in and out of the classroom supported through programs like:

- [Grand Challenges Curriculum](#) - immerses students in complex issues facing the world
- [Online Sustainability Minor](#) - equips students to apply the Sustainable Development Goals to any major on all campuses
- [SELSustain](#) - provides students the opportunity to share sustainability efforts, learn from peers, and build lasting connections with students from other campuses
- [Sustainability Symposium](#) - brings together diverse sustainability projects, artwork, research, and other ideas into one forum



UMD hosts SELFSustain, Fall 2023

## Case Study: UMN School of Nursing Prepares Students to be Climate-informed Healthcare Professionals

Human health and the health of the planet are inseparable. As the largest workforce in one of the most carbon intensive industries in the world, the power of nurses is urgently needed to help mobilize emissions reduction in U.S. health care. The School of Nursing announced the launch of the Center for Planetary Health and Environmental Justice this year, which will educate future planetary health leaders, promote planetary health practice, and advance innovative research. Clinical Professor Teddie Potter, PhD, RN, FAAN, FNAP, who serves as the director of the Center for Planetary Health, was also appointed to the inaugural advisory committee of Climate Crossroads, a major climate initiative from the U.S. National Academies of Sciences, Engineering, and Medicine. The Center's vision to support nurses goes beyond UMN. For example, DNP student Kasey Bellegarde collaborated with Dr. Paul West, a Senior Scientist at Project Drawdown to develop the Climate Action Guide for Nurses, a resource that lifts up examples of evidence-based, high impact solutions for nurses to mobilize decarbonization in the health sector. [Learn more.](#)



UMN graduates across disciplines learn and engage in sustainability, which is important as the workforce expects graduates to contribute to Environmental, Social, and Corporate Governance commitments. Here are examples of UMN students and faculty making sustainable education more accessible and applied.

## UMN Duluth and Twin Cities Students Receive Top Recognition in the Department of Energy Solar District Cup



UMN engineering students created a design and model of a solar and battery system for the Twin Cities campus as a part of a senior design project course. The team submitted the project to the Department of Energy Solar District Cup challenge and took first place within the "Bring-Your-Own-District" division. [Learn more.](#)

## UMN Crookston Professor Publishes Accessible Textbook on Environmental Science



Professor Joseph Shostell's aim with the new textbook was to create a better learning experience for today's nonscience students and to make the environment relevant to the life of every student. Importantly, *Environmental Science: A Need for Living Sustainably*, is made even more accessible as an affordable textbook published by FlatWorld. [Learn more.](#)

## UMN Morris Students Organize Event to Amplify Indigenous Voices on Sustainability



In 2023, the Morris Campus Student Association was the most diverse in its history. Student leaders, including President Dylan Young, Vice President Noelle Muzzy, and Sustainability Officer Amalia Galvan utilized the annual community Sustainability Forum to amplify Indigenous voices and provide a Native perspective on sustainability. Winona LaDuke, Dr. Teresa Peterson, Dr. Michelle Montgomery - all Native women - and several other partners, shared their powerful views. [Learn more.](#)

## UMN Duluth Graduate Increases Access to the Outdoors through Education



UMD graduate Ben Valerius shares his experience in the Environmental Outdoor Education program at UMD. Valerius has worked at many elementary schools and sees how much value and impact this type of education has on the younger generations. "[This program is for those who have] the sense of belonging, love, and appreciation for nature and the desire to help share that with others," says Valerius. [Learn more.](#)

**Did you know?** 9 out of the top 10 employers of UMN graduates have carbon pollution reduction commitments



# Sustainability Research

to solve humanity's greatest challenges

Sustainability research is happening across each of the campuses and at many of the University of Minnesota research centers. The University legacy and ongoing responsibility to contribute to solving great societal challenges and has taken strides to do so by providing support, such as:

- [MnDrive Seed Grants](#) - address the greatest environmental challenges, focus on research strengths at UMN, and complement other ongoing efforts
- [Impact Grants](#) - support projects and activities that have global significance, while seeking to test and deploy solutions in Minnesota
- [Institute on the Environment Postdoctoral Fellowship](#) - develops visionary leaders who conduct solutions-oriented research to support equitable and just sustainability transition decisions

**"The University of Minnesota has been the starting point for iconic inventions and innovations, from the pacemaker to disease-resistant crops in the last century to using AI to understand climate change's effects on agriculture and developing more sustainable plastics."**

- Sethuraman Panchanathan, Director of the U.S. National Science Foundation and Jeff Ettinger, Interim President of the University of Minnesota (Opinion Exchange, Star Tribune, 2023)

## Case Study: Natural Resource Research Institute at UMN Duluth Develops a New Tree Species; May be a Solution for Pollution Clean-up and Carbon Capture

As the impacts of climate warming are felt globally, trees are needed more than ever – for shade, carbon capture, and oxygen. Now a new tree variety is available that does all the great things trees do, but much faster. The InnovaTree™, developed by the Natural Resources Research Institute, grows 64 percent faster than leading commercial hybrid poplar varieties. Under good conditions, it grows 5-8 feet per year, reaching up to 35 feet in less than 5 years. InnovaTree is NRRRI's first poplar variety on the market and one of many high-performing trees that the hybrid poplar team developed. Beyond a fast-growing landscaping tree for homeowners and conservation plantings, commercial uses include wood chips, pulp, lumber products, carbon sequestration, and pollution remediation. [Learn more.](#)



Across the state, research is being conducted to advance knowledge, innovative technologies, and practical tools to support local communities and global transformations. Campuses, extension offices, and research and outreach centers advance solutions to wicked problems in every sector, including resilience, energy, agriculture, and supply chains.

## UMN Climate Adaptation Partnership Supports Tribal Climate Adaptation across the 1854 Ceded Territory



This collaborative project fosters relationships required to develop knowledge and resources that are both useful and used. An updated adaptation plan for the 1854 Treaty Authority and the Bois Forte, Grand Portage, and Fond du Lac Bands is being co-developed through a process of engagement with a range of perspectives and incorporation of different knowledge (e.g. climate data and tribal observations and stories). [Learn more.](#)

## UMN Crookston Faculty Collaborates with Local Farmers and State Agencies to Research Innovative Practices



Faculty member and Director of Sustainability Katy Chapman worked with a local farmer to experiment with wheat-soybean rotations to compare several variables such as soil health, greenhouse gas emissions, weed pressure, and yield when exposed to different treatments like differences in tillage, herbicide application, and fertilizer placement. The study is published in the 2023 Greenbook, a publication through the State of Minnesota Department of Agriculture. [Learn more.](#)

## UMN West Central Research and Outreach Center (ROC) in Morris Continues to Lead on Green Ammonia



The UMN West ROC recently received several federal grants to continue to advance research on green ammonia, which is developed from renewable energy, water, and atmospheric nitrogen without fossil fuels. WCROC also continues to advise from a local to national level. Director, Mike Reese, attended President Biden's visit to the Cummins' hydrogen electrolyzer production facility in Fridley in April 2023. [Learn more.](#)

## UMN Twin Cities Researchers Discover Catalyst to Make Renewable Paints, Coatings, and Diapers



A team led by University of Minnesota Twin Cities researchers has invented a groundbreaking new catalyst technology that converts renewable materials like trees and corn to the key chemicals, acrylic acid and acrylates used in paints, coatings, and superabsorbent polymers. The new catalyst technology is also highly efficient, which means lower costs for manufacturing renewable chemicals. [Learn more.](#)



# Sustainability Outreach

to empower communities through policy and practice

Through extension, research centers, and other partnerships, the University of Minnesota supports government, communities, organizations, and individuals to implement sustainable practices in Minnesota and across the globe. Examples of partnerships extending outreach include:

- [Regional Sustainable Development Partnerships \(RSDP\)](#) - working with rural communities to address sustainability issues
- [Clean Energy Resource Teams \(CERTs\)](#) - connecting Minnesota to resources needed to identify and implement community-based clean energy projects
- [Sustainable Development Goal \(SDG\) Initiative](#) - mobilizing the University to advance a more socially and environmentally sustainable future through programs linked to the United Nations SDG targets and indicators



2023 Annual Metro CERTs Event

**Extension brings important ‘boots on the ground’ experience...and the timing could not be more critical. Whether we’re talking about rural areas and their distinctive climate adaptation needs or the communities dealing with decades of neglect, there is a lot of work to be done.**

- Stephen Jeanetta, University of Minnesota Extension Associate Dean



## Case Study: UMN Morris Works with Partners to Make Morris a Clean Water Destination

Morris has some of the hardest water in Minnesota. Before the new freshwater treatment plant was built, residents flushed tons of salt down the drain and into the Pomme de Terre River to soften their water. A partnership between UMN Morris, the city of Morris, and UMN Southwest RSDP asked the question: How do we help other cities learn more about the Morris experience? A visiting-scholar from Germany, who is part of the IonE Climate Smart Municipalities program, helped answer that question. This effort is an extension of the West Central Minnesota We Are Water initiative. [Learn more.](#)

Projects and programs that leverage both community and University knowledge and resources ensure that science-based solutions are practical and address community needs. From youth educational programs to supporting diverse community needs, outreach expands our collective capacity to build a fully sustainable future together.

## Center for Rural Education in Science and Technology Teaches K-12 students across the Sustainable Development Goals



The Center for Rural Education in Science and Technology (CREST) at the University of Minnesota Crookston creates opportunities for underserved, underrepresented schools to afford equal opportunities in the fields of Science, Technology, Engineering, and Math (STEM). They provide professional development, classroom instruction, STEM competition support, and on-campus educational opportunities for students and educators. [Learn more.](#)

## UMN Receives \$10 million Grant to Support Underserved Communities Access Funding for Energy and Environmental Improvement



The University of Minnesota is leading a multi-state effort to assist rural, tribal, and underserved communities access federal funding for energy and environmental improvement efforts. The University and partners will support communities to navigate federal grant application systems, develop community engagement strategies, and secure funds to address legacy pollution and invest in clean energy technologies. [Learn more.](#)

## UMN Extension Programs Partner with Local Duluth Organizations to Increase Food Access



The University of Minnesota Regional Sustainable Development Partnerships (RSDP) and the Clean Energy Resource Teams provided funding and expertise to local Duluth organizations to increase access to healthy food, connection, economic growth, and healing. [Learn more.](#)

## UMN Twin Cities Researchers Harness the Power of Big Data to Reduce Snowplow Fuel Consumption



UMN researchers harnessed data from MnDOT snowplows to provide insights into vehicle fuel economy. Reducing the amount of money spent on fuel will lower the agency’s operating costs and help meet agency sustainability goals, which include a 30 percent reduction in greenhouse gas emissions from 2005 levels by 2025. [Learn more.](#)



# Sustainability Operations

to advance the mission and lead by example

Employees across the University are making an impact on sustainability operations, particularly as the campuses advance toward carbon neutrality and achieving a gold rating on the Sustainability Tracking, Assessment & Rating System (STARS). Systemic changes make choosing sustainability easier, such as:

- Applying the [Buildings, Benchmarks, and Beyond \(B3\) design standards](#) to all major renovations and new construction
- Incorporating **sustainability into requests for proposal and contracts**, such as the Pouring Rights and Dining contracts
- Increasing [internal capacity to apply for Inflation Reduction Act \(IRA\)](#) tax credits and other state and federal funding opportunities



*U Market Services team receives a national sustainability award from the University Logistics and Supply Chain Association*

**The University of Minnesota's Office of Sustainability played a pivotal role in my application to the graduate school. I knew U of M was the right fit for me when I read the Climate Action Plan and saw the consistent, active, and aggressive reduction of the U's environmental footprint. For me, it was simply not enough to study/research sustainability related topics; I needed to belong to a community which fosters sustainable change every day. Ski-U-Mah!**

- Jamie Schuberth, Graduate Student



## Case Study: UMN Twin Cities Introduces Employee Transit Pass

The Employee Transit Pass (ETP) provides eligible faculty and staff members affordable and eco-friendly commuting solutions. Under this program, employees with 75-100% appointments will receive the ETP at no extra cost. For those with 50-74% appointments who qualify for benefits, a transit pass is available at a reduced cost and an option to join the program through a pre-tax payroll deduction. The ETP program provides low-cost, equitable, and accessible transportation for eligible employees and helps the University meet its sustainability goals in support of the Climate Action Plan. [Learn more.](#)

Sustainability and continuous improvement are a part of the University of Minnesota operational culture. UMN leadership in this area demonstrates what's possible and creates opportunities to partner with stakeholders with mutual sustainability goals.

## UMN Morris is a Leader in Climate Adaptation Work in Minnesota



UMN Morris is a leader in climate adaptation work in Minnesota. The campus partnered with The Nature Conservancy and Second Nature to develop and implement a Community Resilience Building Workshop with partners from across the community. The workshop created a resilience plan that will be a blueprint for future action and support the campus' participation in the Second Nature Climate Commitment. [Learn more.](#)

## UMN Crookston Launches a Green Office Program



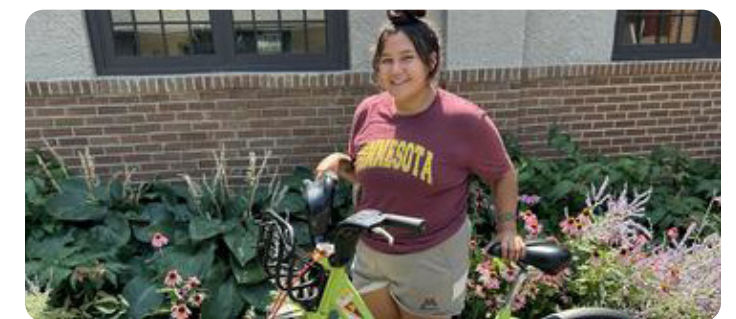
Katy Chapman, Associate Professor and Director of Sustainability, launches the UMC Green Office Program with Chancellor Mary Holz-Clause. The Program was developed in partnership with the Crookston Students for Sustainability. Employees can achieve varying levels of certification based on current sustainability practices. Each office is also provided recommendations and invited to level up after applying new practices. [Learn more.](#)

## UMD Dining Services Accelerates Shift Toward Plant-based Menus



UMD is one of 12 universities partaking in a new Purpose-Driven Plant-Based Incubator™ program. The program offers college and university food service operators, like UMD Dining Services, turn-key tips, fully-developed recipes and workshops, and collaboration to help speed the introduction of more sustainable, delicious plant-forward offerings on campus menus. [Learn more.](#)

## UMN Crookston, Morris, and Twin Cities Launch New Bike Programs



The University of Minnesota recycled bikes from a local bike share program to launch programs across the system. [UMN Morris](#) launched a new bike program with partners, including the Regional Fitness Center, Morris Public Library, and UMN West Central Research and Outreach Center. Bikes are also available for students to check out on campus at Briggs Library. [UMN Crookston](#) provides a bike checkout program through Student Services and [UMN Twin Cities](#) rents bikes to students as a year-long program.

# MPact 2025 Sustainability Update

Shane Stennes, Chief Sustainability Officer

Finance & Operations Committee

February 8, 2024

**SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS**

World Class Services for a World Class University



**University Services**

We Make the University Work



# Policy: Guiding Principles

- Leadership
- Model
- Continuous Operational Improvement
- Energy Efficiency
- Sustainable Research
- Sustainable Education and Outreach



# MPact 2025

## **Commitment 3:** MNtersections

### **Goal 2:** Build a Fully Sustainable Future

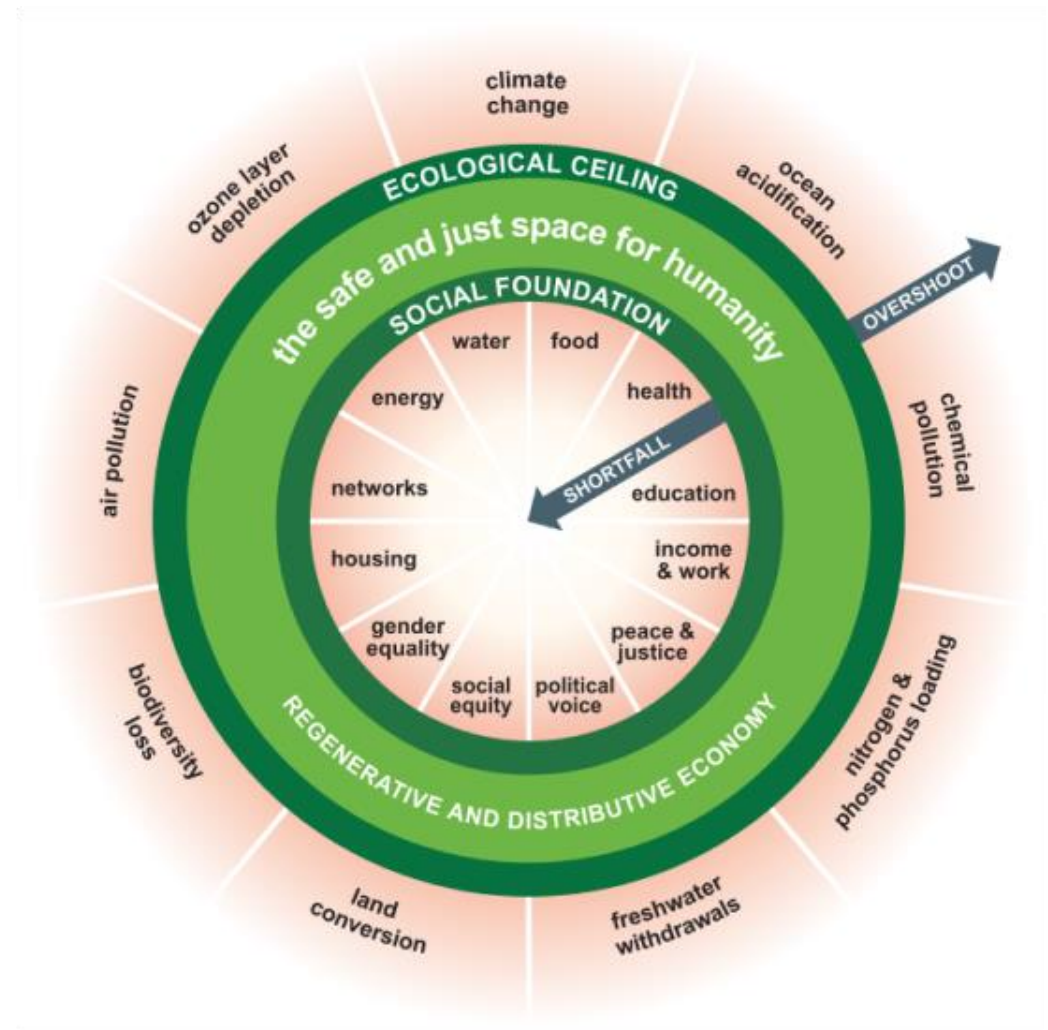
#### **Actions:**

- Establish next-generation systemwide Climate Action Plan
- Demonstrate state and worldwide leadership in sustainability and environmental teaching, research, and convening power.



# What is a fully sustainable future?

**“Human prosperity  
in a flourishing  
web of life”**



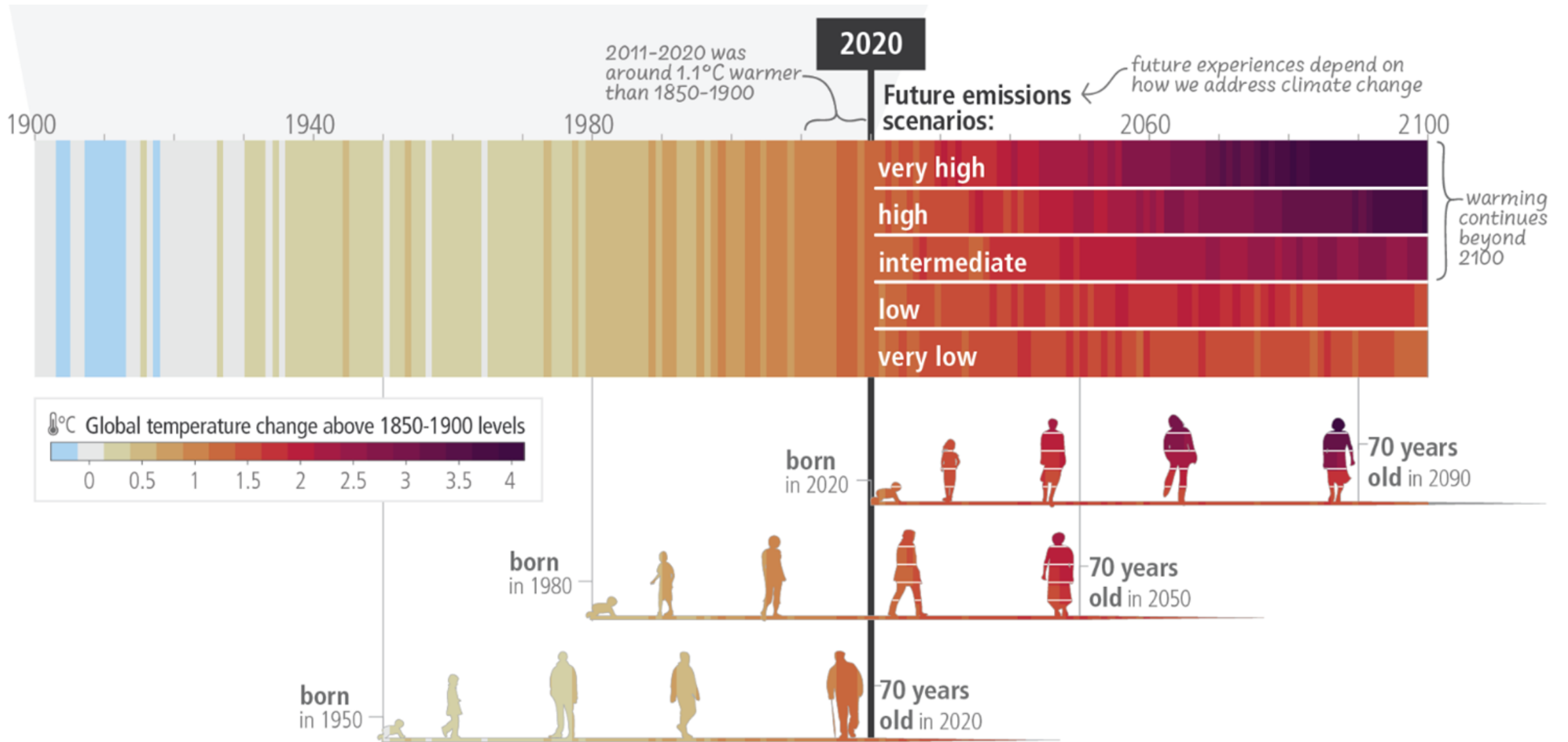
Source :Kate Raworth, <https://doughnuteconomics.org/about-doughnut-economics>

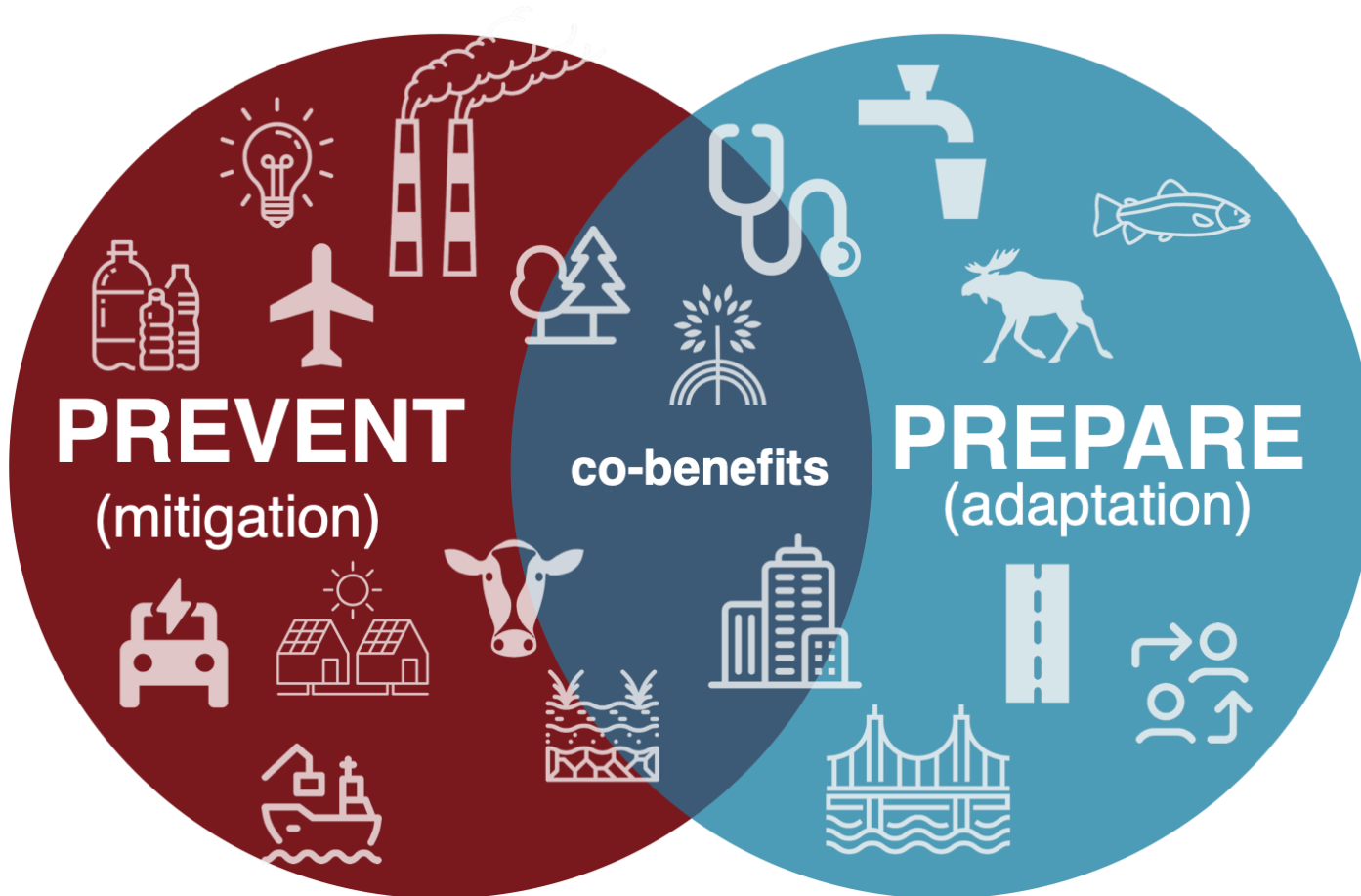






# Climate Action



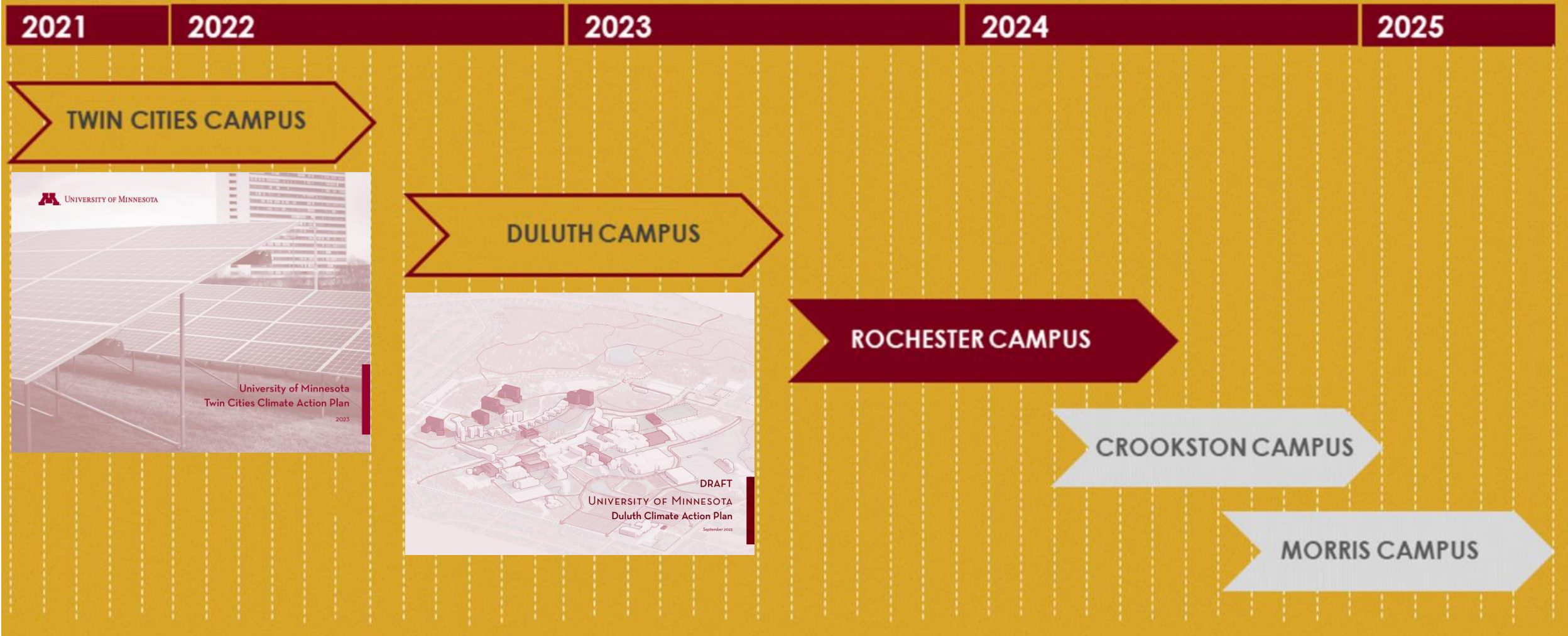


Effective climate risk reduction and management **requires investments and actions that address both mitigation *and* adaptation.**

Source: Heidi Roop, University of Minnesota Climate Adaptation Partnership



# Climate Action Planning Progress



# CAP - Operational Implementation

- Solar projects
- Energy efficiency
- Geoexchange
- Electric vehicle fleet
- Multi-modal commutes
- Adaptation and resilience



# CAP - Institutional Implementation

- Funding
- Curriculum
- Research
- Campus Culture



*Nfamara K. Dampha participating in negotiations at COP28 as a party delegate for The Gambia*





Demonstrate state and worldwide leadership in sustainability

# How we measure progress

## Times Higher Ed (THE)

Among the top ten in the US for the following:

- **#3** in SDG 2: Zero Hunger
- **#2** in SDG 3: Good Health and Well-being
- **#7** in SDG 13: Climate Action
- **#6** in SDG 17: Partnerships for the Goals

## Sustainability Tracking, Assessment, and Rating System (STARS)



Crookston - *provisional*



Duluth



Morris



Rochester



Twin Cities

# Sustainability is inseparable from our Mission

## **Sustainability Education**

to teach skills valued by students and employers

## **Sustainability Research**

to solve humanity's greatest challenges

## **Sustainability Outreach**

to empower communities through policy and practice

## **Sustainability Operations**

to advance the mission and lead by example





# Sustainability Education

*to teach skills highly valued by students and employers*

## Systemic support

- Grand Challenges Curriculum
- Online Sustainability Minor
- SELFSustain
- Sustainability Symposium

## Board of Regents work plan and oversight alignment

- Enrollment Plans
- Academic Program Changes
- Strategic Plans for Academic Units



*UMD hosts SELFSustain, Fall 2023*

# UMN Nursing Program

- Center for Planetary Health and Environmental Justice
- Climate Action Guide for Nurses
- Incorporate climate science into courses



*UMN School of Nursing prepares students to be climate-informed healthcare professionals*



## Did you know?

9 out of the top 10 employers of UMN graduates have carbon pollution reduction commitments

## Employers with carbon pollution reduction commitments:

Target

Mayo Clinic

Deloitte

Accenture

UnitedHealth Group

3M

Medtronic

Ecolab

Allina Health



# Sustainability Research

*to solve humanity's greatest challenges*

## Systemic support

- MnDrive Seed Grants
- Impact Grants
- IonE Postdoctoral Fellowship

## Board of Regents work plan and oversight alignment

- Curricular and co-curricular research opportunities
- Research support infrastructures
- Embolden scholars from postdoctoral fellows to tenure faculty



Greenbook, 2023

*"The UMN has been the starting point for iconic inventions and innovations, from the pacemaker to disease-resistant crops in the last century to using AI to understand climate change's effects on agriculture and developing more sustainable plastics."*

- Sethuraman Panchanathan, Director of the U.S. National Science Foundation and Jeff Ettinger, Interim President of the University of Minnesota, Star Tribune, October 2023



# New Tree Species

- Shade
- Pollution clean-up
- Carbon capture
- Biomass feedstock crop

*InnovaTree™ grows 64% faster than leading commercial hybrid poplar varieties*





# Sustainability Outreach

*to empower communities through policy and practice*

## **Systemic support**

- Regional Sustainable Development Partnerships
- Clean Energy Resource Teams
- Sustainable Development Goal Initiative

## **Board of Regents work plan and oversight alignment**

- Faculty promotion and tenure
- Public engagement and community partnerships to fulfill the land grant mission
- Curricular and co-curricular engagement opportunities



2023 Annual Metro CERT Event

# Clean Water in Morris

- Aim to help MN cities learn from Morris experience
- Partnership between UMN Morris, the city of Morris, and UMN Southwest RSDP
- IonE Climate Smart Municipalities Program Scholar researching outcome



# Sustainability Operations

*to advance the mission and lead by example*

## Systemic support

- Policy
- Procurement
- Stacked funded approaches

## Board of Regents work plan and oversight alignment

- Operation and Capital Budget
- Project Designs
- Policy Action



*U Market Services team receives a national sustainability award from the University Logistics and Supply Chain Association*



*I knew U of M was the right fit for me when I read the Climate Action Plan and saw the consistent, active, and aggressive reduction of the U's environmental footprint. For me, it was simply not enough to study/research sustainability-related topics. **I needed to belong to a community which fosters sustainable change every day. Ski-U-Mah!***

*- Jamie Schuberth, Graduate Student*

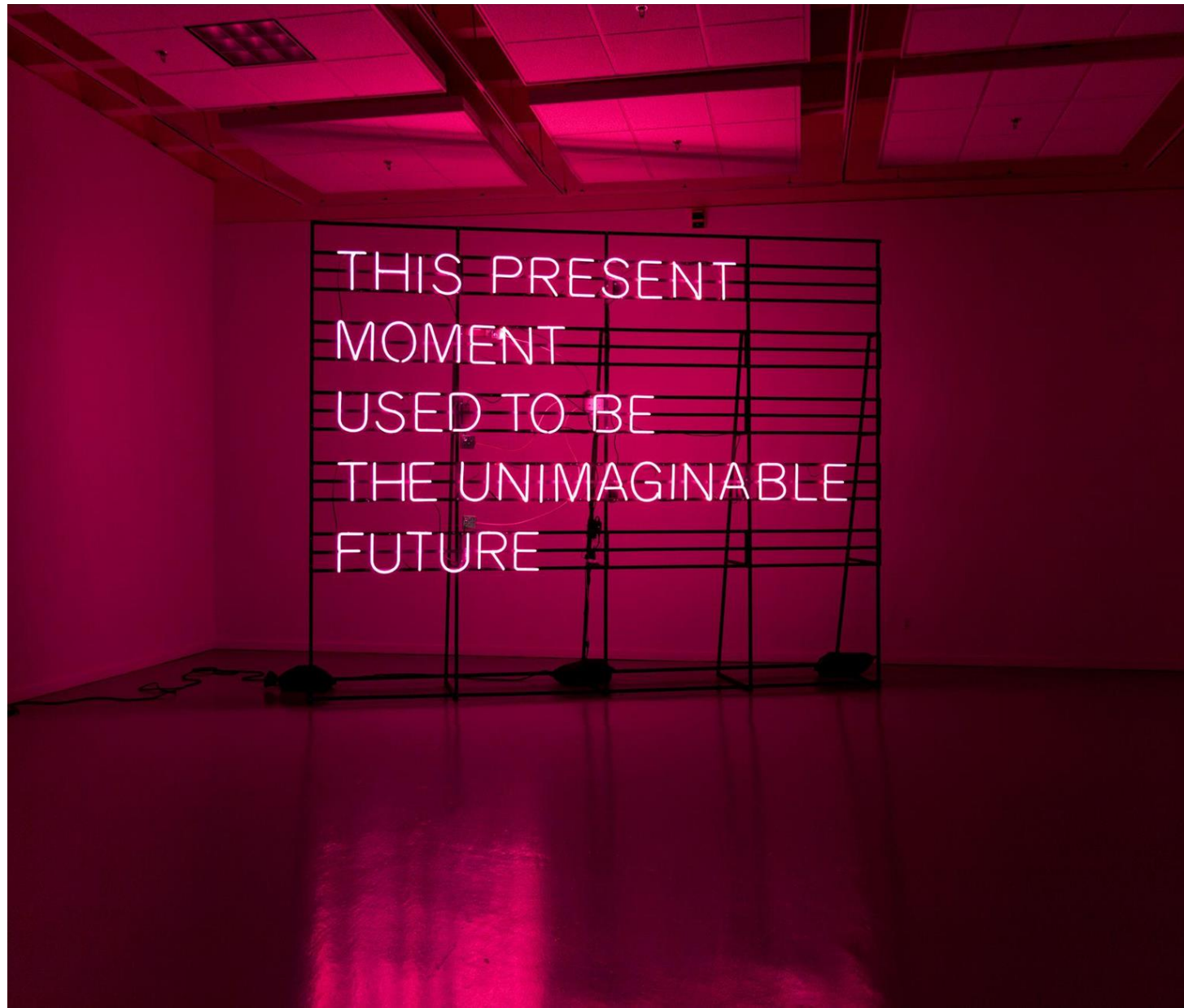




# UMN Twin Cities Transit Pass

- Free transit pass for full-time employees
- Reduced cost for part-time employees
- 6,673 employees have requested their pass (up from average of 1,000)





Alicia Eggert, *This Present Moment*, 2019-2020, Smithsonian American Art Museum

# Questions for Discussion

Throughout the presentation, we identified areas where sustainability can be embedded in the Board's work plan and areas of oversight.

- What **topic areas** does the Board see as the greatest opportunity to integrate sustainability into their work?
- What **tools or resources** would support the Board in integrating sustainability into their work?
- What **information** from administrators would be important to shaping the Board's vision of a sustainable future vision?





UNIVERSITY OF MINNESOTA

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Crookston Duluth Morris Rochester Twin Cities

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



# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Finance & Operations**

**February 8, 2024**

**AGENDA ITEM:** Amendment to the University’s Supplemental FY 2025 State Budget Request

**Review**                       **Review + Action**                       **Action**                       **Discussion**

*This is a report required by Board policy.*

**PRESENTERS:** Interim President Jeffrey Ettinger  
Myron Frans, Senior Vice President

## **PURPOSE & KEY POINTS**

The purpose of this item is to act on the amendment to the University’s FY 2025 Supplemental Budget Request to the State of Minnesota. This item includes changes and additional details since the item was presented for review at the December 2023 meeting. In addition, for reference, the initial approved FY 2025 Supplemental Budget Request narrative is provided in background information below.

The request aligns with the University’s Vision for Academic Health System as presented to the Governor’s Task Force on Academic Health on December 6, 2023, as well as with the letter and accompanying proposed recommendations from Interim President Ettinger to the Governor’s Task Force on January 8, 2024.

The Vision for Academic Health System is a three-stage plan building on the University’s long history of education, discovery, innovation, and service to all Minnesotans. The vision seeks to advance the future of academic medicine and health sciences, commits to improvements in outcomes for Minnesotans, and is offered in the spirit of complete alignment with the public interests of the State of Minnesota.

Given the vision, subsequent letter, and recommendations, the proposed amendment requests \$80 million annually to improve health care by expanding and enhancing training opportunities to grow the pool of health professionals in Minnesota, improve equity and access to clinical care for underserved populations, and enhance research to improve health outcomes. The University acknowledges allocation to specific programs/areas may need to be adjusted depending on future outcomes of negotiations with clinical partners and/or legislative action during the 2024 Legislative Session. Interim President Ettinger will keep the Board updated as the legislative session progresses.

The \$80 million is proposed to be used for the recurring investments as follows:

- \$25 million for three to four new Medical Discovery teams focusing on critical areas such as mental health, infectious disease, cancer, cardiovascular, and population health. The funding would be used to recruit new multidisciplinary faculty and physicians, leading to discoveries in key areas impacting health and health care in Minnesota. The ultimate impact will be new cures and treatments delivered by world-class providers, and new training and research opportunities for Minnesota students.
- \$20 million for sustainability and access to care for underserved communities. This includes investing in the Community-University Health Care Center (CUHCC), the mobile health partnership with Hennepin County, and University and University of Minnesota Physicians (UMP) primary care clinics. The investment will lead to more patients cared for in underserved areas in culturally appropriate ways and more students trained in primary care and health equity.
- \$15 million to expand workforce development opportunities across a broad array of health science disciplines. The University's six health science schools will provide unique opportunities to develop and expand workforce development to increase the number of physicians and other health care professionals across the state. The investment will help fund additional medical student slots; new programming in high-need areas such as mental health, respiratory therapy, and advanced dental therapy; addiction fellowships and addiction/mental health "tracks" in residencies, as well as provide pathways/partnerships with Minnesota State and private colleges for high-need professions such as nursing.
- \$10 million to transform primary care. This will include enhancing e-consults in which primary care providers have greater access to seek the opinion of specialists about appropriate diagnoses and treatments for patients; improving patients' ability to transition from primary to specialty care and back; building physician networks and continuing medical education to ensure physicians have the most up-to-date training and data to care for their patients; and advancing telehealth to improve patient access to care no matter their location. Ultimately, this investment will lead to better access to primary care around the state, better support for physicians in rural and underserved communities, and access to specialists for more patients.
- \$5 million to capitalize on the work of the University's Center for Learning Health System Sciences to design a new care model focused on better outcomes for patients, cost efficiencies, and enhancing the ability to share best practices in health care delivery across health systems.
- \$5 million to enhance and build a rural health clinical trial network and a pre-hospital care network. These targeted, collaborative efforts will focus on solving specific health challenges and yield innovative approaches to shared challenges.

## **BACKGROUND INFORMATION**

Board of Regents Policy: *Reservation and Delegation of Authority* reserves to the Board the authority to approve all requests for appropriations from the State of Minnesota.

The Board discussed its FY 2024-25 biennial budget request and FY 2025 supplemental budget request to the State of Minnesota at the following meetings:



- December 2023: *Amendment to the University's Supplemental FY 2025 State Budget Request – Review*, Finance & Operations Committee
- October 2023: *Interim President's Recommended Supplemental FY 2025 State Budget Request – Action*, Finance & Operations Committee
- September 2023: *Interim President's Recommended Supplemental FY 2025 State Budget Request – Review*, Finance & Operations Committee
- March 2023: *Amendments to the FY 2024-25 Biennial Budget Request – Review/Action*, Board of Regents
- October 2022: *President's Recommended FY 2024-25 Biennial Budget Request – Action*, Finance & Operations Committee
- September 2022: *President's Recommended FY 2024-25 Biennial Budget Request – Review*, Finance & Operations Committee

### **Approved FY 2025 Supplemental Budget Request Narrative**

As a part of the State of Minnesota's FY 2024-25 Biennial Budget request process, the University requested recurring Operations and Maintenance (O&M) funding for its core mission activities of an incremental \$45,000,000 beginning in FY 2024 and an additional \$45,000,000 recurring beginning in FY 2025. This request was based on an expectation that the University would raise tuition moderately and continue to internally reallocate funding to pay for cost increases associated with:

- expanded services and service levels to support the needs of University students across all campuses;
- growth in research activities and associated infrastructure costs;
- the labor market – additional costs to attract and retain talented faculty and staff who are critical for delivering the University's education, research, and outreach missions; and
- inflation on purchased goods and services.

Toward that portion of the request, combined with the need to address the FY 2023 tuition revenue shortfall compared to budget, the State of Minnesota generously provided \$50,000,000 recurring in FY 2024, and the University, as promised, utilized its reallocation process and kept tuition increases to modest levels for its students (the increase was 3.5 percent for the Twin Cities campus and 1.0 percent for the greater Minnesota campuses) to balance the FY 2024 budget. The final bill did not include an appropriation increase for core mission activities in FY 2025.

As the University moves into its internal FY 2025 budgeting process this fall, it continues to face the same challenges it faced a year ago – limited resources and increased projected costs. With this in mind, the University proposes to resubmit its FY 2025 request for \$45,000,000 recurring – to help address a portion of those cost increases and keep costs lower for students by leveraging only modest increases in tuition. The University again plans to cover a portion of projected cost increases through its reallocation methodology, which involves reducing expenses in one area of its budget to fund required framework cost increases elsewhere (most often accomplished through efficiencies, targeted scope reductions, reorganizations, and restructuring of operations). The University cannot maintain the depth and breadth of its programming and impact by limiting tuition increases to low or modest levels and cutting to a balanced budget: additional state support is needed to fill the gap.

Of the University's \$4.5 billion revenue budget for FY 2024 (excluding internal sales), the majority (~60 percent) is restricted to use by the source of the funds or is directly related to sales and other miscellaneous revenue generating activity where the revenues pay for the direct costs of the associated goods and services. For that portion of the budget, revenue must grow to cover cost increases, or decisions must be made to reduce spending. Only on rare occasions can those funds be

used to support cost increases in state and tuition-funded activities. Therefore, the remaining 40 percent of University revenues from the unrestricted Operations and Maintenance (O&M) appropriation and tuition must be directed to increasing core mission costs and pressing needs as well as the necessary infrastructure. The only way these general operating revenues grow is through enrollment growth, increasing tuition rates, or a decision by the state to increase the University's O&M appropriation.

### **The Request Items**

As noted above, the University's request includes a recurring increase in its general fund O&M appropriation by \$45,000,000 beginning in FY 2025.

#### *Core Mission: Maintaining Student Success, Research, and Outreach*

This supplemental budget request is focused on maintaining the University's strong national and international reputation for educating students, driving innovation across all disciplines, and connecting with Minnesota communities while simultaneously keeping costs low for students. Each year, the University faces inflationary cost increases for programs, services, and infrastructure to:

- educate learners across a broad spectrum of ages and education levels (from youth programs such as 4-H through Ph.D. candidates);
- maintain student support services, such as academic planning, health and wellbeing services, disability resources, career development, etc.;
- drive economic growth in Minnesota and beyond through cutting-edge research, innovation, and industry partnerships across all sectors; and
- provide services to people and communities across the state through clinical care for patients and animals, MN Extension, public health efforts, research and outreach centers, library services, etc.

The \$45,000,000 recurring request will be used in combination with internal reallocations to keep cost increases low for University of Minnesota students and fund a portion of what is needed to address:

- salary and fringe increases for faculty, educators, student services staff, research technicians, trades and other bargaining unit employees, student employees, and many others. The University employs approximately 27,000 people who live and work in communities in every corner of the state, over 52 percent of whom earn less than \$63,640, which is the annual mean wage for all occupations in Minnesota, according to the Bureau of Labor Statistics ([May 2022 State Occupational Employment and Wage Estimates](#));
- inflation on supplies, equipment, and other non-capital operating expenses for current programs and services (including library materials, lab supplies, instructional technology, restroom supplies, cleaning agents, etc.);
- facility operating costs and capital expenses, including utilities, building and landscape operations, debt service, leases, etc.; and
- cost increases for current technology licenses and maintenance agreements.

An additional \$45,000,000 recurring in FY 2025 represents a 1 percent increase in the University's total revenues (excluding internal sales) and a 5.8 percent increase in its Operations and Maintenance and State Specials funding. Although the University is working to keep costs down for its students, this request assumes that a moderate tuition increase for all students across all campuses will still be necessary to cover the University's FY 2025 costs.

An increase in general fund support at this level would allow the University to continue to work towards achieving its mission-driven goals and priorities while practicing sound fiscal stewardship through ensuring average student debt for those who borrow is below the national average, increasing on-campus employment opportunities for students; targeting student aid; promoting operational efficiencies by maintaining spending on administration; and reporting on continuous improvement processes – all Commitment 5, Fiscal Stewardship goals, as identified in the [MPact 2025 Systemwide Strategic Plan](#). Specific allocation of the additional \$45 million in recurring base appropriation would be implemented consistent with those systemwide strategic priorities and determined through the annual internal budget development process.

#### **INTERIM PRESIDENT'S RECOMMENDATION**

The Interim President recommends approval of the resolution related to the amendment to the Supplemental FY 2025 Budget Request to the State of Minnesota.



**REGENTS OF THE UNIVERSITY OF MINNESOTA**

**RESOLUTION RELATED TO**

**Amendment to the Supplemental  
FY 2025 Budget Request to the State of Minnesota**

**WHEREAS**, the University of Minnesota (University) recognizes there are immediate needs in Minnesota's health care sector, and the University is uniquely positioned to deliver the next generation of Minnesota's expertise in healthcare; and

**WHEREAS**, the University's Vision for Academic Health System includes a request for \$80 million annually beginning in FY 2025 for increased academic health funding support from the State of Minnesota (State) for academic medicine and interprofessional programming, optimizing the breadth of health sciences at the University; and

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

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Regents approves the amendment to the supplemental budget request for FY 2025 for presentation to the State, which, as amended, includes a total increase of \$125,000,000 to the operations and maintenance appropriation from the general fund for a total operations and maintenance appropriation of \$801,294,000 in fiscal year 2025 and a biennial total of \$1,487,852,000.

# FY 2025 Supplemental Budget Request Minnesota's Academic Health System

Interim President Jeff Ettinger  
Myron Frans, Senior Vice President

Finance & Operations Committee

February 8, 2024

**SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS**

World Class Services for a World Class University



**UNIVERSITY BUDGET**

**UNIVERSITY OF MINNESOTA**

# Governor's Taskforce on Academic Health at the University of Minnesota

## Executive Order 23-09 (August 2023)

“The Task Force will develop recommendations to support world-class academic health professions education, research, and care delivery by the Health Sciences Programs that advance equity, center primary care, and ensure that Minnesotans can continue to receive the highest-quality care in a financially sustainable way.”





# University of Minnesota Vision for Academic Health System

December 2023

- Ensure Minnesotans have access to a **world-class academic health system**, including integrated research, teaching, and top-level care.
- Invest in **current facilities** as we work to reacquire flagship assets.
- Plan for the **next generation of academic health facilities** in the Twin Cities.



# Proposed Supplemental Request

## \$80M Recurring

- \$25M Create 3-4 new Medical Discovery Teams
  - \$20M Invest in access to care for underserved communities
  - \$15M Expand workforce development opportunities
  - \$10M Transform primary care
  - \$ 5M Design a new care model to promote better outcomes
  - \$ 5M Establish 2 health networks
- \$80M



# Outcomes from an Investment in Minnesota's Academic Health System

## Improve and expand **patient care** for all Minnesotans

- Increase the number of patients served in every corner of the state with emphasis on underserved communities
- Enhance training for students in primary care and health equity to better serve those in underserved communities
- Develop tools and practices allowing for smoother transitions for patients between primary and specialty care providers
- Advance telehealth and e-consult visits to better meet patients' healthcare needs, when they need it



# Outcomes from an Investment in Minnesota's Academic Health System

Deliver groundbreaking **research** by investing in the University of Minnesota's demonstrated strengths

- Establish three to four new Medical Discovery Teams in areas such as mental health, infectious disease, cancer, cardiovascular programs, population health – a model that is successfully driving cutting edge research today
- Bring innovative clinical trials and associated treatments and cures to greater Minnesota, ensuring broader access to cutting edge care for all Minnesotans
- Expand the Center for Learning Health System Sciences to drive better outcomes, improve cost efficiency, and share best practices by using data more effectively
- Capitalize on the University's established relationships and strengths that are evident through the Biodiscovery District, Medical Alley, the more recent MedTech partnership, and others



# Outcomes from an Investment in Minnesota's Academic Health System

Expand **workforce development** opportunities to increase the number of physicians and other healthcare professionals who provide care for Minnesotans statewide

- Capitalize on the strength of currently established programs in the College of Pharmacy, College of Veterinary Medicine, Medical School, School of Dentistry, School of Nursing, and School of Public Health
- Invest in new educational opportunities to address workforce shortages
- Expand training through additional fellowships and residencies in critical areas such as addiction and mental health
- Expand partnerships with Minnesota State and private colleges to create new educational career pathways for Minnesota learners



# Supplemental Budget Requests

- 1) \$45M for Core Mission
- 2) \$80M for Minnesota's Academic Health System

State Appropriation	Biennial
Current O&M Recurring Base	\$1,344.6
1) Core Mission – Recurring	<b>\$45.0</b>
2) Academic Health - Recurring	<b>\$80.0</b>
Total O&M Recurring Base	\$1,469.6
% change from base	<b>9.3%</b>

*(dollars in millions)*





UNIVERSITY OF MINNESOTA

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





# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Finance & Operations**

**February 8, 2024**

**AGENDA ITEM:** Consent Report

**Review**

**Review + Action**

**Action**

**Discussion**

*This is a report required by Board policy.*

**PRESENTERS:** Myron Frans, Senior Vice President

## **PURPOSE & KEY POINTS**

### **Central Reserves General Contingency Allocations**

The purpose of this item is to seek approval for allocations from the General Contingency greater than \$250,000. Support of up to \$500,000 to refurbish the Tribal Nations Plaza near Huntington Bank Stadium is included in this item.

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

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

- To Huron Consulting Group for the extension of the existing contract for an additional \$2,650,000 for consulting services for the systemwide PEAK Initiative (Positioned for Excellence, Alignment, and Knowledge) Phase 2 transition for the period of February 5, 2024 through October 31, 2024. Funding will be provided from central funding sources intended for one-time projects such as PEAK. Huron Consulting Group was originally selected through a competitive Request for Proposal (RFP) conducted by Purchasing Services in November 2020. Seven suppliers responded to the RFP and one was a targeted supplier. This additional consulting work is within the scope of the original RFP and will complete the Phase 2 implementation transition of the project.
- To PIER Group for an estimated \$3,318,700 for expansion of the Agate Supercomputer cluster for Minnesota Supercomputing Institute (Twin Cities campus). This purchase is budgeted for the current fiscal year using Minnesota Supercomputing Institute's regular operating funds. PIER Group was originally selected as a result of a competitive RFP conducted by Purchasing Services in March 2021. Nine suppliers responded to the RFP and two were targeted businesses.
- To Schindler Elevator Corporation for an estimated \$6,592,000 for maintenance services for the Twin Cities campus vertical transportation equipment (elevators and escalators)

through Facilities Management for the period of July 1, 2024 through June 30, 2027, with three optional one-year contract extensions through June 30, 2030, for an estimated additional \$7,064,000. The total contract value, if all options are exercised, would be an estimated \$13,656,000. This approval authorizes both the base term and the optional contract extensions. Maintenance and operations of elevators and escalators are funded by a variety of organizations on the Twin Cities campus through their facilities budget. Schindler Elevator Corporation was selected as the result of a competitive RFP conducted by Purchasing Services. Two suppliers responded to the RFP and neither was a targeted business.

- To Vector BioMed Inc. for \$1,000,000 for the design, synthesis, and manufacturing of research-grade lentiviral vectors for the disease Fanconi Anemia for the Department of Pediatrics on the Twin Cities campus for the period of February 12, 2024 through August 11, 2025. This project is funded by non-sponsored philanthropic funding, specifically the Kidz1stFund. The funds are available this fiscal year, as well as in FY25. The basis for supplier selection is included in the docket.
- To Zoom Communications, Inc. for an estimated \$13,150,000 to provide an enterprise Voice Communication and Video Collaboration solution systemwide for the University of Minnesota through the Office of Information Technology (OIT) for the period March 7, 2024 through October 7, 2031 with three optional one-year contract extensions through October 7, 2034 for an additional estimated \$6,975,000. The total value of the contract, if all options are exercised, would be an estimated \$20,125,000. This approval authorizes both the base term and the optional contract extensions. The source of funds for the purchase is currently budgeted with existing voice modernization efforts and will continue to be funded utilizing O&M funds. The basis for supplier selection is included in the docket.

### **Capital Budget Amendments**

The purpose of this item is to seek approval of capital budget amendments for the following projects for the Twin Cities campus. These are important projects that did not meet the Board's criteria for inclusion in the Annual Capital Improvement Budget that was approved in June 2022 but do so now.

- Advanced Operations Center
- Hasselmo Hall Cryo Lab
- Mondale Hall Courtroom Renovation
- St. Paul Student Center

Project overviews, which provide the basis for the request, project scope, cost estimate, funding, and schedule, are included in the docket. Site maps locating the projects on their respective campuses are also included.

### **Employment Agreements**

The purpose of this item is to seek approval for the following employment agreements:

- Jordan Cofer, Vice Chancellor of Academic Affairs and Dean, Morris campus
- Mark Coyle, Athletic Director, Twin Cities campus

- Corey Hetherman, Defensive Coordinator, Football, Twin Cities campus

### **Real Estate Transactions**

The purpose of this item is to review and act on the following purchase for the Twin Cities campus.

- Purchase of 78 acres in Carlton County for the College of Food, Agricultural and National Resource Sciences (CFANS).

### **Schematic Designs**

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

- Advanced Operations Center
- Hasselmo Hall Cryo Lab
- Mondale Hall Courtroom Renovation

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

### **BACKGROUND INFORMATION**

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

- General Contingency: *Reservation and Delegation of Authority*, Article I, Section VII, Subd. 1
- Purchase of Goods and Services \$1,000,000 and Over: *Reservation and Delegation of Authority*, Article I, Section VII, Subd. 6.
- Capital Budget Amendments: *Reservation and Delegation of Authority*, Article I, Section VIII, Subd. 8.
- Employment Agreements: *Reservation and Delegation of Authority*, Article I, Section IV, Subd. 1. and Article I.
- Real Estate Transactions: *Reservation and Delegation of Authority*, Article I, Section VIII, Subd. 1.
- Schematic Designs: *Reservation and Delegation of Authority*, Article I, Section VIII, Subd. 9

### **INTERIM PRESIDENT'S RECOMMENDATION**

The Interim President recommends approval of the Consent Report.

## Central Reserves General Contingency Allocations Finance & Operations Committee February 2024

Recipient	Amount	Running Balance	Purpose
1 <b>Fiscal Year 2024</b> (7/1/2023-6/30/2024)			
2 <b>Carryforward from FY23 to FY24</b>		<b>\$1,687,854</b>	
3     FY24 General Contingency Allocation	\$1,000,000	\$2,687,854	
4 <b>New FY24 items this reporting period:</b>			
5     n/a		\$2,687,854	
6 <b>Current Balance</b>		<b>\$2,687,854</b>	
7 <b>Commitments</b>			
8     Capital Project Management	(\$100,000)	\$2,587,854	Dentistry amalgam waste project: Install onsite mercury amalgam separator in the Dental Simulation Lab.
9 <b>Projected Balance with Commitments</b>		<b>\$2,587,854</b>	
10 <b>Prior Approval Requested</b>			
11     Capital Project Management	(\$500,000)	\$2,087,854	Tribal Nations Plaza project: Prior approval requested for up to \$500,000 from General Contingency funds to support refurbishment of Tribal Nations Plaza (includes replacing Skymarker bases and inground lighting).
12 <b>Projected Balance</b>		<b>\$2,087,854</b>	

\* Items \$250,000 or more subject to Board approval.

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

To Huron Consulting Group for the extension of the existing contract for an additional \$2,650,000 for consulting services for the systemwide PEAK Initiative (Positioned for Excellence, Alignment, and Knowledge) Phase 2 transition for the period of February 5, 2024 through October 31, 2024.

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

*The PEAK Initiative is a multi-year program with an implementation plan that occurs over four phases, each including a specific set of academic units, administrative units, and system campuses. Over these four phases, PEAK will transition the University to a new service delivery model for the critical functions of Human Resources, Finance, Information Technology, and Marketing & Communications.*

*PEAK Phase 1 implementation focused on a specific set of academic units, administrative units, and system campuses. Phase 2 is the transition of the second group of academic and administrative units. With the transition of Phase 1 completion, the University has determined it appropriate to proceed with the Phase 2 implementation. At the conclusion of Phase 2, the University will again determine how to move forward with implementation for the Phase 3 academic and administrative units and begin the preparation for the Phase 4 academic and administrative units. At that time, the PEAK executive sponsors will share the plan for moving forward with the Board of Regents.*

*Huron Consulting Group was originally selected through a competitive Request for Proposal (RFP) conducted by Purchasing Services in November 2020. Seven suppliers responded and one was a targeted supplier. This additional consulting work is within the scope of the original RFP and will complete the Phase 2 implementation transition of the project.*

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

Submitted by: Emily O'Neill  
PEAK Program Director

Approval for this item requested by:

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

January 12, 2024

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

To PIER Group for an estimated \$3,318,700 for expansion of the Agate Supercomputer cluster for Minnesota Supercomputing Institute (Twin Cities campus).

*This purchase is for the planned mid-cycle upgrade to the Minnesota Supercomputing Institute's (MSI) current supercomputer cluster "Agate," originally acquired in November 2021, at a cost of approximately \$7,400,000 following a competitive Request for Proposal process.*

*The proposed expansion of the Agate supercomputer will enhance MSI's capability to run jobs of cutting-edge scale and sophistication. These capabilities are critical to the University's ability to do the research that leads to medical, scientific, and other breakthroughs of benefit to society, thus helping fulfill the outreach mission of the University. The addition will counterbalance the computational capacity lost by the approaching retirement of MSI's 2015 "Mesabi" supercomputer in June 2024, as well as provide access to newer generations of high-performance GPUs introduced since the Agate acquisition.*

*The cluster expansion requires compatibility with existing equipment and is subject to the discount rates established under the referenced award.*

*This purchase is budgeted for the current fiscal year using MSI's regular operating funds.*

Submitted by: Graham Allan  
Minnesota Supercomputing Institute

Approval for this item requested by:

Shashank Priya  
Vice President for Research  
(Signature on file in Purchasing Services)

January 5, 2024

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

To Schindler Elevator Corporation for an estimated \$6,592,000 for maintenance services for the Twin Cities campus vertical transportation equipment (elevators and escalators) through Facilities Management for the period of July 1, 2024 through June 30, 2027, with three optional one-year contract extensions through June 30, 2030 for an estimated additional \$7,064,000. The total contract value, if all options are exercised, would be an estimated \$13,656,000.

*The Twin Cities campus currently has 434 elevators and 16 escalators throughout hundreds of buildings. Maintenance and repair of these elevators and escalators are vital for providing safe, reliable vertical transportation for the University community and maximizing the useful life span of said equipment. Historically, vertical transportation maintenance was performed by a combination of internal and multiple service contracts that led to varying levels of service and an inefficient approach to asset management. Contracting the maintenance and supervision of elevators and escalators to one supplier allows the University to manage the operational performance of its vertical transportation equipment efficiently in the most cost-effective way possible.*

*A Request for Proposal was issued in 2023, and Schindler Elevator Corporation was selected through a competitive process due to a combination of price, work plan, and staffing levels. Two suppliers responded; neither were targeted businesses.*

*Maintenance and operations of elevators and escalators are funded by a variety of organizations on the Twin Cities campus through their facilities budget.*

Submitted by: Bill Paulus, Associate Vice President  
Facilities Management

Approval for this item requested by:

Alice Roberts-Davis  
Vice President of University Services  
(Signature on file in Purchasing Services)

December 4, 2023



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

To Vector BioMed Inc. for \$1,000,000 for the design, synthesis, and manufacturing of research-grade lentiviral vectors for the disease Fanconi Anemia for the Department of Pediatrics on the Twin Cities campus for the period of February 12, 2024 through August 11, 2025.

*Fanconi Anemia is a rare genetic disease caused by mutations in genes. Bone marrow transplantation is the only curative therapy. The University of Minnesota is the largest treatment center in the United States for patients with Fanconi Anemia, and the Department of Pediatrics is developing a new gene therapy product for the treatment of the disease. Vector BioMed is able to assist with the development of a clinical grade lentiviral vector that can be utilized for this purpose.*

*Vector BioMed was selected to perform this work as they have successfully worked with the University's collaborating entity, Dark Horse, which provides regulatory support guidance for FDA approval. A price decrease of \$350,000 was negotiated through ongoing discussions and relationship with the collaborating entity. The vendor provides a superior quality process and a price that is lower than other vendors.*

*This project is funded by non-sponsored philanthropic funding, specifically the Kidz1stFund. The funds are available this fiscal year, as well as in FY25.*

Submitted by: Lisa Spofford  
Pediatrics

Approval for this item requested by:

Jakub Tolar  
Dean of the Medical School  
Vice President for Clinical Affairs  
(Signature on file in Purchasing Services)

January 12, 2024

### Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because of Vector BioMed's knowledge and expertise in creating clinical grade vectors, a novel and unique product.

The price was determined to be reasonable based on successful negotiations of a 20% discount off the list price for these services.

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

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

To Zoom Communications, Inc. for an estimated \$13,150,000 to provide an enterprise Voice Communication and Video Collaboration solution for the University of Minnesota system through the Office of Information Technology (OIT) for the period March 7, 2024 through October 7, 2031, with three optional one-year contract extensions through October 7, 2034 for an additional estimated \$6,975,000. The total value of the contract, if all options are exercised, would be an estimated \$20,125,000.

*Zoom Communications offers the opportunity to replace and upgrade the different voice systems in use at all campuses that are becoming costly and obsolete. The modern, cloud-delivered service will fully integrate with the University's current Zoom Video and Collaboration suite. It also reduces the cost for the University while providing many new value-added features and capabilities.*

*Zoom Communications was selected through direct negotiations with Zoom after reviewing opportunities with our existing and current providers. Zoom Communications was chosen due to better pricing, seamless integrations, and brand compatibility.*

*The source of funds for the purchase is currently budgeted with existing voice modernization efforts and will continue to be funded utilizing O&M funds.*

Submitted by: Michelle Rakos  
Office of Information Technology

Approval for this item requested by:

Bernard Gulachek  
Vice President and CIO, Office of Information Technology  
(Signature on file in Purchasing Services)

January 2, 2024

## Rationale for Exception to Competitive Bidding

This purchase was not competitively bid because Zoom Communications is the University's current online meeting solution provider. Adding voice and additional video solutions will ensure the University has consistent technology.

In 2018, the University conducted a Request for Proposal (RFP) process for a systemwide enterprise online meeting solution, and Zoom Communications, Inc. (formerly Zoom Video Communications, Inc.) offered the best value to the University once price and other factors were considered in accordance with the methodology laid out in the RFP.

Zoom Communication's Phone costs are significantly lower than the costs of continuing a relationship with ClearSpan and the Avaya system in Duluth that will no longer have support, effective June 2026. By switching to Zoom and exiting the ClearSpan arrangement, the University will save approximately \$1,300,000.

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

**Capital Budget Amendment: Advanced Operation Center (AOC)  
Twin Cities Campus  
Project No. 01-232-23-2462**

**1. Basis for Project:**

The University of Minnesota has established an agreement for a land swap on the East Bank Campus which allows for future the U of M Foundation Real Estate Advisors (UMFREA) land development at the east end of the campus; this land swap includes the relocation of the Office of Information Technology (OIT) 3,000 sq ft Network Operations Center (NOC) facility. This project also anticipates the future relocation of OIT's 9,000 sq ft Data Center currently located within West Bank Office Building (WBOB); the WBOB Data Center is beyond its useful life and is located within a building that has been designated "Do Not Invest" and slated for divestment. Combining these functions is a strategic alignment that maximizes infrastructure advantages and long-term maintenance efficiency.

**2. Scope of Project:**

The Advanced Operation Center (AOC) project will construct a 34,000 gross sq ft facility to include a 12,000 sq ft of network/data hall which is further supported by demarcation point(s) (DMARC), testing/configuration, office, storage, bathroom, mechanical/electrical services, loading dock, and equipment yard. The project will be located at the north end of the Twin Cities East Bank parking lot C33 (northwest of Huntington Bank Stadium). This site was strategically selected based on network access requirements, building size, and proximity. The south half of the parking lot will be reconfigured for a contract parking lot.

The project will energize Phase 1 to provide the required power capacity to support 6,000 sq ft of the 12,000 sq ft network/data hall (NOC and future WBOB relocations). The project is positioned for a future Phase 2 to provide additional electrical capacity for the remaining 6,000 sq ft of the data hall and align with OIT's strategic data research consolidation/planning requirements.

The AOC is designed to aesthetically complement the existing Twin Cities Biomedical Discovery and Athletics Districts while allowing future growth within the District.

**3. Campus Plan:**

The AOC is a complementary feature of the Biomedical Discovery District as defined in the Twin Cities Campus Plan Update (2021).

**4. Environmental Issues:**

The selected project site (Lot C33) is known to contain heavy debris and hazardous materials from past silo demolition within the Biomedical Discovery District. This project will mitigate (excavate/dispose) as required for construction and site utility management.

**5. Cost Estimate:**

Construction Cost	\$66,650,000
Non-Construction Cost	<u>\$ 6,100,000</u>
Total Project Cost	\$72,750,000

**6. Capital Funding:**

University Debt	\$46,750,000
University of Minnesota Foundation Real-Estate Advisors (UMFREA)	<u>\$26,000,000</u>
Total Capital Funding	\$72,750,000

**7. Capital Budget Approvals:**

The FY2024 Annual Capital Budget included \$11,500,000 for project design and procurement of select long lead-time equipment. The current Capital Budget Amendment is to provide an additional \$61,250,000 of project funding to fully fund the total project cost of \$72,750,000.

**8. Annual Operating and Maintenance Cost:**

Estimated Facility Operating Cost (decrease)\*

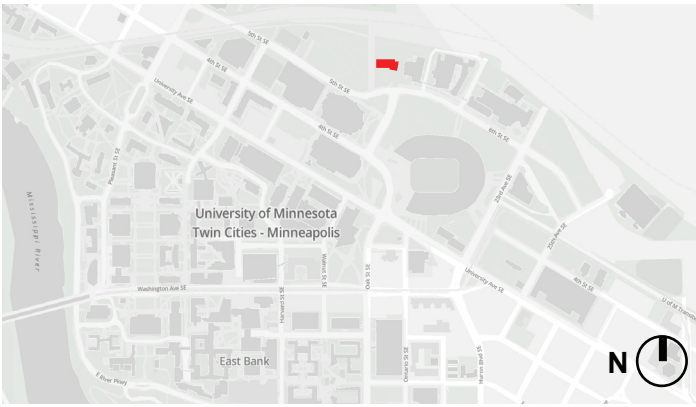
*\*Consolidation of the vacated properties of 2218 University Ave and the future data hall portion of WBOB will result in a decrease in the annual operating and maintenance costs.*

**9. Time Schedule:**

Design Start: January 2023  
Proposed Construction Start: June 2024  
Proposed Substantial Completion: March 2026

**10. Project Team:**

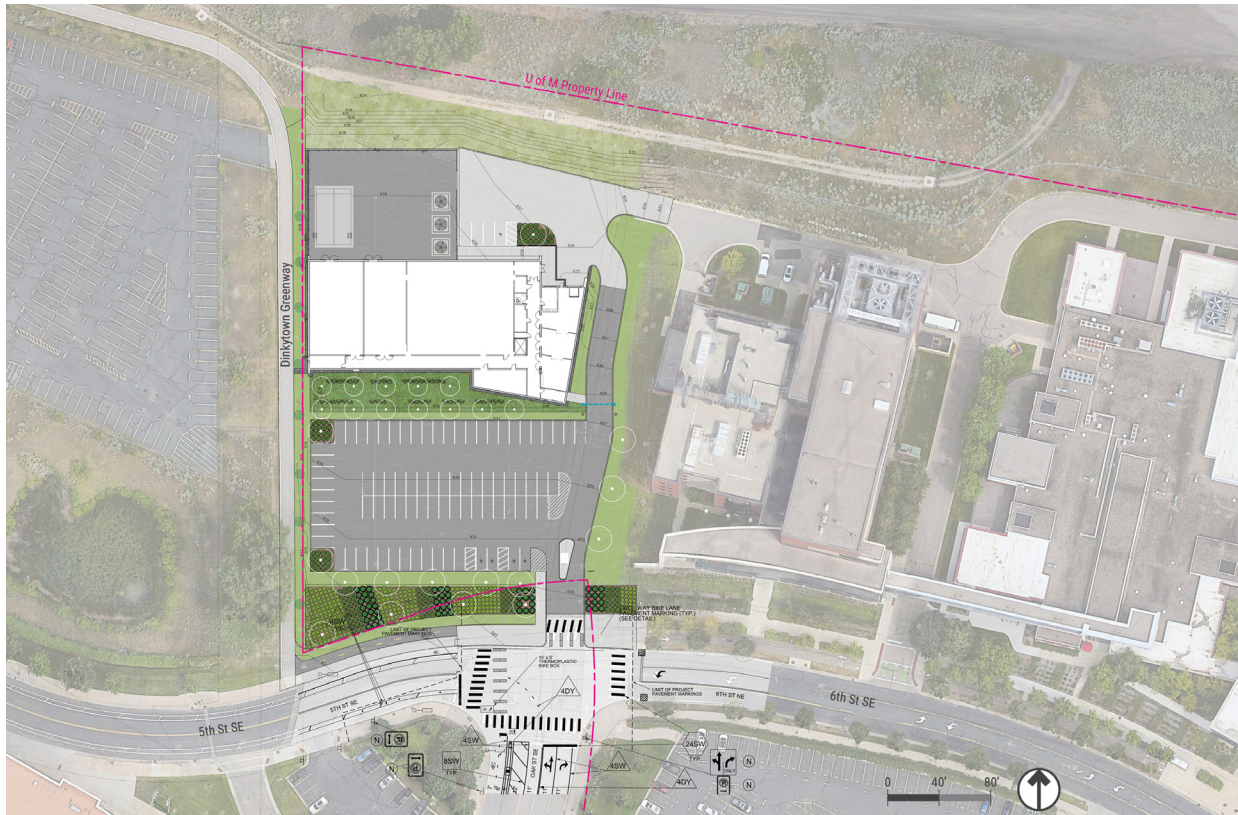
Architect: DLR Group  
Contractor (CMaR): McGough Construction



**LOCATION MAP**



**EXTERIOR RENDERING**



**SITE PLAN**

**PROPOSED DESIGN**



**Capital Budget Amendment: Hasselmo Hall Cryo Lab  
Twin Cities Campus  
Project No. 01-178-23-2203**

**1. Basis for Project:**

This project will install a Transmission Electron Microscope (TEM) with an energy filter and a direct electron detector camera for high-resolution imaging of molecular structures and a cryo-FIB/SEM dual beam system for cell-based tomography studies. The addition of these cryo-electron microscopy (cryo-EM) instruments will increase scholarship, improve Blue Ridge Rankings, and expand interdisciplinary research collaborations and projects across the University.

**2. Scope of Project:**

Hasselmo Hall was selected for this project. Rooms 1-224A and 1-224B (approximately 600sf) will be renovated for the installation of two cryo-electron microscopes, the TEM, and the tomography system. These highly sensitive microscopes require specific spatial clearances, room finishes, and room systems. The rooms must also meet vibration isolation requirements and comply with magnetic field (EMI) limits. To meet installation requirements, renovation of the proposed spaces will be required.

**3. Campus Plan:**

The project is consistent with the guidance provided in the Twin Cities Campus Plan Update (2021).

**4. Environmental Issues:**

No hazardous materials are anticipated in the renovation of this space based on previous work experience within Hasselmo Hall; hazardous material testing was conducted, and no asbestos-containing materials were found.

**5. Cost Estimate:**

Construction Cost	\$914,000
<u>Non-Construction Cost</u>	<u>\$342,000</u>
Total Project Cost	\$1,256,000

**6. Capital Funding:**

Office of Academic Clinical Affairs	\$350,000
<u>Biochemistry, Molecular Biology and Biophysics</u>	<u>\$906,000</u>
Total Capital Funding	\$1,256,000

**7. Capital Budget Approvals:**

The purchase of the TEM, direct electron detector camera, and dual beam system for cell-based tomography studies was previously presented and approved for purchase by the Board of Regents at the September 2022 Regents meeting. The current Capital Budget Amendment will provide funding to prepare the space and install the equipment.

**8. Annual Operating and Maintenance Cost:**

This project adds new equipment to the floor plan for Hasselmo Hall; this project is not expected to impact operating costs.

**9. Time Schedule:**

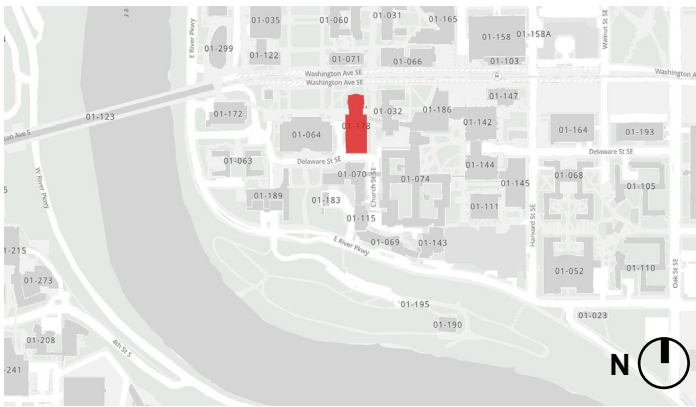
Proposed Design Completion: March 2024

Proposed Substantial Completion: July 2024

**10. Project Team:**

Architect: Leo A. Daly

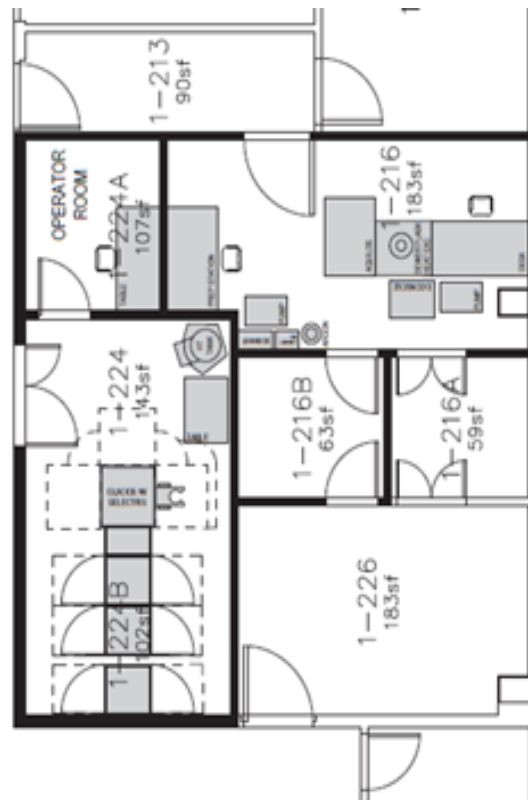
General Contractor: TBD



**LOCATION MAP**



**FLOOR PLAN - OVERALL**



**FLOOR PLAN - DETAIL**



**PROPOSED DESIGN MODIFICATIONS**

**Capital Budget Amendment: Mondale Hall Courtroom Renovation  
Twin Cities Campus  
Project No. 01-211-23-2310**

**1. Basis for Project:**

The University of Minnesota Law School courtrooms are located in Mondale Hall. The existing courtrooms were constructed over 40 years ago and have not significantly changed since then. This project will renovate the courtrooms to meet contemporary expectations for technology, accessibility, flexibility, and overall functionality. The spaces will function as classrooms but will also replicate the real courtroom experience to provide an authentic learning environment.

**2. Scope of Project:**

The primary objectives of the renovation include:

- reconfiguration of the existing courtroom layout to meet current courtroom standards and provide accessibility;
- updating technology systems throughout the courtrooms and adjacent supporting spaces;
- updating interior finishes, acoustics, and lighting;
- updating fixtures, furnishings, and equipment; and
- enhancing the student experience and aiding in recruitment

**3. Campus Plan:**

The project is consistent with the guidance provided in the Twin Cities Campus Plan Update (2021).

**4. Environmental Issues:**

Hazardous materials have been surveyed, sampled, and will be abated if impacted by the project.

**5. Cost Estimate:**

Construction Cost	\$ 2,112,000
Non-Construction Cost	<u>\$ 888,000</u>
Total Project Cost	\$ 3,000,000

**6. Capital Funding:**

College of Law	<u>\$ 3,000,000</u>
Total Funding	\$ 3,000,000

**7. Capital Budget Approvals:**

This project was identified as a potential project in the FY 2024 Annual Capital Budget. The current Capital Budget Amendment is to provide full project funding.

**8. Annual Operating and Maintenance Cost:**

An increase in operating and maintenance costs is not anticipated with this renovation.

**9. Time Schedule:**

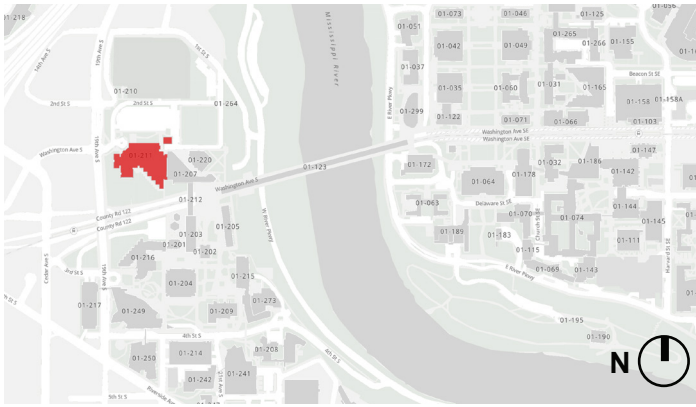
Proposed Design Completion: June 2024

Proposed Substantial Completion: October 2024

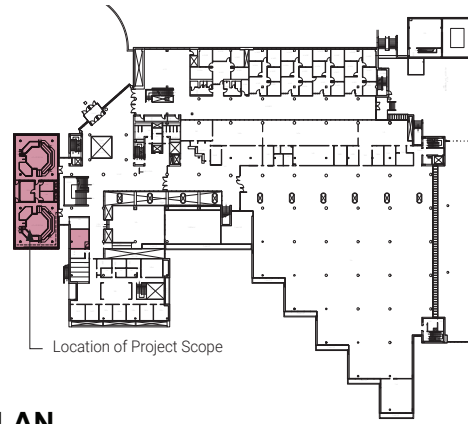
**10. Project Team:**

Architect: DLR Group

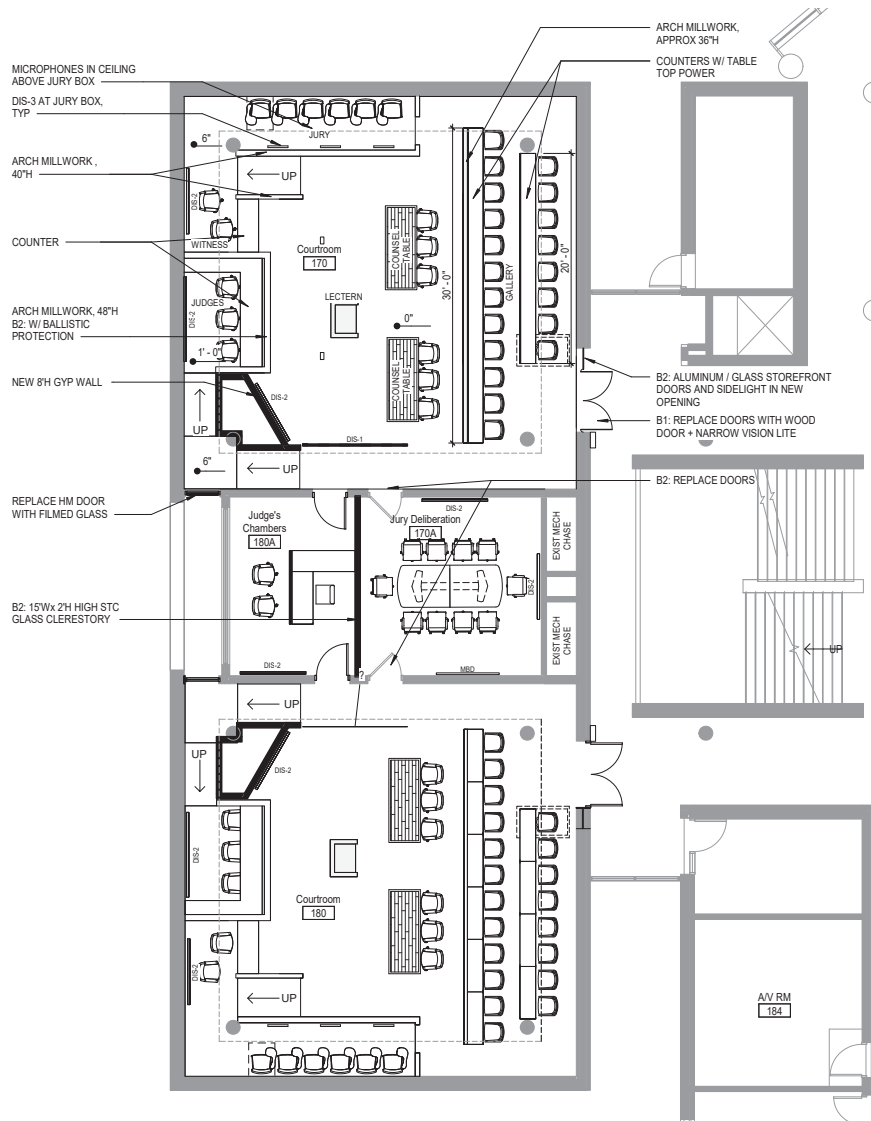
Construction Manager at Risk: TBD



**LOCATION MAP**



**KEY PLAN**



**FLOOR PLAN**

**PROPOSED DESIGN MODIFICATIONS**



**INTERIOR RENDERING**



**INTERIOR RENDERING**



**INTERIOR RENDERING**

**Capital Budget Amendment: St. Paul Campus Center  
Twin Cities Campus  
Project No. 02-401-23-2181**

**1. Basis for Project:**

The new Saint Paul Campus Center (SPCC) will be a true academic and social hub for the Saint Paul Campus. Major project stakeholders that will be integrated into the new SPCC include Student Unions and Activities, M Food Co, University Bookstores, and University of Minnesota Libraries. The new SPCC will replace the functions of the existing Saint Paul Student Center built in 1957 and the Magrath Library built in 1951, both of which are outdated and would require significant improvements.

**2. Scope of Project:**

The SPCC will be located on the site of the existing Magrath Library at 1984 Buford Avenue. Project scope includes demolition of the existing Magrath Library, modification of existing site utilities and surrounding civil conditions to accommodate the new design, and new building construction. The proposed total gross square footage is 98,328.

This Capital Budget Amendment is for Predesign completion only.

**3. Campus Plan:**

The SPCC is consistent with the guidance provided in the Twin Cities Campus Plan Update (2021) as well as the Saint Paul Strategic Facility Plan (2018).

**4. Environmental Issues:**

Identified abatement costs include hazardous material surveys within the project area. This Predesign project budget includes the cost of those surveys.

**5. Cost Estimate:**

Construction Cost	\$0
Non-Construction Cost	<u>\$2,000,000</u>
Total Project Cost	\$2,000,000

**6. Capital Funding:**

Collegiate and Unit Resources	\$1,560,000
University Debt	<u>\$440,000</u>
Total Capital Funding	\$2,000,000

**7. Capital Budget Approvals:**

The SPCC project was not included in the Capital Budget because the location on the Saint Paul Campus had not been sufficiently determined to accurately budget the design costs. The current Capital Budget Amendment is to provide funding for predesign completion.



**8. Annual Operating and Maintenance Cost:**

The SPCC will consolidate the existing Student Center (88,047 gsf) and the Magrath Library (96,117 gsf) into a smaller footprint (98,328 gsf) on the Magrath site. The final configuration will be determined during predesign, but operating and maintenance costs are expected to decrease considerably because of the reduced square footage.

**9. Time Schedule:**

Proposed Design Completion: July 2025

Proposed Substantial Completion: May 2027

**10. Project Team:**

Architect: Alliance

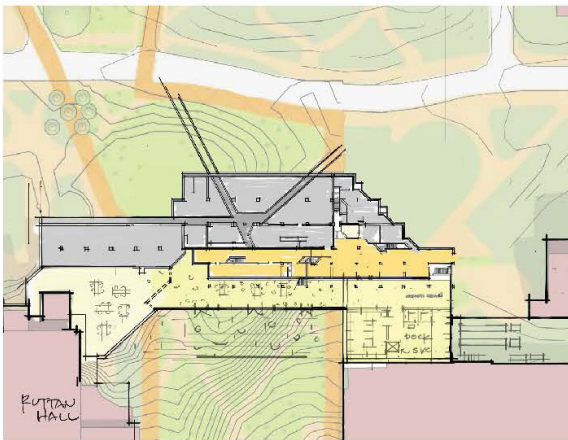
Construction Manager at Risk: TBD



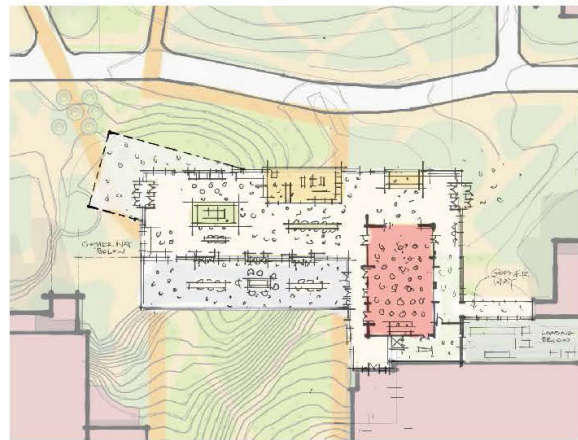
**LOCATION MAP**



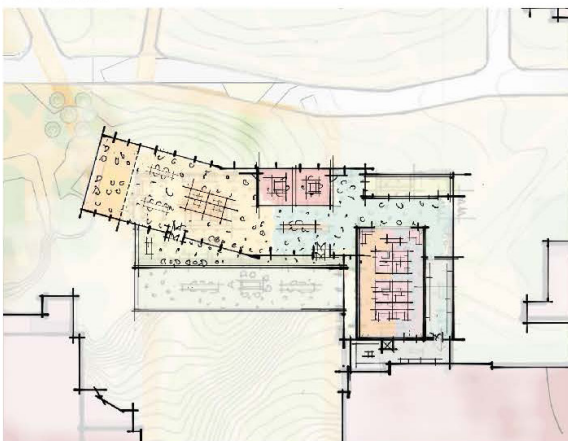
**SITE PLAN**



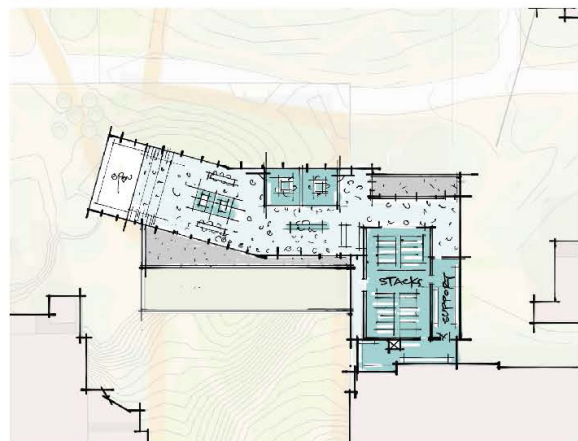
**BASEMENT**



**MAIN**



**SECOND**



**THIRD**

**CONCEPT FLOOR PLANS**



**PROPOSED DESIGN MODIFICATIONS**

**EMPLOYMENT AGREEMENT SUMMARY**  
**JORDAN COFER**  
**VICE CHANCELLOR OF ACADEMIC AFFAIRS AND DEAN, MORRIS CAMPUS**  
**FEBRUARY 2024**

Pending approval by the Board of Regents, Jordan R. Cofer will be appointed Vice Chancellor of Academic Affairs and Dean (VCAA/Dean) at the University of Minnesota Morris campus, effective July 1, 2024.

Reporting to the chancellor, the vice chancellor for academic affairs and dean (VCAA/dean) serves as UMN Morris's chief academic officer and dean of the faculty and is responsible for all aspects of academic and faculty affairs. To promote the core mission of student learning and success, the VCAA/dean's responsibilities include serving as a member of the UMN Morris leadership team, as a leader of and advocate for the faculty, and as a manager of academic affairs programs.

Core responsibilities of the vice chancellor for academic affairs and dean include providing academic leadership and working collaboratively with other members of the campus leadership team as well as campus governance and across the UMN system. Reporting directly to the chancellor, the VCAA/dean will:

- Advance the University's mission and vision
- Cultivate strong partnerships within the campus community and across the University of Minnesota system
- Build relationships with and initiatives serving regional constituents, alumni, and donors
- Build a diverse and inclusive learning community
- Support assessment, accreditation, and data-informed decision-making
- Build upon existing programs designed to support faculty and ensure student success
- Work collaboratively with the other members of the chancellor's team to forward campus-wide efforts and projects

The VCAA/dean's portfolio includes collaborative support and direct supervision of the chairs of four academic divisions: Education, Humanities, Science and Mathematics, and Social Sciences. The VCAA/dean works to sustain and embolden innovation in interdisciplinary areas that cross the boundaries of traditional divisions. The VCAA/dean also supervises offices in support of the academic enterprise, which includes academic support resources, grants development, the Center for Small Towns, the Academic Center for Enrichment (study away, career services, honors program, undergraduate research), and the library. This leader also provides budgetary oversight for academic operating budgets and coordinates with System colleagues to advance the campus-level aims of the University of Minnesota System Strategic Plan.

**Appointee's Background and Qualifications**

Jordan Cofer is an accomplished academic leader and faculty member who comes to the University of Minnesota Morris from a peer institution in the Council of Public Liberal Arts Colleges, Georgia College & State University in Milledgeville, GA. Cofer holds an appointment at Georgia College as Associate Provost for Transformative Learning Experiences and Professor of English (tenured). He has extensive experience in various areas of academic administrative leadership at the department, campus, and system level. He has state and national experience as part of the American Association of Colleges and Universities' (AAC&U) Liberal Education and America's Promise project (LEAP), "a national public advocacy and campus-action initiative to champion the importance of a liberal education for individual students and for a nation dependent on economic creativity and democratic vitality." Participation in LEAP has given Cofer administrative experience with learning outcomes, high-impact educational practices, and multiple levels of assessment; he has served as an instructor in AAC&U's

High-Impact Practices Institute and on the Executive Board for LEAP State Georgia, which, under Cofer's leadership, expanded membership from 18 to 28 higher education institutions across Georgia.

Cofer's leadership skills have been further advanced by his participation in Harvard University's Institute for Higher Education Leadership program on Aligning Strategic Priorities with Financial Resources in Higher Education (2022) and in Penn State University's Center for the Study of Higher Education Academic Leadership Academy (2022); he was also selected to participate in the University System of Georgia's Executive Leadership Institute (2014-15). Cofer's extensive administrative accomplishments include leadership of Georgia College's signature academic initiative, GC Journeys, which has helped increase enrollment, retention rates, and four-year graduation rates. The initiative was awarded the 2021 University System of Georgia Award for Excellence in Teaching and Curricular Innovation for most innovative curricular program, the 2023 AASCU (American Association of State College & Universities) Excellence & Innovation Award for Student Success and College Completion. Cofer also oversees Georgia College's Undergraduate Research program, which was awarded the 2020 Council on Undergraduate Research (CUR) AURA Award for the top undergraduate research program in the nation. He led the creation of an Office of Undergraduate Research at Georgia College and founded a national journal, *Undergraduate Research*. He also provides oversight for two research institutes at Georgia College: the Rural Studies Institute and the Andalusia Institute, for which he also served as the interim executive director and brought in major external funding support. He has served as PI, co-PI, or administrator on ten grants, with funding from the NEH, NSF, Andrew W. Mellon Foundation, Bill and Melinda Gates Foundation, and others. With Cofer's leadership, Georgia College was selected for the competitive AASCU Student Success Equity Intensive, funded by the Bill & Melinda Gates Foundation, which allows a cohort of institutions to focus on closing equity gaps for underserved students.

An established scholar of American literature, Cofer is recognized as one of the leading scholars of Flannery O'Connor. His publications include three books—one a monograph, *The Gospel According to Flannery O'Connor* (New York: Bloomsbury, 2014)—and twelve essays. He has also published shorter pieces and book reviews, given close to forty conference presentations, and given many invited talks and webinars. Cofer holds a Ph.D. in English from Texas Tech University.

Before his appointment at Georgia College, Cofer served as Interim Dean of Arts & Sciences, Assistant Vice President of Academic Affairs and tenured Professor of English at Abraham Baldwin Agricultural College in Tifton, Georgia, where his roles also included serving as Director of the Center for Teaching and Learning, Chair of the Department of English, and Director of the Writing Center.

#### Recommended Salary and Appointment Type

Jordan Cofer's annual salary as Vice Chancellor of Academic Affairs and Dean at UMM will be \$160,000. His appointment as Vice Chancellor of Academic Affairs and Dean is a 100%-time, A-term (12-month) L-type (limited) appointment in the academic professional and administrative personnel classification, an at-will employee position reporting to and serving at the pleasure of the Chancellor. The full employment agreement between the University of Minnesota and Jordan Cofer is attached as an exhibit.

There are no individually negotiated terms of employment or separation agreements.

### Comparable Market Data

Benchmarking with the University's Annual Review of Senior Leader Compensation, which was presented to the Board of Regents last year, showed comparative base salary data among University of Minnesota peers for the position of Vice Chancellor of Academic Affairs and Dean. The report provides market data from the CUPA-HR Administrators in Higher Education Salary Survey, encompassing a broad range of participant institutions that includes both public and private institutions. The Office of Human Resources has further detailed comparable market data for base compensation for this position aged to July 2024 for FY24, benchmarked with institutions in Morris' Carnegie Classification: Baccalaureate Colleges Arts & Sciences Focus. 10th: \$179,690 25th: \$206,318 50th: \$243,110 75th: \$289,548 90th: \$336,374.

Recommendation: The Interim President recommends the appointment of Jordan Cofer to the position of Vice Chancellor of Academic Affairs and Dean at the University of Minnesota Morris.

## EMPLOYMENT AGREEMENT

**THIS EMPLOYMENT AGREEMENT** is entered into as of this 18<sup>th</sup> day of December, 2023, by and between Regents of the University of Minnesota, a Minnesota constitutional educational corporation (the "University"), and Jordan Cofer ("Jordan Cofer," "you").

**WHEREAS**, the University wishes to employ Jordan Cofer as the Vice Chancellor for Academic Affairs and Dean and Jordan Cofer wishes to accept employment as the Vice Chancellor for Academic Affairs and Dean of the University of Minnesota Morris Campus (UMN Morris);

**WHEREAS**, this Employment Agreement is subject to the approval of the Board of Regents of the University of Minnesota and the completion of a background check satisfactory to the University;

**THEREFORE**, the University and Jordan Cofer agree as follows, subject to the approval of the Board of Regents:

### I. EMPLOYMENT TERM AND DUTIES

Subject to the terms and conditions of this Agreement and University Policies and Procedures, the University appoints Jordan Cofer as the UMN Morris Vice Chancellor for Academic Affairs and Dean and he agrees to be so employed by the University for a term commencing on July 1, 2024. The UMN Morris Vice Chancellor for Academic Affairs and Dean is a 100-percent time, 12-month L appointment in the professional and academic personnel classification who serves as an at-will employee at the pleasure of the Chancellor. As such, you report to and serve at the pleasure of the Chancellor and your appointment may be terminated at any time without advance notification.

### II. DUTIES

During the term of your employment as the UMN Morris Vice Chancellor of Academic Affairs and Dean you will diligently and consciously devote your full-time attention and best efforts in performing and discharging the duties of the UMN Morris Vice Chancellor of Academic Affairs and Dean as they are set forth in the job description for this position (attached) including, but not limited to, the following duties:

- A.** Promote a unified vision and continue progress on strategic vision and key initiatives. The UMN Morris is dedicated to its mission and its commitment to the liberal arts.
- B.** Advocate for and support outstanding faculty and staff. The UMN Morris Vice Chancellor for Academic Affairs and Dean will build and maintain relationships with faculty and staff that are key to UMN Morris's success and sense of community.
- C.** Grow and strengthen UMN Morris's diverse and inclusive community. The UMN Morris Vice Chancellor for Academic Affairs and Dean will bring a strong commitment to developing, enhancing, and sustaining a diverse student body, faculty, and staff.
- D.** Represent UMN Morris externally. The UMN Morris Vice Chancellor for Academic Affairs and Dean will be expected to play a key role in sustaining strong and productive relationships across the five campus UMN system while simultaneously advocating for the priorities, goals, and objectives of the UMN Morris campus.

- E. Represent the University in the local community, in making connections with alumni and potential donors, and at higher education organizations.
- F. Perform such other duties as related to your employment position and assigned to you by your appointing authority.

### **III. PERFORMANCE**

In accordance with University policy, you will receive regular annual performance evaluations and, in accordance with University policy, you will receive a broader systemic review of your performance no later than the end of your third year in the position.

### **IV. FACULTY APPOINTMENT**

In addition to your appointment as the UMN Morris Vice Chancellor for Academic Affairs and Dean, you will also be considered for appointment as a tenured, full professor in the college, subject to Board of Regents Policy: *Faculty Tenure*. Your appointment requires approval of the faculty as well as the Board of Regents. During the time you serve as the UMN Morris Vice Chancellor for Academic Affairs and Dean you will not receive any compensation for your faculty appointment, but a salary for this appointment will be established each year by the University, based on the average increase to base of your same-ranked collegiate peers. In the event you no longer are employed as the UMN Morris Vice Chancellor for Academic Affairs and Dean and retain this faculty appointment, this will be your established faculty salary.

### **V. COMPENSATION**

- A. Subject to the terms of this Agreement for all services provided by you on behalf of the University, the University shall pay you an annual salary of One Hundred and Sixty Thousand and No/100 Dollars (\$160,000).
- B. All base salary shall be paid in accordance with the University's regular payroll procedures for Professional and Administrative employees and shall be subject to withholding for applicable federal and state income taxes, federal social security taxes, and other applicable taxes and deductions.
- C. In accordance with University policies and procedures, you shall be eligible for salary increases on an annual basis based upon the evaluation of the appointing authority or his/her designee.
- D. The base salary is subject to furloughs, pay freezes, salary reductions or other adjustments to the same extent they are required of other employees of the University.

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### **VI. BENEFITS**

The University shall provide you with a benefits program as provided generally for its Professional and Administrative employees as described in its policies and Procedures (<http://www.umn.edu/ohr/benefits/summary/>). These programs shall be subject to amendments and modifications by the University.



## VII. RELOCATION

The University will pay for relocation costs associated with your move by means of a lump sum of \$3,000 in accordance with the University's relocation policy (<http://www.policy.umn.edu/Policies/Finance/Travel/EmployeeRelocation.html>).

## VIII. SEPARATION

- A. Your appointment as UMN Morris Vice Chancellor for Academic Affairs and Dean is an L appointment, which means you serve at the pleasure of your appointing authority. Your appointment may be terminated without any required notice period.
- B. In the event you are separated from your administrative position, you may be eligible for certain benefits provided by the University, in accordance with University policy. Any exception from or waiver of University policy related to your separation must be approved by the Board of Regents.
- C. If you are a faculty member at the end of your administrative appointment, you may return to the faculty at your established faculty salary.

## IX. UNIVERSITY POLICIES AND GENERAL CONDITIONS

A. Your appointment is subject to the University's policies and procedures that govern your position (<http://policy.umn.edu/>), which may be amended from time to time.

B. **Amendment.** Any amendment to this Agreement shall be in a writing executed and delivered by the parties.

C. **Parties In Interest/Assignment.** This Agreement shall be binding upon and the benefits and obligations provided for herein shall inure to the parties hereto and their respective heirs, legal representatives, successors, assigns, transferees or donees, as the case may be. No portion of this Agreement shall be assignable without the prior written consent of the other party.

D. **Effect of Prior Agreements.** This Agreement is intended by the parties as the final and binding expression of their contract and agreement and as the complete and exclusive statement of the terms thereof. This Agreement supersedes and revokes all prior negotiations, representations, and agreements, whether oral or written, relating to the subject matter hereof.

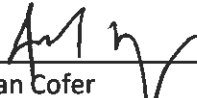
E. **Enforceability.** If any provision contained herein shall be deemed or declared unenforceable, invalid, or void, the same shall not impair any of the other provisions contained herein, which shall be enforced in accordance with their respective terms.

F. **Construction.** The headings preceding and labeling the sections of this Agreement are for the purpose of identification only and shall not in any event be employed or used for the purpose of construction or interpretation of any portion of this Agreement. No waiver by any party of any default or nonperformance hereunder shall be deemed a waiver of any subsequent default or nonperformance. As used herein and where necessary, the singular shall include the plural and vice versa, and masculine, feminine and neuter expressions shall be interchangeable.

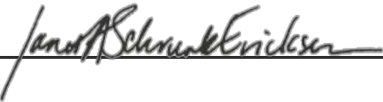
**X. BOARD OF REGENTS APPROVAL  
AND APPROVAL OF TENURED APPOINTMENT**

This agreement is subject to the approval of the Board of Regents and a background check that is satisfactory to the University. This agreement is also subject to the approval of the faculty appointment provided for in Section IV of this agreement.

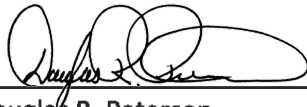
**IN WITNESS WHEREOF**, the undersigned have caused this Agreement to be executed as of the date first shown above.

By:   
Jordan Cofer

**REGENTS OF THE UNIVERSITY OF MINNESOTA**

By:   
Janet Schrunk Ericksen  
Chancellor, Morris Campus

Approved as to Form and Execution

By:   
Douglas R. Peterson  
General Counsel

**Board of Regents  
Finance & Operations Committee  
Consent Report  
February 8, 2024**

***Employment Agreement***

Subject to Board of Regents approval, the University of Minnesota has reached an agreement with Mark Coyle to extend his contract as Director of Intercollegiate Athletics for the University of Minnesota Twin Cities.

**Summary of Agreement**

- **Term:** The amendment extends the term of employment by two years, from July 1, 2020, through June 30, 2030, with each contract year running from July 1 through June 30.
- **Salary.** The amendment increases the annual salary from \$1.076 million to \$1.4 million. Although this increase will become effective immediately, it will not be vested or paid immediately. Instead, most of this increase will vest on June 30, 2026 and be paid as an enhanced longevity bonus. Athletics Director Coyle will continue to receive step increases of 2.5% to 3% or the merit pool increase for P & A employees, whichever percentage is greater.
- **Longevity Bonus.** The current contract calls for escalating annual longevity bonuses vesting at the end of each contract year starting on June 30, 2024. The amendment continues the escalation concept while also factoring in the salary increases which will be paid as a longevity bonus on June 30, 2026. The amendment provides longevity bonuses as follows:
  - \$100,000 for contract year two, vesting on June 30, 2024
  - \$150,000 for contract year three, vesting on June 30, 2024
  - \$313,075 for contract year four, vesting on June 30, 2024 (previously \$150,000)
  - \$200,000 for contract year five, vesting on June 30, 2025
  - \$845,000 for contract year six, vesting on June 30, 2026 (previously \$200,000)
  - \$250,000 for contract year seven, vesting on June 30, 2027
  - \$250,000 for contract year eight, vesting on June 30, 2028
  - \$300,000 for contract year nine, vesting on June 30, 2029 (additional year)
  - \$300,000 for contract year ten, vesting on June 30, 3030 (additional year)
- **Supplemental Retirement.** The current contract calls for escalating supplemental retirement contributions beginning at \$150,000 annually and increasing by \$5,000 each year. The amendment continues this escalation for the two additional years being added to the contract.
- **Termination Fee/Buyout.** Under the current contract, if either party terminates the agreement without cause during the term of employment, they would be required to pay a termination fee/buyout as follows:

- If termination occurs at any time on or before June 30, 2024, 100% of the amount of base salary that would have been paid if the Agreement had continued through the full term of employment.
- If termination occurs during the period of July 1, 2024, through June 30, 2025, 50% of the base salary amount that would have been paid if the Agreement had continued through the full term of employment.
- If termination occurs on or after July 1, 2025, 25% of the base salary amount that would have been paid if the Agreement had continued through the full term of employment.

The amendment changes these termination/buyout provisions as follows:

- If the University terminates the contract on or before June 30, 2028, the University will pay Athletics Director Coyle 100% of the amount of base salary that he would have been paid if the contract had continued through the full term of employment.
  - If Athletics Director Coyle terminates the contract on or before June 30, 2026, he will pay the University 100% of the amount of base salary that he would have been paid if the contract had continued through the full term of employment. If Athletics Director Coyle terminates the contract between July 1, 2026 and June 30, 2028, he will pay the University \$1 million.
  - If a termination occurs between July 1, 2028 and June 30, 2030, neither party will be entitled to a termination/buyout fee.
- **Contract Review.** By August 1, 2028, the parties will use their best efforts to negotiate a new contract.

### Comparable Market Data

With the forthcoming addition of USC, UCLA, Oregon, and Washington to the Big Ten, the average salary for a Big Ten Athletics Director will significantly increase. The highest-paid Big Ten Athletics Director is Ross Bjork at Ohio State at a reported total annual compensation just over \$2 million. Several other Big Ten Athletic Directors have total annual compensation over \$1.5 million. With this contract amendment, Athletics Director Mark Coyle will remain in the top third of the Big Ten rankings, grouped relatively closely with Nebraska and Illinois, whose Athletics Directors recently received new contracts.

Given the exceptional performance he consistently demonstrates in the role, the growing demand for Athletic Directors who possess his personal character and professional experience, and the new and complex challenges facing collegiate athletics in 2024, the total compensation of this amended contract for Athletics Director Mark Coyle is appropriately in line with a rapidly changing AD market.

### Recommendation

The Interim President recommends approval of this employment agreement amendment for Mark Coyle, Athletics Director, University of Minnesota Twin Cities.

## **SECOND AMENDMENT TO EMPLOYMENT AGREEMENT**

This is a contractual amendment to the Employment Agreement between the University of Minnesota (“the University”), on behalf of its Department of Intercollegiate Athletics on the Twin Cities campus (“the Department”), and Mark Coyle (“Director”), entered into effective February 11, 2020 (“Employment Agreement”) and the contractual amendment to the Employment Agreement entered into effective February 11, 2022 (the “First Amendment”). The University and Director do now mutually desire to amend certain terms of the Employment Agreement and First Amendment by entering into this further amendment to the Employment Agreement (the “Second Amendment”), effective February 9, 2024.

**NOW, THEREFORE**, in consideration of the mutual promised and covenants contained in this Amendment, and such other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, the parties agree to amend the Employment Agreement and First Amendment as follows:

**1. Paragraph 1.1 is deleted and replaced with the following:**

**1.1. Term.** Subject to the terms and conditions of this Agreement, the University hereby employs Director as the Director of the Department, and Director agrees to be so employed by the University for a term commencing on July 1, 2020, and ending on June 30, 2030 (the “Term of Employment”). For purposes of this Agreement, “Contract Year One” means the period from July 1, 2020, through June 30, 2021. Each successive Contract Year runs from July 1 through the following June 30.

**2. Paragraph 2.1.1 is deleted and replaced with the following:**

**2.1.1.** Subject to the terms of this Agreement, for all services rendered by Director to and on behalf of the University, the University shall pay Director an annual base salary for Contract Year One of Nine Hundred Seventy-Five Thousand Dollars (\$975,000). Effective annually on July 1 of Contract Years Two through Five, the base salary will increase by two and one-half percent (2.5%). Effective July 1 of Contract Year Six, the base salary will increase by three percent (3%) plus Three Hundred Twenty-Three Thousand Two Hundred Thirty Dollars (\$323,230). Effective annually on July 1 of Contract Years Seven through Ten, the base salary will increase by three percent (3%). If the University merit pool increase provided to employees in the Professional & Administrative (P&A) job classification for any fiscal year during the Term of Employment exceeds the percentage increase provided herein, then the merit pool increase shall be awarded for that Contract Year.

3. **Paragraph 2.5 is deleted and replaced with the following:**

**2.5 Longevity Bonus.** Director shall receive longevity bonuses as follows provided that he has remained continuously employed as Director under this Agreement through the vesting date:

- a. \$100,000 for Contract Year Two, vesting on June 30, 2024.
- b. \$150,000 for Contract Year Three, vesting on June 30, 2024.
- c. \$313,075 for Contract Year Four, vesting on June 30, 2024.
- d. \$200,000 for Contract Year Five, vesting on June 30, 2025.
- e. \$845,000 for Contract Year Six, vesting on June 30, 2026.
- f. \$250,000 for Contract Year Seven, vesting on June 30, 2027.
- g. \$250,000 for Contract Year Eight, vesting on June 30, 2028.
- h. \$300,000 for Contract Year Nine, vesting on June 30, 2029.
- i. \$300,000 for Contract Year Ten, vesting on June 30, 2030.

The payment will be made on the next business day following the vesting date.

4. **Paragraph 2.6 is deleted and replaced with the following:**

**2.6. Supplemental Retirement.** The University shall, on behalf of Director, make a payment to the University of Minnesota Optional Retirement Plan, or to the extent such payment exceeds the contribution limits for that plan to the University of Minnesota 415(m) Retirement Plan (or appropriate successor plans), in the following amounts, provided Director has remained continuously employed by the University as its Athletic Director through June 30 of each Contract Year:

- a. \$150,000 for Contract Year One.
- b. \$155,000 for Contract Year Two.
- c. \$160,000 for Contract Year Three.
- d. \$165,000 for Contract Year Four.
- e. \$170,000 for Contract Year Five.
- f. \$175,000 for Contract Year Six.
- g. \$180,000 for Contract Year Seven.
- h. \$185,000 for Contract Year Eight.
- i. \$190,000 for Contract Year Nine.
- j. \$195,000 for Contract Year Ten.

The payment will be made on June 30 of each Contract Year, or on the next business day following June 30.

5. **Paragraph 3.2.1 is deleted and replaced with the following:**

**3.2.1.** The University may terminate this Agreement without cause upon thirty (30) days' written notice to Director. If termination occurs during Contract Years One through Eight, the University shall pay Director a Termination Fee equal to the amount of base salary that would have been paid under Section 2.1.1 if the Agreement had continued through the full Term of Employment. If termination occurs during Contract Years Nine or Ten, Director shall not be entitled to any Termination Fee.

7. **Paragraph 3.3 is deleted and replaced with the following:**

**3.3 Director's Right to Terminate.** Director may terminate this Agreement upon thirty (30) days' written notice to the University. If such termination occurs during Contract Years One through Six, Director shall pay the University a Termination Fee equal to the amount of base salary that would have been paid under Section 2.1.1 if the Agreement had continued through the full Term of Employment. If termination occurs during Contract Years Seven or Eight, Director shall pay the University a Termination Fee of One Million Dollars (\$1,000,000). If termination occurs during Contract Years Nine or Ten, the University shall not be entitled to any Termination Fee.

8. **Section 5.1 is deleted and replaced with the following:**

**5.1. Agreement Renewal/Extension.** On or before August 1, 2028, the parties will use their best efforts to negotiate a contract renewal, extension, or new contract.

9. Except as expressly provided in this Amendment, each and every term and condition of the Employment Agreement, as previously amended, shall remain unchanged.

10. The parties acknowledge and agree that this Amendment is subject to formal approval by the University's Board of Regents ("BOR"). This Amendment shall not be final or binding until formally approved by the BOR.

[signature page follows]



**IN WITNESS WHEREOF**, the undersigned have caused this Amendment to be effective as of the date first shown above.

Date: 1/23/2024

Mark Coyle  
Mark Coyle  
Athletic Director

**REGENTS OF THE UNIVERSITY OF MINNESOTA**

Date: 1/24/24

By: Jeffrey Ettinger  
Jeffrey Ettinger  
Interim President

Reviewed and Approved by:

Date: 1/24/2024

By: Douglas Peterson  
Douglas Peterson  
General Counsel

**EMPLOYMENT AGREEMENT SUMMARY  
COREY HETHERMAN  
DEFENSIVE COORDINATOR, FOOTBALL, TWIN CITIES CAMPUS  
FEBRUARY 2024**

Pending approval by the Board of Regents, Corey Hetherman's employment agreement as Defensive Coordinator for Football, University of Minnesota, Twin Cities, will be approved.

**Position Overview**

Defensive Coordinator is a leadership position reporting directly to the head football coach. The Defensive Coordinator must be skilled at building and maintaining the defense for a football program of more than 105 students and numerous staff members who achieve at the highest levels academically, athletically, and socially.

It is expected that the Defensive Coordinator will manage the roster of defensive players, oversee assistant coaches, develop the defensive game plan, and make defensive adjustments during the game.

**Summary of Employment Extension/Amendments**

- Term begins on January 10, 2024.
- Coach Hetherman's annualized base salary will be \$345,000, and his annual supplemental pay will be \$505,000.
- The salary rank is 9th place (out of 14) in the Big Ten for Defensive Coordinators.
- If the University terminates the agreement at any time, without cause, Coach will be entitled to severance pay equal to the salary Coach would have earned under this Agreement if it had continued for its full term.
- If Coach Hetherman terminates the agreement before January 31, 2026 to accept a position at another Big Ten institution, he will pay a termination fee equal to 100 percent (100%) of the remaining salary he would have earned over the remainder of his contract. If he terminates the agreement to accept another position at a non-Big Ten institution or the National Football League, he will pay a termination fee equal to 25 percent (25%) of the remaining salary he would have earned over the remainder of his contract. The termination fee is waived if he accepts a position as Head Coach of an NCAA Division I institution.
- The University will cover the early termination fee of \$160,000 in Coach's employment agreement with Rutgers as a result of terminating Coach's contract to accept the position at the University. The University will also hold him harmless for tax liability related to the reimbursement, up to Eighty-Five Thousand Dollars (\$85,000).
- The University will provide Coach with a one-time lump sum of Seventeen Thousand Dollars (\$17,000) which Coach may use to cover relocation expenses.

## Employment Agreement

This Employment Agreement ("Agreement") is entered into between Corey Hetherman ("Coach") and Mark Coyle, Director of Intercollegiate Athletics ("Director"), acting for and on behalf of Regents of the University of Minnesota ("University"). The parties hereby agree as follows:

1. Coach will serve as Defensive Coordinator/Linebackers Coach for the University's Gopher Football Team, a Job Code 9793, Professional & Administrative (P&A), Assistant Coach position in the University's job classification system. Coach's appointment will run from January 10, 2024, through January 31, 2026. This is a full-time 1.0 FTE position. If it has not previously terminated in accordance with the terms of this Agreement, Coach's appointment will end when its term expires on January 31, 2026, without any further rights or benefits, and with no requirement that the University provide any other notice. If Coach's employment is terminated due to an unsatisfactory background check, this Agreement will automatically terminate and Coach shall not be entitled to any rights or benefits hereunder except for those required to be provided by law.
2. Coach's annual Base Salary is Three Hundred Forty-Five Thousand dollars (\$345,000.00). The Base Salary is subject to furloughs, pay freezes, salary reductions, or other adjustments to the same extent they are required of other employees of the University or the Athletic Department. The University shall also pay Coach, in equal biweekly installments, annual Supplemental Compensation of Five Hundred Five Thousand dollars (\$505,000.00) in recognition of Coach's efforts on behalf of the University for media, fundraising, community involvement, and endorsements of apparel and shoes. The University will receive and control all outside payments relating to apparel, shoes and media appearances. Coach's Supplemental Compensation is subject to furloughs, pay freezes, salary reduction, or other similar or related adjustments to the same extent they may be required from time to time of other employees in the Department. Coach's Base Salary and Supplemental Compensation shall collectively be referred to as Total Compensation. The University will also pay incentive bonuses in accordance with Exhibit A. No incentive bonus will be earned or paid unless/until the University has determined that the conditions related to the payment have been met, including Coach's compliance with all terms of this Agreement and any other conditions set forth in the Exhibit A. Further, no competition-related bonus will be earned or paid unless Coach is employed on the final day of the regular season or any post-season play for each season, whichever is later; and no other bonus will be earned or paid unless Coach is employed on the final day of classes for the spring semester each academic year.
  - 2.1.1. All compensation hereunder shall be paid in accordance with the University's regular payroll procedures for Professional and Administrative

employees, and shall be subject to withholding for applicable federal, state, and local income taxes, federal social security taxes, and other applicable taxes and deductions.

3. Coach has informed the University that Coach is contractually obligated to pay Coach's previous employer, Rutgers University, a termination fee of One Hundred Sixty Thousand Dollars (\$160,000) as a result of Coach terminating his previous contract to accept this position at the University. The University will therefore cover the cost of that termination fee to Rutgers University. The University will submit payment to Rutgers on behalf of Coach. The University will hold Coach harmless for tax liability related to the payment, up to \$85,000. Coach will be responsible for any remaining obligations above these amounts.
4. Coach's appointment is subject to the terms and conditions set forth in the University policies for Academic Professional and Administrative employees, which shall govern Coach's employment. Coach is expected to know and follow those policies and procedures, as well as the terms, conditions, and requirements of this Agreement. In the event of a conflict between those policies and this Agreement, the Agreement shall govern.
5. Coach is entitled to receive the standard benefits package provided to employees in Coach's job classification, in accordance with and subject to applicable University policies and procedures. A summary of benefits can be found at <https://humanresources.umn.edu/questions-about-employment/benefits-summaries-prospective-employees>.
6. Coach will receive a relocation allowance of Seventeen Thousand dollars (\$17,000), made as a lump sum payment through Payroll, subject to federal, state, and FICA tax withholdings. If you resign within the first 12 months of employment, you will be required to reimburse the University for the full amount of the moving allowance.
7. As a member of the University's Wheel Club, Coach will receive the use of an automobile or a monthly stipend of Four Hundred dollars (\$400.00), subject to the terms, conditions, availability, and requirements of the Wheel Club program. Determination of the use of an automobile or stipend will be made by the University.
8. It is understood that there may be personal tax consequences attributable to Coach as a result of the compensation, benefits and amenities associated with Coach's employment, and that Coach is personally responsible for all such taxes. All such taxable income and benefits will be processed through the regular payroll procedures and will be subject to appropriate tax withholding and reporting.
9. Coach's position reports to the Head Football Coach.

10. Coach shall fulfill the duties of Coach's position as posted in the job description, and as assigned by the Head Football Coach.
11. Coach shall diligently seek to positively represent the University and its athletics program in both private and public forums.
12. Coach shall diligently comply with the laws, policies, rules, and regulations of the University, and the Intercollegiate Athletics Department; and the Big Ten Conference, the NCAA, and any other conference or governing body with jurisdiction over intercollegiate athletics at the University (collectively "Governing Associations").
13. Coach shall not appear on radio, television, or other media or in product promotions, regardless of whether Coach receives a fee or any other kind of compensation, without receiving the prior consent of the Head Football Coach and the Director.
14. The University may, for Cause, terminate Coach's employment, suspend salary payments, or take other disciplinary action against Coach. "Cause" includes, but is not limited to:
  - a. A Level I, II, or equivalent violation of a rule of a Governing Association by or involving Coach as reasonably determined by the University, and for which the University has submitted notice to the Governing Association;
  - b. Multiple Level III, IV, or equivalent violations of the rules of a Governing Association that, taken together, constitute a Level I, II, or equivalent violation, as reasonably determined by the University, and for which the University reasonably determines Coach knew or should have known about with reasonable diligence and oversight;
  - c. Failure to report any and all violation, regardless of Level, of the rules of a Governing Association related to the Football team, when the University reasonably determines that Coach knew or should have known about the violation with reasonable diligence and oversight;
  - d. A substantial failure to perform responsibilities under this Agreement, as determined by the University;
  - e. Material fraud or dishonesty, instructing others to engage in material fraud or dishonesty, or assisting other in acts of material fraud or dishonesty;
  - f. Falsifying or altering documents or records, or assisting in such acts by others;

- g. Soliciting, placing, or accepting a bet on any intercollegiate or professional athletic contest; permitting, condoning, or encouraging any illegal gambling, bookmaking, or illegal betting involving any intercollegiate or professional athletic contest; or furnishing information or data relating in any manner to the Football Team or any other sport to any individual known by Coach or whom Coach should reasonably know to be involved in gambling, betting, or bookmaking; or Coach's consorting or associating with such persons;
- h. Sale, use, or possession of narcotics, drugs, controlled substances, steroids, or other chemicals (excluding substances prescribed by Coach's doctor and taken consistent with doctor's instructions);
- i. Use or consumption of alcohol, drugs, controlled substances, or other chemicals (excluding substances prescribed by Coach's doctor and taken consistent with doctor's instructions) so as to materially impair Coach's ability to perform Coach's duties;
- j. Failure to fully cooperate in the enforcement of any drug testing program established by the University for student-athletes;
- k. Failure to honor the authority of team doctors, athletic trainers, and other sports medicine staff to make decisions regarding student athlete health and well-being, including decisions regarding fitness to practice, train, or compete; or encouraging or pressuring student athletes to ignore or deviate from medical advice or directives from team doctors, athletic trainers, and other sports medicine staff; or condoning or directing others to encourage or pressure student athletes to ignore or deviate from medical advice or directives from team doctors, athletic trainers, and other sports medicine staff; or taking any action that poses a direct threat to student athlete health and well-being.
- l. Refusal by Coach to obey and/or carry out any reasonable directive from the Head Football Coach or the Athletics Director;
- m. Commission of or participation in any act, situation or occurrence, which, in the University's judgment, brings Coach or the University into public disrepute, embarrassment, contempt, scandal or ridicule.

In the event of a termination for Cause under this section, the University's obligations to Coach under this Agreement shall cease on the day of termination without any further notice, rights, or benefits, provided that Coach will be entitled to earned but unpaid compensation and reimbursement for previously incurred and approved expenses.

15. Coach's appointment will terminate immediately, with no requirement that the University provide any advance notice, whenever Philip John Fleck is no longer employed as the Head Football Coach at the University. If Coach and the University do not subsequently enter a new contract to extend Coach's appointment, Coach will be entitled to severance pay equal to one-half of the Total Compensation Coach would have earned under this Agreement if it had continued for its full term. The payment will be made, subject to state and/or federal tax requirements, in equal monthly installments over the term of the appointment that would have remained if this Agreement had continued for its full term.
16. The University may terminate this Agreement at any time without Cause upon thirty (30) days' written notice to Coach. In such event, Coach will be entitled to severance pay equal to the Total Compensation Coach would have earned under this Agreement if it had continued for its full term. The payment will be made, subject to state and/or federal tax requirements, in equal monthly installments over the term of appointment that would have remained if this Agreement had continued for its full term.
17. As a condition of receipt of any payment under paragraph 15 or paragraph 16 above, Coach is required to mitigate the University's obligations by making reasonable and diligent efforts (under the circumstances and opportunities then prevailing) to obtain a comparable employment position (for example, but not limited to, media commentator with a national broadcast or cable company, professional football assistant or head coach, head or assistant football coach of an NCAA Division I team, etc.) and receive market rate compensation for the position, as soon as practicable following termination of employment. If Coach is employed post termination in a comparable position, then monthly severance payments under paragraph 15 or paragraph 16 shall cease only if Coach's monthly compensation in the comparable position, excluding reasonable and usual non-monetary fringe benefits such as health and life insurance, club memberships, and use of vehicles, is equal to or greater than the University's monthly severance pay obligation. If Coach's monthly compensation, excluding reasonable and usual non-monetary fringe benefits, from the new employment is less than the University's monthly severance pay obligation, the amount of University's obligation shall be reduced by the amount of Coach's new compensation, excluding reasonable and usual non-monetary fringe benefits.
18. Coach understands and acknowledges that the Termination Fee provisions set forth in paragraphs 15 and 16 constitute Coach's exclusive remedy in the event of termination by the University without Cause, and Coach waives the right to seek any additional compensation or damages from the University. Termination under these paragraphs shall supersede all rights Coach may have under the Policies and



Procedures including but not limited to any rights to notice of termination or to participation in any layoff program. The parties acknowledge that the tax withholding and payment obligations referenced above, including the obligation under Section 457 of the Internal Revenue Code to collect and make payment in advance for the taxes due on the entire Termination Fee, could result in an overpayment of taxes (e.g., if installment payments end before the entire Termination Fee is paid because Coach finds comparable employment, etc.) If that occurs, the University is entitled to recover from Coach, and Coach is obligated to reimburse the University for any tax overpayment.

19. As a further condition of receiving any payment under paragraphs 15 or 16 above, Coach must execute a comprehensive release within forty-five (45) days of the date of termination in the form utilized by, and including the terms regularly included in such releases by the University. Generally, the release will require Coach to release the University from all claims arising out of or related to Coach's employment with the University, including statutory and common law claims. If Coach fails to timely execute the release, Coach forgoes any payment.
20. If Coach terminates his employment with the University to accept a coaching position at another Big Ten institution, Coach will be required to pay a termination fee equal to One Hundred Percent (100%) of the Total Compensation Coach would have earned if Coach had remained employed through the full term of employment. If Coach terminates the contract to accept a coaching position at a non-Big Ten institution or the National Football League (NFL), Coach will be required to pay a termination fee equal to Twenty Percent (25%) of the Total Compensation Coach would have earned if Coach had remained employed through the full term of employment. The termination fee is waived if Coach accepts a position as Head Coach at an NCAA Division I institution.
21. Coach agrees not to seek, negotiate for, nor accept other part-time or full-time employment during the term of this Agreement, whether directly or through an agent, without first providing at least forty-eight (48) hours written notice to, and receiving written permission from the Head Football Coach and the Director, which will not be unreasonably withheld.
22. The NCAA and the University of Minnesota require that Coach report and receive annual prior written approval from the Director for all athletically related income and/or benefits from sources outside the University. Such approval shall not be unreasonably withheld.
23. Coach affirmatively acknowledges and asserts that Coach has provided complete, accurate, and truthful information regarding Coach's background and qualifications in connection with Coach's hire by the University, including but

not limited to informing the University of any conduct or incident in Coach's background that would tend to damage Coach's reputation or the reputation of the University if it were to become publicly known. Coach understands that any failure to do so may result in sanctions, up to and including the immediate termination of Coach's appointment.

24. This Agreement is intended by the parties as the final and binding expression of their mutual understandings and promises, and as the complete and exclusive statement thereof. This Agreement supersedes and revokes all prior negotiations, representations, and agreements, whether oral or written, relating to the subject matter of this Agreement, except as expressly provided herein. Any amendment to this Agreement shall be in writing, executed and delivered by the parties. If any provision contained herein shall be deemed or declared unenforceable, invalid, or void, the same shall not impair any of the other provisions contained herein, which shall be enforced in accordance with their respective terms. The laws of the state of Minnesota shall govern and be applicable to this Agreement and any construction or interpretation thereof.
25. The parties acknowledge and agree this Agreement is subject to final approval by the University Board of Regents ("BOR"). This Agreement shall not be final or binding until formally approved by the BOR. If the BOR does not approve the Agreement, then it shall be null and void.

**On behalf of Regents of the University of Minnesota:**

Mark Coyle  
Mark Coyle  
Director of Athletics

1/18/2024  
Date

**Coach:**

Corey Hetherman  
Corey Hetherman

Jan 16, 2024  
Date

**EXHIBIT A**  
**SCHEDULE OF INCENTIVES**

In lieu of any other performance-based bonus plan the University may adopt for sports coaches or other University employees, the University shall pay Coach the following annual incentive bonuses, consistent with all other terms of this Agreement:

**I. Incentive compensation for achieving athletic performance goals as follows:**

a) Participate in the College Football Playoff National Championship Game.	\$165,000
b) Participate in a College Football Playoff Semifinal Game.	\$110,000
c) Participate in a College Football Playoff Quarterfinal Game.	\$95,000
d) Participate in a College Football Playoff First Round Game.	\$80,000
e) Participate in a bowl game not identified in sections a, b, c, or d.	\$45,000

Coach may only receive one award under this paragraph, i.e., the amounts provided within this paragraph shall not be cumulative. The team must end the regular season with a minimum of six wins to earn any of these bonuses.

**II. Conference Championship Game**

a) Team qualifies for Big Ten Championship Game.	\$10,000
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**III. Academic Performance - APR.** The University shall pay Coach a bonus based upon the annual multi-year Academic Progress Rate ("APR") for the Team as established each year by the NCAA as follows:

a) APR greater than or equal to 970	\$2,500
b) APR greater than or equal to 980	\$5,000

Coach may only receive one award under this paragraph, i.e., the amounts provided within this paragraph are not cumulative. Coach must be employed by the University during the entire academic year to receive the entire bonus amount. If Coach has not been employed during the entire academic year, Coach shall receive a prorated bonus amount.

**IV. Graduation Rate.** The University shall pay Coach a bonus based on the Graduation Success Rate for the Team as determined each year by the University consistent with NCAA rules, as follows:

Percentage greater than or equal to 85%

\$5,000

Coach must be employed by the University during the entire academic year to receive the entire bonus amount. If Coach has not been employed during the entire year, Coach shall receive a prorated bonus amount.

**ACQUISITION OF 78 ACRES OF VACANT LAND  
COUNTY ROAD 4  
TWIN LAKES TOWNSHIP, CARLTON COUNTY, MN  
(CFANS, TWIN CITIES CAMPUS)**

**1. Recommended Action**

The Interim President recommends that the appropriate administrative officers receive authorization to acquire the 78-acre parcel in Carlton County, Minnesota.

**2. Location and Description of the Property**

The subject property is an unimproved 78-acre parcel of land in Twin Lakes Township with ¼ mile frontage on County Road 4, located approximately 10 miles southwest of Carlton, Minnesota. The property is wooded with a small pond near the SE corner and is served by no utilities.

As shown on the included map, the subject property is located over five miles from the Cloquet Forestry Center and outside the boundaries of the Fond du Lac Indian Reservation.

**3. Basis for Request**

The subject property was donated to the University of Minnesota Foundation by Gregory P. Elstad in June 2006, subject to a life estate and gift agreement. The conveyance was the result of the Donor's working relationship with the University in advancing the educational mission and activities of the Department of Forest Resources and his desire that the property remain undeveloped in the future with the intention that the Foundation would transfer the property to the University upon the Donor's death.

The Donor died in April 2023 and the gift agreement with the Foundation indicated that at the termination of the donor's life estate, the Foundation will ensure that the property and its regulation shall be managed by the University of Minnesota to produce wildlife habitat, timber, and non-motorized recreation in any mix that the University considers desirable. The agreement further stipulated that the property must not be permanently deforested, and the University may use the property to further its research and educational mission.

#### **4. Details of the Transaction**

The property will be conveyed by the University of Minnesota Foundation to the University for \$1.00. Closing is expected to occur in the first or second quarter of 2024.

#### **5. Use of Properties**

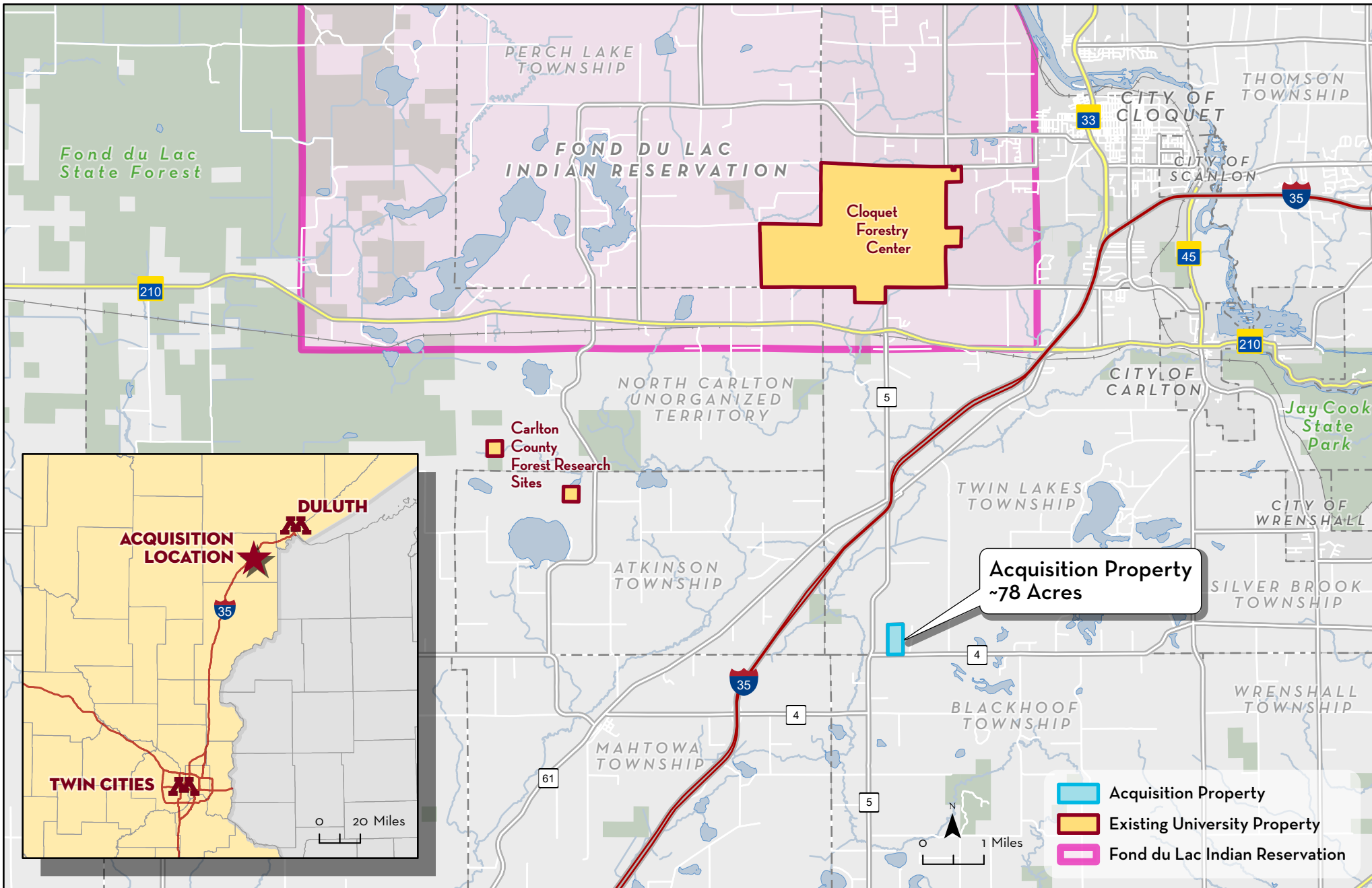
The University will continue to use the property to support forest research and educational programming consistent with the gift agreement.

#### **6. Environmental**

The University has completed a Phase I environmental site assessment, which confirmed that the property is in acceptable environmental condition.

#### **7. Source of Funding**

The College of Food, Agricultural, and Natural Resource Sciences (CFANS) Operating Fund will provide the funds for the costs related to the University's \$1.00 acquisition of the property (environmental investigation, title work, etc.) and for continued operations of the property to support forest research and education occurring on the property.



PLANNING, SPACE,  
AND REAL ESTATE

UNIVERSITY OF MINNESOTA  
**Driven to Discover®**

## Acquisition of 78 Acres of Vacant Land County Road 4, Twin Lakes Township, Carlton County

This map is intended to be used for planning purposes only and should not be relied upon where a survey is required.

Base Data: Real Estate Office  
University Services GIS, MnDOT,  
Carlton County, MnDNR

1/9/2024

**Schematic Design: Advanced Operation Center (AOC)  
Twin Cities Campus  
Project No. 01-232-23-2462**

**1. Basis for Project:**

The University of Minnesota has established an agreement for a land swap on the East Bank Campus which allows for future U of M Foundation Real Estate Advisors (UMFREA) land development at the east end of the campus; this land swap includes the relocation of the Office of Information Technology (OIT) 3,000 sq ft Network Operations Center (NOC) facility. This project also anticipates the future relocation of OIT's 9,000 sq ft Data Center currently located within West Bank Office Building (WBOB); the WBOB Data Center is beyond in its useful life and is located in a building that has been designated "Do Not Invest" and slated for divestment. Combining these like functions is a strategic alignment which maximizes infrastructure advantages and long-term maintenance efficiency.

**2. Scope of Project:**

The Advanced Operation Center (AOC) project will construct a 34,000 gross sq ft facility to include a 12,000 sq ft of network/data hall which is further supported by demarcation point(s) (DMARC), testing/configuration, office, storage, bathroom, mechanical/electrical services, loading dock, and equipment yard. The project will be located at the north end of Twin Cities East Bank parking lot C33 (northwest of Huntington Bank Stadium). This site was strategically selected based on network access requirements, building size, and proximity. The south half of the parking lot will be reconfigured for a contract parking lot.

The project will energize Phase 1 to provide the required power capacity to support 6,000 sq ft of the 12 sq ft network/data hall (NOC and future WBOB relocations). The project is positioned for a future Phase 2 to provide additional electrical capacity for the remaining 6,000 sq ft of the data hall and align with OIT's strategic data research consolidation/planning requirements.

The AOC is designed to aesthetically complement the existing Twin Cities Biomedical Discovery and Athletics Districts while allowing future growth within the District.

**3. Campus Plan:**

The AOC is a complementary feature of the Biomedical Discovery District as defined in the Twin Cities Campus Plan Update (2021).

**4. Environmental Issues:**

The selected project site (Lot C33) is known to contain heavy debris and hazardous materials from past silo demolition within the Biomedical Discovery District. This project will mitigate (excavate/dispose) as required for construction and site utility management.



**5. Cost Estimate:**

Construction Cost	\$66,650,000
Non-Construction Cost	<u>\$ 6,100,000</u>
Total Project Cost	\$72,750,000

**6. Capital Funding:**

University Debt	\$46,750,000
University of Minnesota Foundation Real-Estate Advisors (UMFREA)	<u>\$26,000,000</u>
Total Capital Funding	\$72,750,000

**7. Capital Budget Approvals:**

The FY2024 Annual Capital Budget included \$11,500,000 for project design and procurement of select long lead-time equipment. The current Capital Budget Amendment is to provide an additional \$61,250,000 of project funding to fully fund the total project cost of \$72,750,000.

**8. Annual Operating and Maintenance Cost:**

Estimated Facility Operating Cost (decrease)\*

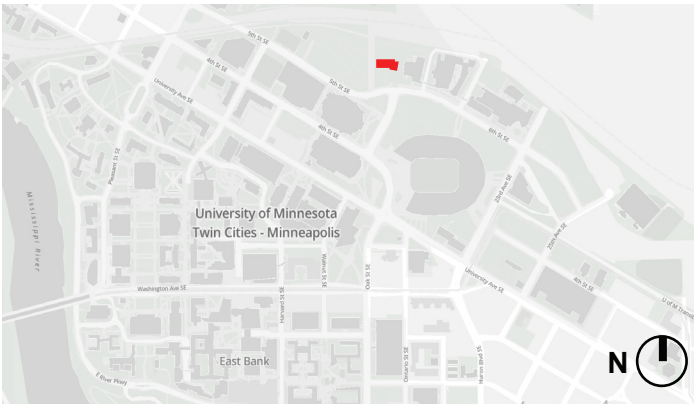
*\*Consolidation of the vacated properties at 2218 University Ave and the future data hall portion of WBOB will result in a decrease in the annual operating and maintenance costs.*

**9. Time Schedule:**

Design Start: January 2023  
Proposed Construction Start: June 2024  
Proposed Substantial Completion: March 2026

**10. Project Team:**

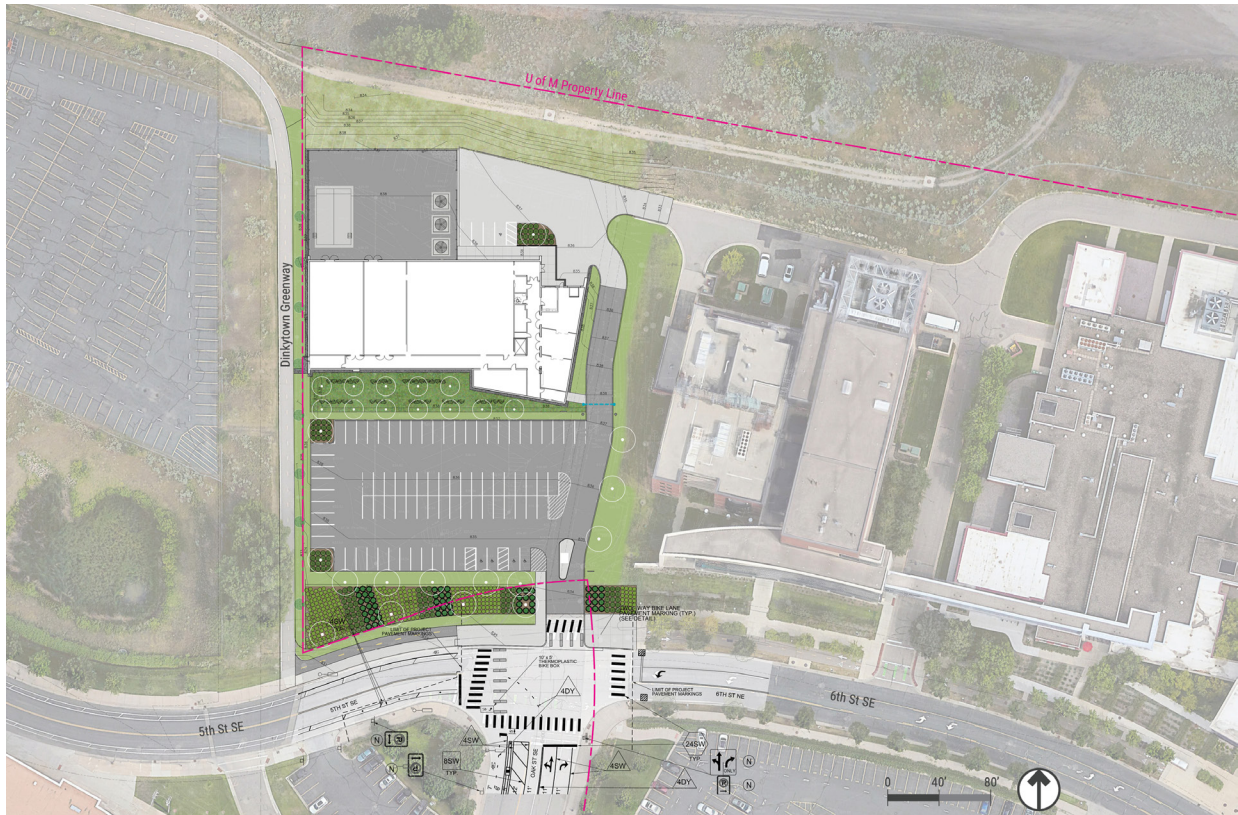
Architect: DLR Group  
Contractor (CMaR): McGough Construction



**LOCATION MAP**



**EXTERIOR RENDERING**



**SITE PLAN**

**PROPOSED DESIGN**

**Schematic Design: Hasselmo Hall Cryo Lab  
Twin Cities Campus  
Project No. 01-178-23-2203**

**1. Basis for Project:**

This project will install a Transmission Electron Microscope (TEM) with an energy filter and a direct electron detector camera for high-resolution imaging of molecular structures and a cryo-FIB/SEM dual beam system for cell-based tomography studies. The addition of these cryo-electron microscopy (cryo-EM) instruments will increase scholarship, improve Blue Ridge Rankings, and expand interdisciplinary research collaborations and projects across the University.

**2. Scope of Project:**

Hasselmo Hall was selected for this project. Rooms 1-224A and 1-224B (approximately 600sf) will be renovated for the installation of two cryo-electron microscopes, the TEM, and the tomography system. These highly sensitive microscopes require specific spatial clearances, room finishes, and room systems. The rooms must also meet vibration isolation requirements and comply with magnetic field (EMI) limits. To meet installation requirements, renovation of the proposed spaces will be required.

**3. Campus Plan:**

The project is consistent with the guidance provided in the Twin Cities Campus Plan Update (2021).

**4. Environmental Issues:**

No hazardous materials are anticipated in the renovation of this space based on previous work experience within Hasselmo Hall; hazardous material testing was conducted, and no asbestos-containing materials were found.

**5. Cost Estimate:**

Construction Cost	\$914,000
<u>Non-Construction Cost</u>	<u>\$342,000</u>
Total Project Cost	\$1,256,000

**6. Capital Funding:**

Office of Academic Clinical Affairs	\$350,000
<u>Biochemistry, Molecular Biology and Biophysics</u>	<u>\$906,000</u>
Total Capital Funding	\$1,256,000

**7. Capital Budget Approvals:**

The purchase of the TEM, direct electron detector camera, and dual beam system for cell-based tomography studies was previously presented and approved for purchase by the Board of Regents at the September 2022 meeting. The current Capital Budget Amendment will provide funding to prepare the space and install the equipment.

**8. Annual Operating and Maintenance Cost:**

This project adds new equipment to the floor plan for Hasselmo Hall; this project is not expected to impact operating costs.

**9. Time Schedule:**

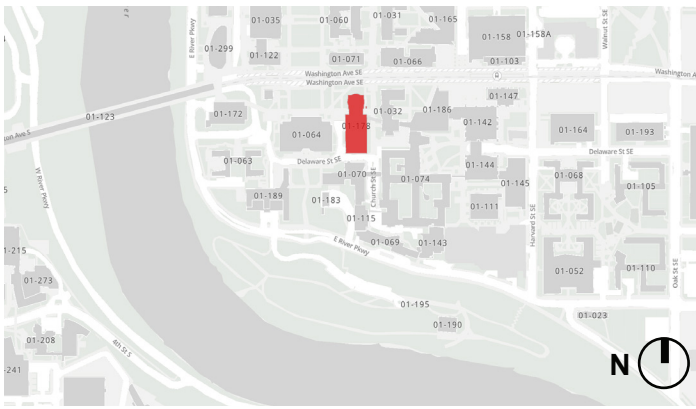
Proposed Design Completion: March 2024

Proposed Substantial Completion: July 2024

**10. Project Team:**

Architect: Leo A. Daly

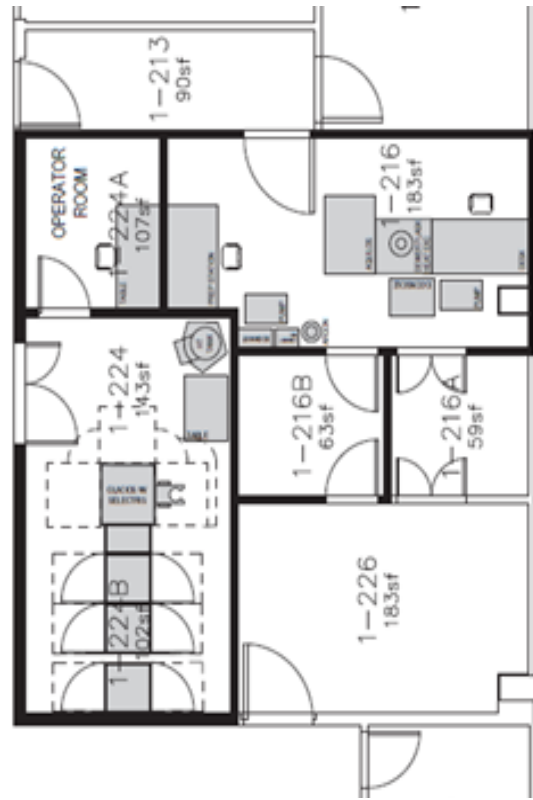
General Contractor: TBD



**LOCATION MAP**



**FLOOR PLAN - OVERALL**



**FLOOR PLAN - DETAIL**



**PROPOSED DESIGN MODIFICATIONS**

**Schematic Design: Mondale Hall Courtroom Renovation  
Twin Cities Campus  
Project No. 01-211-23-2310**

**1. Basis for Project:**

The University of Minnesota Law School courtrooms are located in Mondale Hall. The existing courtrooms were constructed over 40 years ago and have not significantly changed since then. This project will renovate the courtrooms to meet contemporary expectations for technology, accessibility, flexibility, and overall functionality. The spaces will function as classrooms but will also replicate real courtroom experience to provide an authentic learning environment.

**2. Scope of Project:**

The primary objectives of the renovation include:

- Reconfiguration of the existing courtroom layout to meet current courtroom standards and provide accessibility
- Updating technology systems throughout the courtrooms and adjacent supporting spaces
- Updating interior finishes, acoustics, and lighting
- Updating fixtures, furnishings, and equipment
- Enhancing the student experience and aiding in recruitment

**3. Campus Plan:**

The project is consistent with the guidance provided in the Twin Cities Campus Plan Update (2021).

**4. Environmental Issues:**

Hazardous materials have been surveyed and sampled and will be abated if impacted by the project.

**5. Cost Estimate:**

Construction Cost	\$ 2,112,000
<u>Non-Construction Cost</u>	<u>\$ 888,000</u>
Total Project Cost	\$ 3,000,000

**6. Capital Funding:**

<u>College of Law</u>	<u>\$ 3,000,000</u>
Total Funding	\$ 3,000,000

**7. Capital Budget Approvals:**

This project was identified as a potential project in the FY 2024 Annual Capital Budget. The current Capital Budget Amendment is to provide full project funding.

**8. Annual Operating and Maintenance Cost:**

An increase in operating and maintenance costs is not anticipated with this renovation.

**9. Time Schedule:**

Proposed Design Completion: June 2024

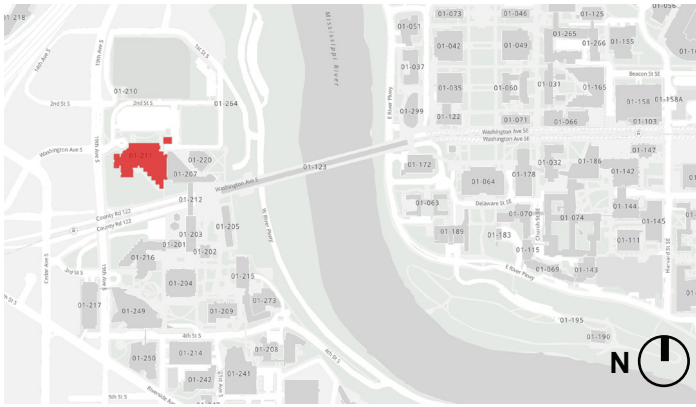
Proposed Substantial Completion: October 2024

**10. Project Team:**

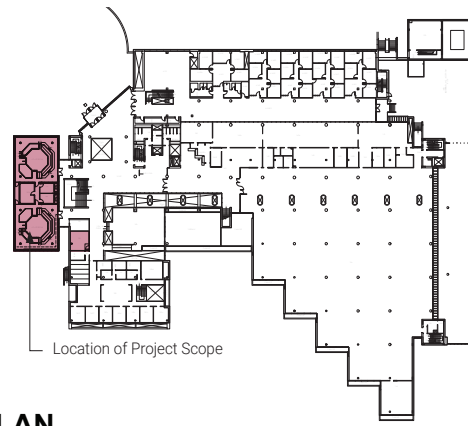
Architect: DLR Group

Construction Manager at Risk: TBD

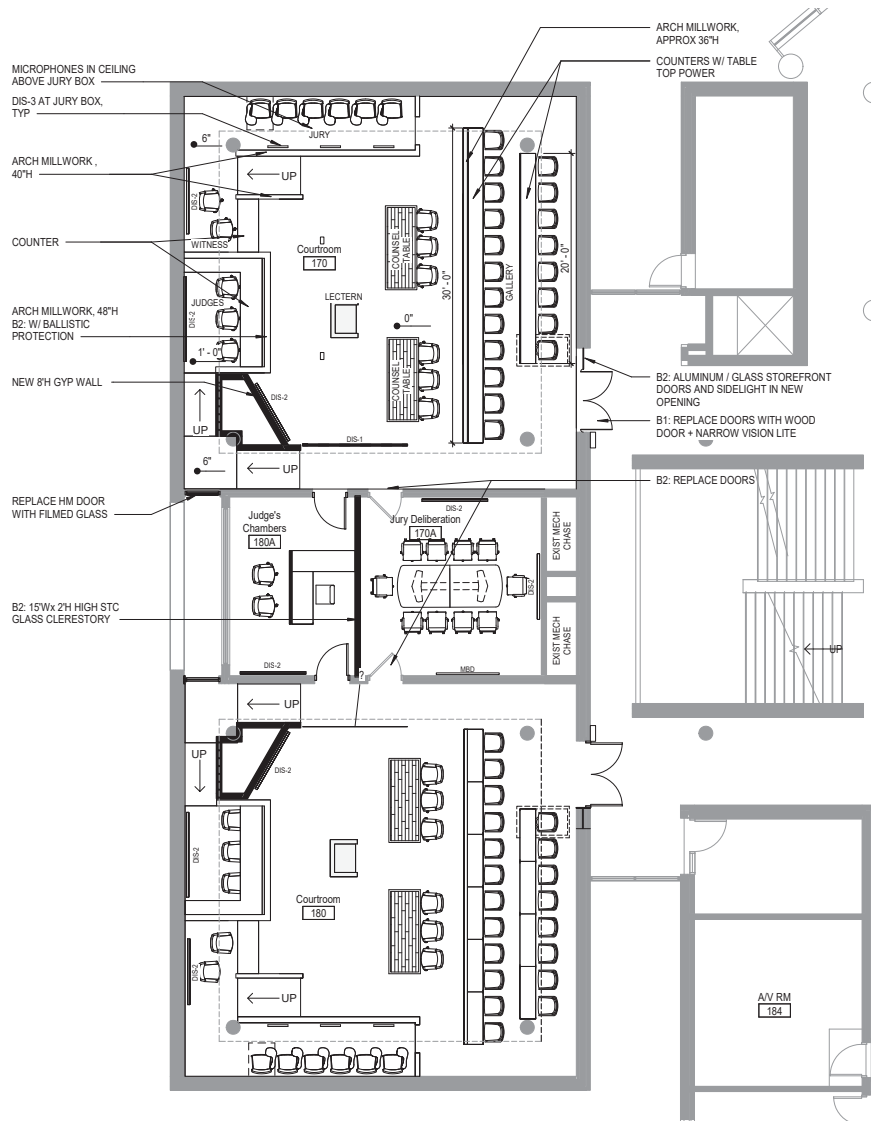




**LOCATION MAP**



**KEY PLAN**



**FLOOR PLAN**

**PROPOSED DESIGN MODIFICATIONS**



**INTERIOR RENDERING**



**INTERIOR RENDERING**



**INTERIOR RENDERING**





# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Finance & Operations**

**February 8, 2024**

**AGENDA ITEM:** Information Items

**Review**

**Review + Action**

**Action**

**Discussion**

*This is a report required by Board policy.*

**PRESENTERS:** Myron Frans, Senior Vice President

## **PURPOSE & KEY POINTS**

- A. Reports to the State of Minnesota
  - Biomedical Science Research Facilities Funding Program Report
  - Capital Appropriations Expenditure Report
  - Unemployment Insurance Aid Report
- B. Ratings Report Update

### **Biomedical Science Research Facilities Funding Program Report**

The purpose of this item is to provide the committee with the Biomedical Science Research Facilities Funding Program Report submitted to the Minnesota Legislature as required by Minnesota state statute.

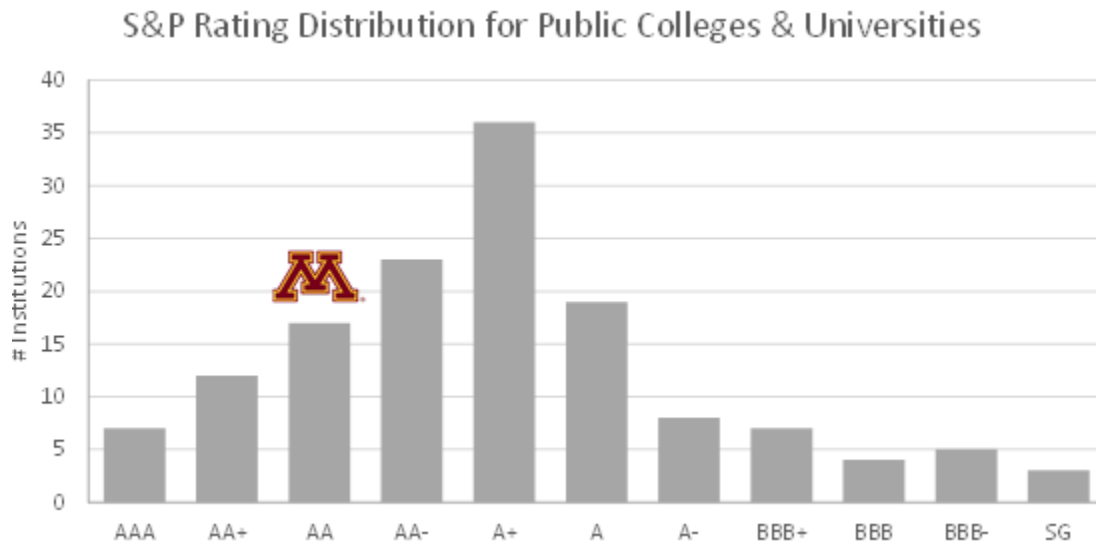
### **Capital Appropriations Expenditure Report**

The purpose of this item is to provide the committee with the Capital Appropriations Expenditure Report submitted to the Minnesota Legislature as required by Minnesota state statute.

### **Ratings Report Update**

The purpose of this item is to provide an update on the ratings report issued by S&P Global Ratings (S&P) on January 22, 2024. The ratings report affirmed the University's "AA" long-term rating assigned to University debt, highlighting the University's position as Minnesota's flagship research University and land-grant institution, healthy financial resources, diverse revenue streams, low-to-moderate debt burden, and prodigious fundraising. In addition, S&P assigned a "stable" outlook to the University's debt rating. Finally, S&P affirmed the University's "A-1+" short-term rating, reflected by the University's own self-liquidity and credit quality. S&P's report acknowledges the soft enrollment trends, somewhat weak financial performance, and the uncertainty with its affiliation agreement with Fairview Health Services as offsetting factors.

The table below illustrates the distribution of S&P ratings among the 141 colleges and universities that were rated in FY 2023. The University of Minnesota was among only 36 institutions that were rated AA or higher. S&P's full report is included in the docket materials.



### **Unemployment Insurance Aid Report**

The purpose of this item is to provide the committee with the Unemployment Insurance Aid Report submitted to the Minnesota Legislature as required by Minnesota state statute. This report provides the balances in unemployment insurance aid accounts and information about the annual charges in reimbursable costs for higher education workers receiving unemployment insurance benefits, breaking out the costs by campus and major job classes to the extent possible.

# Biomedical Sciences Research Facilities Funding Program

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2024 Report to the Minnesota State Legislature  
January 15, 2024

UNIVERSITY OF MINNESOTA

# **Biomedical Sciences Research Facilities Funding Program**

## **Report to the Minnesota Legislature:**

This report is required by Minnesota Statute 137.64

## **Submitted by:**

Board of Regents

## **Prepared by:**

The report was prepared by staff in the Office of Academic Clinical Affairs (OACA) and the Medical School.

## **Report Preparation Costs:**

Per the requirements set forth in Minnesota Statute 3.197, the cost to prepare this report was \$5,000.00.

## **OVERVIEW**

The University of Minnesota has set its sights on becoming one of the top public research institutions in the world. Achieving this goal requires state-of-the-art biomedical research facilities that can support leading edge research and attract and retain top-tier research faculty.

To catalyze this effort, the University asked the State of Minnesota to create the Biomedical Facilities Authority as the mechanism to provide a predictable funding source for planning and building research facilities that, in turn, would allow the University to attract and retain the nation's top biomedical research talent.

The State established the \$292 million Minnesota Biomedical Research Facilities Funding Program in 2008. This dedicated funding program provided appropriations by the State to the University for up to 75% of the costs to design and construct four new and expanded research buildings on the University's Twin Cities Campus, in the area known as the Biomedical Discovery District (BDD). The State's portion of this funding program is \$219 million; while the University's portion is \$73 million.

## **PROGRESS TO DATE**

Project #1 – Expansion of the Center for Magnetic Resonance Research – Completed July 2010

Project #2 & #3 – Cancer Cardiovascular Research Facility – Completed July 2013

Project #4 – Microbiology Research Facility – Completed October 2015

These four projects comprise 422,000 gross square feet of new research space housing 130 faculty and 739 research support staff.

The Cancer-Cardiovascular research facility also includes 35,000 square feet of shared research commons and support spaces. These areas house common instrumentation and research processing and support facilities, which are available to researchers throughout the district and broader University community, including:

- University Imaging Center
- University Genomics Center
- Mouse Genetics
- Flow Cytometry
- Chronic, long term testing laboratories

In addition, several of the planning principles for the Biomedical Discovery District provided for connectivity and the development of a cohesive research community. This interconnected, collaborative research environment is able to leverage common shared support spaces and resources while allowing for unique opportunities to collaborate across fields and disciplines of research.

The district has now been connected end-to-end by skyway to further enhance and support the principle of cohesiveness and opportunities for collaboration.

**Current Occupancy**

	Principal Investigators	Research Associates / Staff / Post Doc / Students	Minnesota Biomedical Research Program Total
<b>Cancer &amp; Cardiovascular Research Building</b>	67	423	490
<b>Center for Magnetic Resonance Research</b>	40	150	190
<b>Microbiology Research Facility</b>	23	136	159
<b>District Support Staff</b>		30	30
<b>TOTAL</b>	130	739	869

**Summary Research Programs**

Project # 1 – Center for Magnetic Resonance Research (CMRR)

The CMRR is focused on advancing methodologies and instrumentation for biomedical imaging using ultrahigh field magnetic resonance imaging (MRI) and spectroscopy. As an integral part of its mission, the CMRR also provides access to its unique instrumentation, technical expertise, and infrastructure through collaborations and service functions to enable the faculty, trainees and staff at the University of Minnesota and in the larger biomedical research community, to carry out basic biomedical, translational and clinical research. Examples of the current large-scale research projects being conducted by CMRR includes a focus on technological developments to usher in the next generation of MR instrumentation, data acquisition and image reconstruction methods, the use of these advanced technologies in biomedical research and clinical practice, as well as development of new biomedical applications that range from basic neuroscience research to translational clinical studies in the brain (e.g., improvements in Deep Brain Stimulation (DBS), ataxias etc.), biomedical studies in the organ systems of the human torso, and clinical and research studies in the human musculoskeletal system. The CMRR provides essential resources and synergistic activities to other UMN centers, including the Institute of Engineering in Medicine, Masonic Cancer Center, and Masonic Institute of the Developing Brain, as well as several departments within the Medical School (e.g., Departments of Radiology, Neurology, Neurosurgery, Urology, Medicine, Medical Physics, Dentistry, Psychiatry and Neuroscience,) and outside the Medical School (e.g. Mathematics, Electrical and Computer Engineering, Biomedical Engineering, Mechanical Engineering, Chemistry, Physics, and Psychology). There are currently more than 300 collaborators throughout the University supported by CMRR. In each of the past five years the CMRR has experienced steady growth made possible by the investments in infrastructure and resources from the State of Minnesota.

In 2022-2023, CMRR faculty and collaborators made major scientific advances related to MRI. Highlights include:

- Multiple CMRR faculty continue to make ground-breaking developments in neuroimaging, funded by numerous NIH grants, including a competitively renewed NIH's National Center for Biomedical Imaging and Bioengineering grant (P41), and 4 large grants funded under the national programmatic effort named the BRAIN (**B**rain **R**esearch through **A**dvancing **I**nnovative **N**euro**T**echnologies) Initiative (<https://braininitiative.nih.gov>). Developments accomplished in these large initiative alone include: 1) developing what is currently the highest magnetic field (10.5 Tesla) used for imaging humans; in the previous year, this effort accomplished new techniques and electronics for the 10.5 Tesla MRI system that will achieve the highest spatial resolution images ever of human brain connectivity and function; 2) award-winning technology called FREE that promises to reduce the expense, size, and infrastructure requirements of future clinical MRI scanners; and 3) novel physics-based AI algorithms that denoise and improve image resolution, while reducing the time needed to acquire the data.
- Conventional MRI scanners are seldom found away from urban hospitals due to their large size and extensive infrastructure requirements, including space to house a massive MRI magnet and its accessory hardware, and substantial electrical power and cooling sources. As such, access to this invaluable radiological imaging technique has remained mainly limited to metropolitan areas. The Garwood laboratory at the CMRR, together with collaborators from University of Sao Paulo (Brazil), Victoria University of Wellington (NZ), and Columbia and Yale Universities, have recently completed design and manufacture of a highly compact 0.7 Tesla MRI scanner for brain imaging via an NIH U01 grant. The 0.7 Tesla scanner's magnet is highly compact, excluding the patient's shoulders and allowing the patient to see through the side of the magnet. The very compact form of the magnet has been achieved by increasing the variation in magnetic field over the imaging volume from the few parts-per million (~100 Hz) usually found in clinical MRI scanners to several hundreds of ppm (~10,000 Hz). Necessarily, this scanner will only work with specialized MRI pulse sequences and reconstruction techniques compatible with a non-uniform magnetic field. To meet this challenge, the team developed broadband MRI techniques that create strong MRI signals despite a magnetic field with >10,000 Hz. The team is currently performing extensive tests of this radical new MRI scanner and hope to perform the first imaging of healthy participants in early 2024.
- In 2015, the Minnesota Legislature committed funding to the University of Minnesota Medical School to support the creation of Medical Discovery Teams (MDT) focused on tackling four major health concerns facing the state and nation. The teams were part of a recommendation by a commission appointed by Gov. Mark Dayton in 2014 to develop strategies for elevating the Medical School's national ranking. CMRR was awarded the MDT on Optical Imaging and Brain Science as a multi-disciplinary effort focused on mapping the detailed circuits that underlie sensation, perception and complex behaviors in the developing and mature brain. This 10-year, \$30 million award focuses on a central vision within the BRAIN Initiative for the development of

new approaches (e.g., microscopes, lasers, scanning methodologies, new fluorescent probes etc.) to overcome the limitation of optical techniques and the development of new computational and theoretical methods to exploit such rich data. This combination of technologies would provide the ability to bridge the scales of organization going from individual neurons to the whole brain networks envisioned in the BRAIN Initiative. The combined neuroimaging would also provide a bridge to electrophysiological recordings carried out in clinical settings, such as in DBS (Deep Brain Stimulation) surgery and TMS (Transcranial Magnetic Stimulation).

- The MDT in Optical Imaging and Brain Science is located within CMRR and has added 2 new faculty members in the last 2 years (Drs. Madhuvanathi and Ganesh Vasan) bringing the total to 6 faculty members, 2 optical engineers, and 31 postdoctoral fellows, students, and lab staff. Construction of lab space in CMRR for the 2 new faculty members is on schedule to be completed by the end of 2023.

Three-year total research expenditures for investigators in CMRR have been \$55.3M.

#### Projects #2 & 3 – Cancer and Cardiovascular Research Building (CCRB)

- Integrative Biology and Physiology (IBP) moved up the NIH rankings to #28 – breaking into the 20s of the Blue Ridge Rankings for the first time. Put another way, this NIH ranking per research faculty member is considered top tier nationally in the field.
- A new recruit into the space two years ago, Eric Batchelor received a five-year grant from NIH/NIGMS (R01GM149666) to study the tumor suppressor p53 and proto-oncogene MYC, which are regulators of two of the most important pathways in preventing the development of human malignancies. This project will examine how dynamic expression of p53 and MYC controls cell fate responses to DNA damage. The results will provide novel insight into the basic functioning of one of the most important stress response pathways in human cells, and are likely to inform innovative therapeutic strategies based on improved timing of the delivery of therapies.
- The Masonic Cancer Center (MCC), University of Minnesota is the only National Cancer Institute-designated Comprehensive Cancer Center in the Twin Cities, and is now in its 25<sup>th</sup> year of continuous support. To maintain this national designation, appropriate laboratory space must be available to the center to enhance the conduct of federally funded research. At MCC, funded cancer research continues to increase, with over \$88.1M in direct cost cancer related research funding in the past year. The CCRB is one of two MCC directed laboratory research facilities. This building was originally designed to house two types of investigators; those with research focused on chemical synthesis and analysis and those with fundamental work in cancer biology. This unique laboratory space has led to substantial progress in several fields with some examples noted below:



- Irina Stepanov, PhD, is creating a new Shared Resource that builds upon the existing tobacco research capacity and world-renowned expertise at MCC. The Exposures and Effects Resource will support translational research ranging from the chemical analysis of tobacco products and their emissions to studies in cells and laboratory animals, to human trials of product use and innovative biomarkers of exposure and health outcomes. Development of a new, state-of-the-art Tobacco Product Testing Laboratory (TPT) and updates to the Tobacco Research programs space will allow for testing tobacco products and conducting in vitro and in vivo studies using advanced, specialized smoking machines and exposure systems.
- A multi-Investigator grant (P01CA138338) led by Stephen Hecht, PhD, was recently renewed by the National Cancer Institute for a third funding period. This long running project aims to develop tools to identify former smokers with increased lung cancer risk to target for increased lung cancer screenings. The continued success of this grant is directly due to the analytical biochemistry capabilities housed within CCRB.
- The laboratory of Lisa Peterson, PhD has been awarded a grant (U2CES026533) to serve as a resource for all studies performed in the Human Health Exposure Analysis Resource (HHEAR). The Targeted Analysis Resource will predominantly use high-throughput mass spectrometric methods with well-established quality-control procedures to provide timely and reliable quantitative data relevant to 3 major areas of importance to human health: Exposure to tobacco-specific compounds; exposure to environmental, lifestyle, and nutritional toxicants and carcinogens; and variations in levels of endogenous electrophiles and dietary compounds. This award was built on the expertise in measuring toxicant and carcinogen exposure in human biospecimens. This strength is based on the longstanding history of transdisciplinary collaboration among MCC members as well as the state-of-the-art Mass Spectrometry Lab in CCRB.
- The impact of environmental pollution on hematological cancer risk in MN is the subject of a new UG3 cancer cohort grant called the 10,000 Families Cohort: a new study to understand the environmental causes of cancer (UG3CA265791). Researchers Jen Poynter, PhD, Heather Nelson, PhD and Lisa Peterson, PhD received over \$14M in funding to measure environmental exposures with carcinogenic potential for those living in MN, including PFAS, glyphosate (RoundUp), and radon. The impact of these exposures may be especially relevant for populations that have been typically underrepresented in existing cohort studies, such as individuals living in rural areas, racial/ethnic minorities, and immigrants. This study is open for enrollment through the MCC MNCCTN network, funded by state MN DRIVE support. Again, the longstanding expertise in measuring exposures and core facilities housed in CCRB led to this award, as did the strong transdisciplinary collaboration between population (Poynter, Nelson) and laboratory (Peterson) scientists. Exposure measurements take place in the Mass Spectrometry Lab in CCRB.

- The laboratory of Beau Webber, PhD moved to CCRB in 2023. His lab is focused on synergizing genome engineering, stem cell biology, and adoptive cellular therapy to develop novel treatments for genetic disease and cancer. His lab is well funded with research projects focusing on two pediatric bone cancers, Ewing sarcoma and Osteosarcoma. In collaboration with Branden Moriarity, PhD, he is currently testing an innovative approach to treating osteosarcoma using genetically engineered gamma delta T-cells, funded by a two-year grant from CURE Childhood Cancer. Dr. Webber was also recently awarded a five-year grant from the National Cancer Institute (R37CA276345) to study the molecular underpinnings of Ewing sarcoma, the second most common bone tumor in children and adolescents.
- The MCC's Genome Engineering Shared Resource (GESR) relocated into CCRB to be closer to the research community it primarily serves. This core facility provides state-of-the-art services in precision genome engineering of mammalian cell lines. The GESR can engineer human cell lines that allow MCC researchers to design mechanistic and therapeutic studies related to specific cancers. Access to these human cell lines and associated CRISPR/Cas9 technologies is critical for understanding the mechanisms of cancer and potentially for designing targeted therapies. The demand for genetically modified human cell lines is high, but genome engineering is technically challenging, time consuming, and demands a level of expertise not found in most clinical laboratories.

### Lillehei Heart Institute (LHI)

The LHI was established in 1999 through philanthropic support from Kaye Lillehei, wife of the late Dr. C. Walton Lillehei ("Father of Open Heart Surgery"). The mission of the LHI is to discover novel strategies to improve cardiovascular health and reduce suffering from cardiovascular (CV) disease. To accomplish this mission, the LHI actively engages the entire University of Minnesota (UMN) community and fosters interdisciplinary collaborations to compete successfully for large grants, such as large multiple PI R01 grants, P or U series grants.

In the last 5 years, the LHI has witnessed a robust growth in membership and grant funding. Currently, the LHI has 131 members, spanning 10 Medical School Departments and 9 Colleges/Schools. In FY 2022, LHI faculty members held 125 grant awards, including 59 NIH and 5 DOD awards. These awards amounted to a total of >\$48.8M (>\$39.7M in direct costs and >\$9.1M in indirect costs). Overall, the research portfolio of LHI faculty encompasses the entire spectrum of CV research domains: basic, clinical and translational, and population science. The LHI educational programs, including the LHI Summer Research Scholars program, ensure a pipeline of future physician-scientists and scientists to continue the tradition of excellence and innovation in CV research. On June 1, 2022, a new team assumed LHI leadership with the goal of steering the LHI to greater heights in fulfilling its potential of being an inclusive and integrated Medical School Center, Institute, or Program (CIP).

The LHI's new mission is active engagement of the UMN community to promote interdisciplinary collaborations that transcend traditional Departmental boundaries, as underscored by the following new priorities: (1) Broaden membership to include faculty from all Medical School Departments and other Colleges/Schools; (2) New organizational structure to effectively execute strategic plans; (3) Emphasize diversity, equity, and inclusion in all LHI activities; (4) Implement strategies to promote greater interdisciplinary collaborations among CIPs; (5) Emphasize interdisciplinary participation in educational activities (e.g., LHI lecture series); (6) Reorganize infrastructure cores to increase efficiency and utilization while fulfilling the needs of the Medical School community.

- Dr. Lin Yee Chen was appointed as the new Director of the LHI on June 1, 2022. Dr. Chen is a Professor of Medicine with tenure and holds the Fred C. and Katherine B. Andersen Foundation Chair in Adult Clinical Cardiology. Dr. Chen is a physician-scientist whose research has been continuously funded by the NIH or AHA since 2010. He is currently Principal Investigator of five active R01/RF1 grants and a K24 grant from the NIH. Two of his grants, RF1NS127266 and RF1NS135615, had a total grant award of \$4.13 M and \$4.39 M, respectively. He is an internationally recognized researcher in the areas of atrial fibrillation and atrial myopathy, and his work has been published in JAMA, Annals of Internal Medicine, JAMA Internal Medicine, Nature Genetics, Circulation, and other top-tier journals. He was elected to the American Society for Clinical Investigation in 2024. Since assuming the directorship of the LHI, Dr. Chen has implemented numerous new initiatives and programs to promote greater interdisciplinary collaborations such as pilot grant programs and joint scientific symposium between the LHI and other CIPs. He has also supported grant applications to facilitate the acquisition of state-of-the-art equipment that benefit investigators in the LHI and other CIPs. Dr. Chen works closely with the Vice Dean for Research to advance the mission of the LHI, which is to discover novel strategies to promote greater cardiovascular health and reduce suffering from cardiovascular disease.
- Dr. Sasha Prisco was recruited to the Cardiovascular Division and the LHI in 2023. Dr. Prisco is a cardiovascular physician-scientist who specializes in treating pulmonary hypertension. Her laboratory investigates mechanisms of right ventricular dysfunction in pulmonary hypertension. She received her M.D. and Ph.D. at the Medical College of Wisconsin and she completed her training in internal medicine and cardiovascular disease at the University of Minnesota through the Physician-Scientist Training Pathway. As a cardiology fellow, she secured a National Institutes of Health postdoctoral grant (NIH F32) and won early career investigator awards from the American Heart Association (AHA), American College of Cardiology, and Northwestern Cardiovascular Young Investigators' Forum. She recently received an AHA Career Development Award and a K23 grant from the National Heart, Lung and Blood Institute.
- Dr. Daniel Garry was awarded a Leducq International Network Center of Excellence Grant for his proposal, Exogenic and xenogenic pig organs for transplantation into humans. This is a prestigious \$8M five-year award and is the first to be awarded to any program at the UMN. It started on January 1, 2024. This Network will be funded by the Leducq Foundation (for institutions based outside the U.S.) and the Leducq Foundation for Cardiovascular Research (for institutions based in the U.S.). The endorsement of this application by the Scientific Advisory

Committee is a statement of the committee's belief that Dr. Garry's proposed Network will make an important impact on the area of cardiovascular research through innovation in science, meaningful collaboration at the international level, and the active involvement of early career investigators in the research program. In addition to this award, Dr. Garry has a total of \$5.98M in research expenditures over the past 3 fiscal years.

- Dr. Rita Perlingeiro is one of the most productive LHI principal investigators with research focused on the generation of skeletal myogenic progenitors from pluripotent stem (PS) cells and their application in regenerative medicine and *in vitro* disease modeling. By conditional expression of Pax3 or Pax7 in early unpatterned mesoderm, Dr. Perlingeiro's laboratory was the first to demonstrate functional improvement after transplantation of PS cell-derived myogenic progenitors in dystrophin-deficient mice (Nature Medicine, 2008). They have shown that this strategy also enables the generation of functional skeletal myogenic progenitors from human ES and induced PS (iPS) cells (Cell Stem Cell, 2012), and demonstrated proof-of-principle for combining patient-specific iPS cells with gene editing strategies (Molecular Therapy, 2019 and Cell Reports, 2021). Driven by an interest in developing strategies for the treatment of muscular dystrophies, they began addressing issues associated with scalability, purification (Cell Reports, 2017), and safety. Dr. Perlingeiro's lab recently submitted an IND application to the FDA requesting approval for a First-in-Human Phase 1 Safety/Dose Escalation Trial of iPS cell-derived skeletal myogenic progenitors for Duchenne Muscular Dystrophy (DMD) patients using intra-muscular injection. Between 2022 and 2023 Dr. Perlingeiro received 4 NIH grants to further advance the translation efforts, and has a total of \$3.67M in research expenditures over the past 3 fiscal years.

Three-year total research expenditures for investigators in CCRB have been \$168.5M, including \$21.6M for the LHI.

#### Project # 4 - Microbiology Research Facility (MRF)

The Department of Microbiology and Immunology moved in January of 2016 from the Mayo Memorial Building into the 80,000 sq. ft. **Microbiology Research Facility (MRF)**, the fourth building in the Biomedical Discovery District (BDD), and the first building on campus to be designed and built using new "Smart Lab" technology to reduce energy costs.

The faculty in MRF share with other investigators in the BDD the objective to "pursue discoveries by bringing together talented investigators and encouraging them to work on the new cures and therapies for our most challenging and important health conditions." Department of Microbiology and Immunology faculty are the anchor tenants in MRF, but MRF, since its inception, has been home as well for the **Infectious Disease Corridor of Discovery (IDC)** whose mission is to understand the microbes and the diseases they cause as the foundations for discovering better ways to prevent, treat and cure infectious diseases with special emphasis on the great killers-HIV/AIDS/TB/influenza/ and other deadly bacterial, fungal and viral infections. That mission and vision is now at the center of the University of

Minnesota Institute on Infectious Diseases (UMIID) whose goal is to *create innovative solutions to emerging infections of epidemic or pandemic potential by bringing together UMN expertise across 20 departments and 8 colleges to discover better responses to pandemics, life-threatening infections, and antimicrobial resistance through basic, clinical, and translational research.*

MRF highlighted accomplishments over the past two years are the continued contributions, advances and commitments of the Department of Microbiology and Immunology and UMIID's shared goal of becoming a center renowned worldwide for its research on pandemics and life-threatening infections:

### **MRF IN THE TIME OF THE COVID-19 PANDEMIC AND BEYOND**

During the peak of the COVID-19 pandemic and beyond, MRF, and MRF investigators, contributed substantially to the UMN response to the pandemic:

- Space in MRF was converted to process COVID-19 clinical samples for testing of a million diagnostic tests run on behalf of Minnesotans.
- MRF was used to create a COVID-19 biobank to support clinical and basic science research on COVID-19.
- Haase/Schacker Lab research identified causes and rationale treatment strategies for COVID-19 pneumonia.
- Langlois lab heads the Virology Core for the NIHs Midwest Antiviral Drug Discovery Center, funded by a \$66M award from the National Institute of Allergies and Infectious Diseases (NAID) to identify and develop new drugs to target current and future pandemics.
- Langlois lab developed a new model to study how viruses cross species barriers which could help to inform how new viruses enter the human population.

### **CURING HIV/AIDS**

Haase Lab

- Identified the first cell HIV infects and its role in HIV persistence during ART and viral rebound when treatment is interrupted

Schacker Lab

- Advanced HIV cure agenda by first ever studies of cell-based therapies to eradicate viral reservoirs
- Identified mechanisms of inflammatory tissue damage and immune dysregulation in treated HIV infection associated with depletion of CD4+ T helper cells
- Continued work on the role systemic inflammation plays in reducing efficacy of many vaccines

Skinner Lab

- Continued work on immune cell elimination of HIV from lymphoid tissue sanctuaries

Herschhorn Lab

- Continued work on optimizing HIV-antibody therapy for HIV infections

### **ANTIMICROBIAL RESISTANCE AND DRUG DISCOVERY**

## **TB & MULTIDRUG RESISTANT BACTERIA**

Baughn/Aldrich Labs

- Continued development of improved drugs to treat TB, including multidrug resistant TB

Willett Lab

- Continued discovery of new drug targets for multidrug resistant *Enterococcus and related bacteria*

## **DEADLY FUNGAL INFECTIONS**

Nielsen/Boulware Labs

- Continued discovery of mechanisms of resistance and new drug targets in *Cryptococcal meningitis*

Selmecki Lab

- Conducted groundbreaking genetic studies of drug resistance in *Candida albicans* and *auris* with a long-range plan to prepare for and develop treatments

Three-year total research expenditures for investigators in MRF have been \$120.1M.

# Capital Appropriations Expenditure Report

In fulfillment of MN 135A.046 subd. 3 and

In fulfillment of 2020 Minn. Laws Chap. 3 Art. 1 Sec. 2 Subd. 7 and

In fulfillment of 2023 Minn. Laws Chap. 72 Art. 1 Sec. 2 Subd. 5

January 2024



UNIVERSITY OF MINNESOTA

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# Major Projects - Spending Status

Year	Major Projects Allocation	% Spent or Encumbered Under Contract	% Spent, Encumbered or Otherwise Obligated to Projects
2020	\$ 36,886,000	97%	97%
2023	\$ 92,600,000	76%	100%

## Notes

Session Laws 2020 and 2023 state that, “Upon substantial completion of a project authorized in this section and after written notice to the commissioner of management and budget, the Board of Regents must use any money remaining in the appropriation for that project for HEAPR under Minnesota Statutes, section 135A.046.”

No funding for the Major Projects included in this report has been converted to HEAPR at this time.

## Definitions

Allocation: The State appropriation for each project.

Spent: The amount the University has paid to contractors from signed contracts.

Encumbered: This includes:

- a. Project amount specifically under contract with a general contractor, architect, engineer, or other vendor.
- b. Internal project where work has begun and/or internal purchase order/work has been completed.

Obligated: Funds required to complete the project that are not yet under contract.

Percentages are rounded





# HEAPR - Spending Status

Year	HEAPR Allocation	% Spent or Encumbered Under Contract	% Spent, Encumbered or Otherwise Obligated to Projects
2020	\$ 38,495,000	93%	99%
2023	\$ 43,350,000	36%	80%

## Notes

The University routinely reallocates HEAPR funds to eligible campus projects. As projects are completed any remaining funds are reallocated to the next highest priority campus HEAPR project. The spending report represents the current status and actual amount spent on each HEAPR project.

## Definitions

Allocation: The State appropriation for each project.

Spent: The amount the University has paid to contractors from signed contracts.

Encumbered: This includes:

- a. Project amount specifically under contract with a general contractor, architect, engineer, or other vendor.
- b. Internal project where work has begun and/or internal purchase order/work has been completed.

Obligated: Funds required to complete the project that are not yet under contract.

Percentages are rounded



# Applicable Statutes

## **135A.046 ASSET PRESERVATION AND REPLACEMENT.**

### **Subdivision 1. Purpose.**

The legislature recognizes that postsecondary governing boards operate campus physical plants that in number, size, and programmatic use differ significantly from the physical plants operated by state departments and agencies. However, the legislature recognizes the need for standards to aid in categorizing and funding capital projects. The purpose of this section is to provide standards for those higher education projects that are intended to preserve and replace existing campus facilities.

### **Subd. 2. Standards.**

Capital budget expenditures for Higher Education Asset Preservation and Replacement (HEAPR) projects must be for one or more of the following: code compliance including health and safety, Americans with Disabilities Act requirements, hazardous material abatement, access improvement, or air quality improvement; building energy efficiency improvements using current best practices; or building or infrastructure repairs necessary to preserve the interior and exterior of existing buildings; or renewal to support the existing programmatic mission of the campuses. Up to ten percent of an appropriation awarded under this section may be used for design costs for projects eligible to be funded from this account in anticipation of future funding from the account.

### **Subd. 3. Reporting priorities.**

Each postsecondary governing board shall establish priorities within its Higher Education Asset Preservation and Replacement projects. By January 15 of each year, it shall submit to the commissioner of management and budget and to the chairs of the higher education finance divisions, the senate Finance Committee, and the house of representatives Capital Investment Committee a list of the projects that have been paid for with money from a higher education asset preservation and replacement appropriation during the preceding calendar year as well as a list of those priority projects for which Higher Education Asset Preservation and Replacement appropriations will be sought in that year's legislative session.

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## **3.197 REQUIRED REPORTS.**

A report to the legislature must contain, at the beginning of the report, the cost of preparing the report, including any costs incurred by another agency or another level of government.

Per the requirements set forth in Minnesota Statue 3.197, the cost to prepare this report was \$300.



# University of Minnesota

Status Report: Total Capital Appropriations 2020 to 2023  
 Projected 01/31/2024 - Definitions on last page

(A) Project Name	(B) Appropriation Amount	(C) Spent and/or Encumbered	(D) Obligated	(E) (B-C-D) Unencumbered	(F) Status	(G) Estimated Occupancy	(H) Comments
<b>2023 State Capital Appropriations: Major Projects</b>							
Fraser Chemistry Undergraduate Teaching Facility	92,600,000	70,681,303	21,918,697	0	Construction	9/9/2025	
<b>Subtotal - '23 Appropriations: Major Projects</b>	<b>92,600,000</b>	<b>70,681,303</b>	<b>21,918,697</b>	<b>0</b>			
<b>2023 State Capital Appropriations: HEAPR Projects</b>							
<b>Completed Projects</b>	2,245	2,245	0	0			
Campus Wide Emergency Renewal	6,506,736	0	0	6,506,736	Programming	Unknown	
Campus Wide Smart Labs Infrastructure Renewal	500,000	0	0	500,000	Programming	Unknown	
East Bank Chilled Water Connections	700,000	632,000	68,000	0	Construction	10/1/2024	
Fieldhouse Accessible Restroom Upgrade	750,000	54,521	695,479	0	Schematic Design	9/1/2024	
Mayo NMR Secondary Switchgear Replcmnt	3,500,000	3,019,842	480,158	0	Design Development	5/17/2024	
Campus Wide Como Area High Voltage Gear	4,000,000	4,000,000	0	0	Programming	11/30/2024	
Shepherd Hall Mechanical Capital Renewal	1,704,597	0	1,704,597	0	Construction Documents	12/30/2025	
MCB Valves and Controls Replacement	750,000	750,000	0	0	Construction	9/12/2024	
717 Delaware Window/Walls Water Infiltration	1,500,000	93,474	1,406,526	0	Schematic Design	8/28/2026	
Anderson Hall Structural Repairs	734,088	615,501	118,587	0	Construction	10/1/2024	
Mondale Hall Accessible Restroom Upgrade	150,000	0	0	150,000	Programming	Unknown	
Mondale Hall Partial Roof Replacement	605,000	31,693	573,307	0	Procurement	5/17/2024	
Mondale Hall Fire Sprinkler Renewal	875,000	54,907	820,093	0	Construction	10/1/2024	
Andersen Library Exterior Envelope Repairs	1,800,000	0	1,800,000	0	Construction Documents	8/30/2024	
2023 Elevator Modernizations	5,350,000	290,354	5,059,646	0	Schematic Design	12/31/2024	
Hasselmo Hall Roof Design	3,000,000	62,732	2,937,268	0	Schematic Design	9/20/2024	
Vet Med Center South Fire Alarm/Sprinkler	1,100,000	56,125	1,043,875	0	Schematic Design	9/6/2024	
Vet Science Fire Alarm Installation	500,000	3,718	496,282	0	Design Development	9/1/2024	
Necropsy/Digester Air Handling Unit	572,500	572,500	0	0	Schematic Design	12/31/2025	
Borlaug Hall Accessible Restroom Upgrade	150,000	0	0	150,000	Programming	Unknown	
Ecology Building Exterior Leak Corrections	1,725,000	1,176,001	548,999	0	Procurement	9/1/2024	
UMD Engineering Bldg Prioritized Lab Cooling	381,226	381,226	0	0	Construction	9/30/2024	
UMD AB Anderson HVAC Replcmnt at Lower Level	3,500,000	3,500,000	0	0	Construction	8/30/2024	
UMM Campus Utility Storm & Sanitary Upgrades	120,000	0	120,000	0	Procurement	7/31/2024	
UMM Critical Infrastructure Renewal	505,845	255,644	250,201	0	Construction	7/31/2024	
UMM Heating Plant Ventilation Fan Upgrades	67,992	57,992	10,000	0	Construction	3/29/2024	
UMM Heating Plant Controls/Commissioning Upgrades	50,000	24,676	25,324	0	Construction	6/30/2024	
UMM Humanities Fine Arts Roof Replacement	314,358	133,862	180,496	0	Construction	7/31/2024	
UMC Critical Infrastructure Renewal	269,718	0	0	269,718	Programming	Unknown	
UMC Owen Hall Exterior Façade Renewal	595,000	0	0	595,000	Programming	Unknown	
SWROC Unallocated HEAPR Balances	2,780	0	0	2,780	Programming	Unknown	
SWROC Res Equip Bldg Roof Replacement	20,000	20,000	0	0	Construction	7/31/2024	
WCROC Swine Nursery Emergency Generator	75,000	0	75,000	0	Procurement	6/30/2024	
NWROC Sanitary Sewer System Repair	80,000	1,360	78,640	0	Procurement	7/31/2024	
SROC Unallocated HEAPR Balances	75,000	0	0	75,000	Programming	Unknown	
SROC Main Office Roof Replacement	95,000	0	95,000	0	Procurement	8/31/2024	
SROC Main Office Stucco Renewal	50,000	0	50,000	0	Procurement	8/31/2024	
Rosemount Shop Bldg Roof Replacement	150,000	0	0	150,000	Programming	Unknown	
HRC Multiple Roof Replacements	330,359	0	0	330,359	Programming	Unknown	

# University of Minnesota

Status Report: Total Capital Appropriations 2020 to 2023  
 Projected 01/31/2024 - Definitions on last page

(A) Project Name	(B) Appropriation Amount	(C) Spent and/or Encumbered	(D) Obligated	(E) (B-C-D) Unencumbered	(F) Status	(G) Estimated Occupancy	(H) Comments
Itasca Lodging Ext Envelope Renewal	78,060	0	0	78,060	Programming	Unknown	
Cedar Creek Unallocated HEAPR Balances	3,465	0	0	3,465	Programming	Unknown	
Cedar Creek Bur Oak House Septic Replcmnt	39,031	2,324	36,707	0	Design Development	5/31/2024	
Cedar Creek Brown Barn & Green Shop Roofs	35,000	29,441	0	5,559	Pacloseout	Occupied	
Hubachek Campus Water Distribution Renewal	37,000	0	0	37,000	Programming	Unknown	
<b>Subtotal - '23 Appropriations: HEAPR Projects</b>	<b>43,350,000</b>	<b>15,822,136</b>	<b>18,674,186</b>	<b>8,853,678</b>			
<b>Total - 2023 State Capital Appropriations</b>	<b>135,950,000</b>	<b>86,503,440</b>	<b>40,592,883</b>	<b>8,853,678</b>			
<b><u>2020 State Capital Appropriations: Major Projects</u></b>							
Institute of Child Development Bldg Replacement	29,200,000	28,130,008	0	1,069,992	Pacloseout	8/17/2022	
Fraser Hall Chemistry Undergraduate Teaching Facility	3,286,000	3,286,000	0	0	Construction	9/9/2025	
A.B. Anderson Hall Renovation	4,400,000	4,400,000	0	0	Construction	8/30/2024	
<b>Subtotal - '20 Appropriations: Major Projects</b>	<b>36,886,000</b>	<b>35,816,008</b>	<b>0</b>	<b>1,069,992</b>			
<b><u>2020 State Capital Appropriations: HEAPR Projects</u></b>							
<b>Completed Projects</b>	19,322,752	19,322,752	0	0			
Pattee Hall Roof Replacement	285,778	140,356	0	145,422	Substantial Completion	Occupied	
Shepherd Lab Floors 3-5 Renovation	1,917,403	0	1,917,403	0	Construction Documents	12/30/2025	
PWB Generator & Fire Pump Replacement	16,624	13,974	2,651	0	Construction Documents	9/30/2024	
Weisman Automatic Fire Suppression System	1,705,181	1,705,181	0	0	Pacloseout	Occupied	
NHH Fume Exhaust Replacement	1,000,000	1,000,000	0	0	Construction	6/1/2024	
Mech Eng Phase III Renewal	11,829,611	11,829,611	0	0	Pacloseout	Occupied	
Animal Sci/Vet Med Accessible Restroom	172,250	148,126	24,124	0	Construction	3/31/2024	
Ecology Building Exterior Leak Corrections	61,500	61,500	0	0	Procurement	8/31/2024	
UMD Med School Generator Replacement	108,436	30,153	78,284	0	Procurement	6/30/2024	
UMM Campuswide Controls Renewal Phase II	87,907	87,907	0	0	Construction	3/31/2024	
UMM Electronic Door Access/Security	140,439	137,871	0	2,567	Pacloseout	Occupied	
UMM Multi-Ethnic Res Ctr Elev Installation-Design	72,125	72,125	0	0	Design Development	9/25/2025	
UMM Heating Plant Chiller Control Panel	269,228	265,261	3,967	0	Construction	3/31/2024	
UMM New Ground Source Heat Pump System	29,000	29,000	0	0	Design Development	9/25/2025	
UMM HFA HVAC Mechanical Upgrades	15,000	15,000	0	0	Construction	3/31/2024	
Crookston Project Balances	73,412	0	0	73,412	Programming	Unknown	
UMC Campus Wide Electrical Distribution Phase 3	659,658	659,658	0	0	Construction	7/31/2023	
CFANS Project Balances	5,229	0	0	5,229	Programming	Unknown	
NCROC Admin Bldg Heating & Cooling RTU Replacemen	50,000	16,400	33,600	0	Construction Documents	6/30/2024	
SWROC Res Equip Bldg Roof Replacement	22,780	22,780	0	0	Construction	6/30/2024	
WCROC Project Balances	24,502	0	0	24,502	Programming	Unknown	
WCROC Replace Underground Fuel Tanks	130,720	128,428	0	2,293	Substantial Completion	Occupied	
SROC Replace Underground Fuel Tanks	130,000	117,053	0	12,947	Substantial Completion	Occupied	
HRC Multiple Roof Replacements	7,084	0	0	7,084	Programming	Unknown	
Itasca Lodging Thermal Pane Windows	28,205	0	28,205	0	Procurement	3/31/2024	

# University of Minnesota

Status Report: Total Capital Appropriations 2020 to 2023  
 Projected 01/31/2024 - Definitions on last page

(A) Project Name	(B) Appropriation Amount	(C) Spent and/or Encumbered	(D) Obligated	(E) (B-C-D) Unencumbered	(F) Status	(G) Estimated Occupancy	(H) Comments
Hubachek Critical Infrastructure Renewal	35,000	25,750	9,250	0	Construction Documents	3/31/2024	
Hubachek Domestic Water Distribution	295,177	67,953	227,223	0	Construction Documents	3/31/2024	
<b>Subtotal - '20 Appropriations: HEAPR Projects</b>	<b>38,495,000</b>	<b>35,896,838</b>	<b>2,324,707</b>	<b>273,455</b>			
<b>Total - 2020 State Capital Appropriations</b>	<b>75,381,000</b>	<b>71,712,846</b>	<b>2,324,707</b>	<b>1,343,447</b>			
<b>Grand Totals - 2020 to 2023</b>	<b>211,331,000</b>	<b>158,216,286</b>	<b>42,917,589</b>	<b>10,197,125</b>			

# University of Minnesota

Status Report: Total Capital Appropriations 2020 to 2023

Projected 01/31/2024 - Definitions on last page

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Project Name	Appropriation Amount	Spent and/or Encumbered	Obligated	(B-C-D) Unencumbered	Status	Estimated Occupancy	Comments

## Notes:

### 1) Definitions of columns:

- B. Appropriation Amount: The state appropriation for each project. Although HEAPR funds are appropriated in a block of funds, they are detailed in this report by the University's allocation.
- C. Spent or Encumbered: This includes three categories.
  - a. Amount the University has paid to contractors from signed contracts.
  - b. Project amount specifically under contract with a general contractor, architect, engineer, or other vendor.
  - c. Internal project where work has begun and/or internal purchase order/work has been completed.
- D. Obligated: Funds required to complete the project that are not yet under contract.
- E. Unencumbered: Contingency funds remaining in the project after the construction phase.

### 2) Definitions of project phases:

- a. Programming: Defining in detail the scope of the project, describing the facility components required to accommodate the academic/operational program, and establishing the functional and physical relationships of those components.
- b. Schematic Design Development: Evaluating alternatives for meeting the project program and establishing the general size, shape, and massing of building elements; exterior finishes; and Design Development criteria for structural, mechanical, and electrical systems.
- c. Design Development: Developing the preliminary Design Development into a detailed Design Development that establishes final floor plans, building elevations, interior and exterior materials, room finishes, building systems, furnishings, and equipment.
- d. Construction Documents: Preparing detailed drawings and specifications required to obtain bids and to describe and direct the construction work.
- e. Procurement: Soliciting bids from contractors for completing the work described in the construction documents.
- f. Construction: Mobilizing of the contractor's equipment, purchasing of building materials, and implementing the work described in the construction documents.
- g. Substantial Completion: Completing work on the project to a point that the Owner can occupy and use the facility for its intended use.
- h. Pacloseout: Making final payments to contractors and vendors, closing all contracts, and preparing the final project accounting.

# University of Minnesota

Status Report: Total Capital Appropriations 2020 to 2023  
 Projected 01/31/2024 - Definitions on last page

(A) Project Name	(B) Appropriation Amount	(C) Spent and/or Encumbered	(D) Obligated	(E) (B-C-D) Unencumbered	(F) Status	(G) Estimated Occupancy	(H) Comments
<b><u>Summary of University State Capital Appropriations</u></b>							
<b><u>Total Dollars by Status</u></b>							
2023 Appropriations							
Major Projects	92,600,000	70,681,303	21,918,697	0			
HEAPR Projects	43,350,000	15,822,136	18,674,186	8,853,678			
Subtotal	135,950,000	86,503,440	40,592,883	8,853,678			
2020 Appropriations							
Major Projects	36,886,000	35,816,008	0	1,069,992			
HEAPR Projects	38,495,000	35,896,838	2,324,707	273,455			
Subtotal	75,381,000	71,712,846	2,324,707	1,343,447			
Major Projects	129,486,000	106,497,311	21,918,697	1,069,992			
HEAPR Projects Only	81,845,000	51,718,975	20,998,892	9,127,133			
<b>Grand Total: 2020-2023 Appropriations</b>	<b>211,331,000</b>	<b>158,216,286</b>	<b>42,917,589</b>	<b>10,197,125</b>			
<b><u>Total Percent by Status</u></b>							
2023 Appropriations							
Major Projects	92,600,000	76%	24%	0%			
HEAPR Projects	43,350,000	36%	43%	20%			
Subtotal	135,950,000	64%	30%	7%			
2020 Appropriations							
Major Projects	36,886,000	97%	0%	3%			
HEAPR Projects	38,495,000	93%	6%	1%			
Subtotal	75,381,000	95%	3%	2%			
Major Projects	129,486,000	82%	17%	1%			
HEAPR Projects Only	81,845,000	63%	26%	11%			
<b>Grand Total: 2020-2023 Appropriations</b>	<b>211,331,000</b>	<b>75%</b>	<b>20%</b>	<b>5%</b>			

*Project priorities may be adjusted to reflect facility condition changes and final cost estimates.*

	Category	Location	Project Title	\$500M
<b>CROOKSTON CAMPUS</b>				
1	Utility Infrastructure	Heating Plant	Critical improvements for reliability	\$ 6,000,000
2	Mechanical	Sahlstrom Conference Center	Electric distribution replacement	\$ 1,250,000
3	Building Envelope	Lysaker Gym	Structural analysis and remediation	\$ 500,000
4	Building Envelope	Owen Hall	Life safety/code upgrades and roof replacement	\$ 350,000
5	Utility Infrastructure	Campus Natural Gas Distribution	Natural gas distribution stabilization	\$ 300,000
6	Life Safety / Code	Crookston Campus	Fire panel upgrades; multiple buildings	\$ 250,000
7	Mechanical	Crookston Campus	Building controls upgrade	\$ 250,000
8	Utility Infrastructure	Crookston Campus	Geothermal heating conversion - phase 1	\$ 250,000
9	Building Envelope	Kiehl Hall	Roof replacement	\$ 250,000
10	Life Safety / Code	Owen Hall	Life safety and code upgrade	\$ 200,000
11	Mechanical	Early Childhood Building	HVAC renewal	\$ 125,000
12	Building Envelope	Hill Hall	Roof replacement	\$ 125,000
13	Life Safety / Code	Crookston Campus	Critical infrastructure renewal	\$ 123,681
				<b>\$ 9,973,681</b>
<b>DULUTH CAMPUS</b>				
14	Mechanical	Heller Hall	HVAC and code renewal	\$ 15,750,000
15	Mechanical	Humanities	HVAC and code renewal	\$ 15,750,000
16	Mechanical	Library Annex	HVAC and code renewal	\$ 8,000,000
17	Building Envelope	Marshall W Alworth Hall	Roof replacement	\$ 2,016,158
18	Building Envelope	A.B. Anderson Hall	Roof replacement	\$ 800,000
19	Utility Infrastructure	Duluth Campus	Electrical feeder switch replacement	\$ 750,000
20	Building Envelope	Sports and Health Center	Roof replacement	\$ 600,000
21	Building Envelope	Voss Kovach Hall	Roof replacement	\$ 600,000
22	Mechanical	Weber Music Hall	Lighting controls	\$ 500,000
				<b>\$ 44,766,158</b>
<b>MORRIS CAMPUS</b>				
23	Life Safety / Code	Multi-Ethnic Resource Center	Code and life safety improvements	\$ 6,000,000
24	Multiple	Behmler Hall	HVAC, windows and fire sprinkler	\$ 3,075,000
25	Life Safety / Code	Briggs Library	Code and life safety improvements	\$ 2,350,000
26	Life Safety / Code	Cougar Sports Center	Code and life safety improvements	\$ 1,700,000
27	Utility Infrastructure	Morris Campus	Storm and sanitary sewer renewal	\$ 600,000
28	Multiple	Science Complex	Capital renewal	\$ 560,000
29	Life Safety / Code	Humanities Fine Arts	Handrail and guardrail code upgrade - phase 2	\$ 150,000
30	Utility Infrastructure	Morris Campus	Chilled water system improvements	\$ 120,000
31	Building Envelope	Blakely Hall	Masonry restoration and accessibility plan	\$ 85,000
32	Building Envelope	Student Center	Exterior envelope improvements	\$ 80,000
33	Building Envelope	Shops	Roof replacement	\$ 70,000
34	Life Safety / Code	Morris Campus	Critical infrastructure renewal	\$ 29,764
				<b>\$ 14,819,764</b>
<b>RESEARCH AND OUTREACH CENTERS AND FIELD STATIONS</b>				
35	Multiple	Southern Research and Outreach (Waseca)	Address 13 projects in 11 buildings including HVAC, plumbing and roofs.	\$ 2,356,342



*Project priorities may be adjusted to reflect facility condition changes and final cost estimates.*

	Category	Location	Project Title	\$500M
36	Multiple	West Central Research and Outreach (Morris)	Address 9 projects in 8 buildings including roofs, siding, and windows.	\$ 2,283,738
37	Multiple	Hubachek Wilderness Research (Ely)	Address 12 projects in 5 buildings, including multiple roofs, ADA restrooms, windows, and electrical feeders for the entire campus.	\$ 1,280,446
38	Multiple	Rosemount Research and Outreach (Rosemount)	Address 14 projects in 12 buildings including structural repair, building envelopes, and roofs.	\$ 1,108,867
39	Multiple	Itasca (Lake Itasca)	Address 10 projects in 10 buildings including foundation reconstruction, envelope renewal, and geothermal conversion.	\$ 1,065,584
40	Multiple	Horticultural Research Center (Chanhassen)	Address 2 projects in the Lab and Main Office for HVAC and roof, as well as various site safety improvements.	\$ 1,016,461
41	Multiple	Northwest Research and Outreach (Crookston)	Address 6 projects in 3 buildings including fire life safety, code and ADA.	\$ 963,658
42	Multiple	North Central Research and Outreach (Grand Rapids)	Address 9 projects in 7 buildings including electrical infrastructure, LED lighting, and campus wastewater infrastructure renewal.	\$ 937,258
43	Multiple	Southwest Research and Outreach (Lamberton)	Address 10 projects in 8 buildings including roofs, fire alarms, and building controls.	\$ 914,547
44	Multiple	Cedar Creek (East Bethel)	Address 10 projects in 7 buildings including campus wide fire suppression, septic system replacement, and multiple ADA improvements.	\$ 735,146
45	Multiple	Landscape Arboretum (Chanhassen)	Address ADA restrooms in the Snyder building.	\$ 270,616
				<b>\$ 12,932,663</b>

**TWIN CITIES CAMPUS**

46	Multiple	Campuswide	Space utilization driven code and mechanical upgrades	\$ 25,000,000
47	Multiple	Food Science & Nutrition	Capital renewal - phase 1	\$ 25,000,000
48	Mechanical	Moos Tower	HVAC, electrical and plumbing renewal	\$ 25,000,000
49	Life Safety / Code	Moos Tower	Code compliance upgrades	\$ 20,000,000
50	Mechanical	Phillips Wangenstein Bldg (PWB)	HVAC, electrical and plumbing renewal	\$ 20,000,000
51	Life Safety / Code	Phillips Wangenstein Bldg (PWB)	Code compliance upgrades	\$ 15,000,000
52	Energy Efficiency	UMTC Campus Wide	Geothermal conversion	\$ 15,000,000
53	Energy Efficiency	UMTC Campus Wide	Steam to Hot water conversion	\$ 15,000,000
54	Energy Efficiency	UMTC Campus Wide	Research labs infrastructure renewal	\$ 15,000,000
55	Building Envelope	Washington Ave Pedestrian Bridge	Replace pedestrian enclosure and railings	\$ 15,000,000
56	Multiple	Eddy Hall	Capital renewal	\$ 12,000,000
57	Multiple	Cooke Hall	HVAC and code improvements	\$ 10,000,000
58	Life Safety / Code	Moos Tower	Elevator modernization	\$ 9,500,000
59	Building Envelope	Heller Hall	Window replacement and tuckpointing	\$ 7,500,000
60	Building Envelope	Social Sciences	Window replacement and tuckpointing	\$ 7,500,000
61	Life Safety / Code	Phillips Wangenstein Bldg (PWB)	Fire Pump and generator replacement	\$ 6,750,000
62	Building Envelope	Vincent Hall	Window replacement	\$ 6,500,000
63	Life Safety / Code	UMTC Campus Wide	Critical life safety and code renewal	\$ 6,372,734
64	Building Envelope	West Bank District	Upper plaza waterproofing and repair	\$ 6,000,000
65	Utility Infrastructure	UMTC Campus Wide	Critical utility infrastructure renewal	\$ 5,975,000
66	Mechanical	UMTC Campus Wide	Critical mechanical system renewal	\$ 5,975,000

*Project priorities may be adjusted to reflect facility condition changes and final cost estimates.*

	Category	Location	Project Title	\$500M
67	Building Envelope	UMTC Campus Wide	Critical building envelope renewal	\$ 5,975,000
68	Life Safety / Code	Weaver Densford	Elevator modernization	\$ 5,670,000
69	Building Envelope	Pattee Hall	Exterior envelope, foundation and waterproofing	\$ 5,500,000
70	Multiple	Poultry Teaching Facility	HVAC, roof and lighting renewal	\$ 5,000,000
71	Building Envelope	West Bank District	Wilson Plaza waterproofing and repair	\$ 5,000,000
72	Mechanical	Andersen Library	HVAC renewal	\$ 4,600,000
73	Life Safety / Code	Burton Hall	Exterior facade and entrance renewal	\$ 4,500,000
74	Building Envelope	McNeal Hall	Window replacement	\$ 4,250,000
75	Building Envelope	West Bank District	Heller Hall Plaza waterproofing	\$ 4,000,000
76	Utility Infrastructure	Kolthoff Hall	Secondary electrical room code improvements	\$ 3,750,000
77	Building Envelope	717 Delaware	Water infiltration repairs - phase 2	\$ 3,500,000
78	Utility Infrastructure	717 Delaware	Secondary switchgear replacement	\$ 3,500,000
79	Building Envelope	Barker Dance	Exterior envelope renewal	\$ 3,500,000
80	Building Envelope	Biological Sciences	Window replacement, tuckpointing and screens	\$ 3,500,000
81	Life Safety / Code	Elliott Hall	Fire sprinkler installation	\$ 3,500,000
82	Building Envelope	Shevlin Hall	Exterior envelope upgrades	\$ 3,500,000
83	Building Envelope	Animal Sciences / Vet Med	Window replacement	\$ 3,000,000
84	Building Envelope	Civil Engineering	Concrete waterproofing and replacement	\$ 3,000,000
85	Life Safety / Code	Ferguson Hall	Fire sprinkler extension and renewal	\$ 3,000,000
86	Building Envelope	Elliott Hall	Roof replacement	\$ 2,800,000
87	Building Envelope	Molecular Cellular Biology (MCB)	Expansion joint and plaza waterproofing	\$ 2,750,000
88	Mechanical	Molecular Cellular Biology (MCB)	HVAC valves and controls replacement	\$ 2,750,000
89	Building Envelope	Moos Tower	North plaza water infiltration	\$ 2,750,000
90	Life Safety / Code	Andersen Library	Cavern fire protection	\$ 2,500,000
91	Building Envelope	Green Hall	Window replacement and tuckpointing	\$ 2,500,000
92	Building Envelope	McNeal Hall	Roof and curtain wall replacement	\$ 2,500,000
93	Building Envelope	Kolthoff Hall	Roof replacement	\$ 2,200,000
94	Life Safety / Code	Vincent Hall	Fire sprinkler installation	\$ 2,000,000
95	Building Envelope	Blegen Hall	Window replacement and tuckpointing	\$ 1,900,000
96	Mechanical	Learning and Environmental Sci	HVAC and code improvements	\$ 1,800,000
97	Mechanical	St Paul Gym	Air Handling Unit replacement	\$ 1,750,000
98	Mechanical	KE Dwan	HVAC Controls	\$ 1,700,000
99	Life Safety / Code	Heller Hall	Elevator modernization	\$ 1,600,000
100	Mechanical	Biological Sciences	HVAC centralized manifold exhaust	\$ 1,500,000
101	Life Safety / Code	Burton Hall	Fire alarm and sprinkler upgrade	\$ 1,500,000
102	Utility Infrastructure	East Bank	Chilled water distribution - phase 2	\$ 1,500,000
103	Building Envelope	Engineering and Fisheries	Roof replacement	\$ 1,500,000
104	Building Envelope	Phillips Wangenstein Bldg (PWB)	Precast panel joint sealant renewal	\$ 1,500,000
105	Mechanical	Gortner	Electrical improvements	\$ 1,250,000
106	Mechanical	Snyder	Electrical improvements	\$ 1,250,000
107	Life Safety / Code	Children's Rehab	Elevator modernization	\$ 1,240,000
108	Life Safety / Code	KE Dwan	Fire alarm replacement	\$ 1,200,000
109	Building Envelope	Mondale Hall	Water infiltration remediation	\$ 1,200,000
110	Life Safety / Code	Borlaug Hall	Elevator modernization	\$ 1,100,000
111	Life Safety / Code	Soils	Loading dock safety improvements	\$ 1,100,000
112	Life Safety / Code	McNeal Hall	Loading dock safety improvements	\$ 1,000,000
113	Utility Infrastructure	MPLS Utilities - Steam	Shallow tunnel infrastructure replacement	\$ 1,000,000

*Project priorities may be adjusted to reflect facility condition changes and final cost estimates.*

	Category	Location	Project Title	\$500M
114	Utility Infrastructure	MPLS Utilities - Water	Stormwater deep tunnel section repair	\$ 1,000,000
115	Building Envelope	St Paul Gym	Roof replacement	\$ 1,000,000
116	Utility Infrastructure	UMTC Campus Wide	High voltage infrastructure renewal	\$ 1,000,000
117	Life Safety / Code	Amundson Hall	Elevator modernization	\$ 900,000
118	Building Envelope	Center for Magnetic Resonance Res.	Roof replacement; original sections	\$ 850,000
119	Building Envelope	Nolte Center	Roof replacement	\$ 850,000
120	Building Envelope	Ford Hall	Roof replacement	\$ 800,000
121	Life Safety / Code	Appleby Hall	Elevator modernization	\$ 700,000
122	Mechanical	Plant Growth West	Emergency power alterations and replacement	\$ 600,000
123	Life Safety / Code	Burton Hall	Elevator modernization	\$ 550,000
124	Life Safety / Code	Coffey Hall	Elevator modernization	\$ 550,000
125	Building Envelope	Donhowe Building	Building envelope and tuckpointing	\$ 550,000
126	Life Safety / Code	Humphrey	Elevator modernization	\$ 550,000
127	Life Safety / Code	1425 University Ave	Fire sprinkler extension	\$ 500,000
128	Life Safety / Code	Appleby Hall	Fire alarm and sprinkler upgrade	\$ 500,000
129	Life Safety / Code	Johnston Hall	Fire sprinkler and alarm upgrades	\$ 500,000
130	Utility Infrastructure	MPLS Utilities - Steam	Repair cracking roof at deep tunnel intersect	\$ 500,000
131	Utility Infrastructure	MPLS Utilities - Chilled Water	Chilled water connection to 717 Delaware Building	\$ 500,000
132	Building Envelope	Rapson Hall	Roof replacement	\$ 500,000
133	Life Safety / Code	Shevlin Hall	Fire sprinkler extension	\$ 500,000
134	Life Safety / Code	Wulling Hall	Fire sprinkler installation	\$ 500,000
135	Building Envelope	Rapson Hall	West areawell waterproofing	\$ 400,000
136	Life Safety / Code	Multiple	Accessible entrances and amenities upgrades	\$ 300,000
137	Mechanical	University Office Plaza	Building control upgrades	\$ 250,000
138	Life Safety / Code	Mondale Hall	Accessible restroom upgrade in library	\$ 200,000
139	Mechanical	MPLS Utilities - Electrical	E-Generator loadbank connections	\$ 200,000
140	Life Safety / Code	Borlaug Hall	Accessible restroom upgrade	\$ 150,000
141	Life Safety / Code	Children's Rehab	Accessible restroom upgrade	\$ 150,000
142	Life Safety / Code	Rarig Hall	Accessible restroom upgrade	\$ 150,000
143	Life Safety / Code	Ruttan Hall	Accessible restroom upgrade	\$ 150,000
				<b>\$ 417,507,734</b>
<b>TOTAL - ALL CAMPUSES</b>				<b>\$ 500,000,000</b>

# University of Minnesota Preliminary Report of Unemployment Insurance Aid

Chapter 55-H.F. No. 2497 and Chapter 41-H.F. No. 2073  
Minn. Stat. 268.085, Sub. 7

Per the requirements set forth in Minnesota Statute 3.197, the approximate cost to prepare this report was \$500.

## Description

Chapter 55, Section 30 of the 2023 Session Laws amended Minn. Stat. 268.085, Subd. 7 to extend unemployment benefits to non-exempt educational institution employees who are furloughed from work between academic terms. This change was effective May 28, 2023.

Chapter 41, Section 4, Subd. 2 (f) appropriated \$366,000 in fiscal year 2024 and \$366,000 in fiscal year 2025 for unemployment insurance aid to reimburse the University of Minnesota for anticipated additional costs. Section 32 of same chapter states that by January 15 of each year, the University of Minnesota, in consultation with the Department of Employment and Economic Development, must report to the higher education committees of the legislature the balances in unemployment insurance aid accounts and information about the annual changes in reimbursable costs for higher education workers receiving unemployment insurance benefits. It further states that to the extent possible, the report must break out the costs by campus and major job classes.

Because the University's Fiscal Year 2024 ends on June 30, 2024, there is insufficient data to provide a full fiscal year comparison of reimbursable costs. In consultation with the Department of Employment and Economic Development, preliminary data has been prepared as follows based on summer 2023 claims experience for non-exempt employees who were temporarily without work during that period:

Unemployment Benefits Paid Between Academic Terms, Summer 2023  
By Campus and Non-Exempt Employment Category

<b>UMN Campus</b>	<b>Civil Service</b>	<b>Clerical</b>	<b>Service &amp; Maintenance</b>	<b>Technical</b>	<b>TOTAL</b>
Crookston	\$0	\$0	\$0	\$0	\$0
Duluth	\$406	\$32,192	\$17,747	\$3,592	\$53,937
Morris	\$0	\$5,499	\$1,518	\$0	\$7,017
Rochester	\$0	\$0	\$0	\$0	\$0
Twin Cities	\$4,872	\$0	\$16,419	\$2,975	\$24,266
<b>TOTAL</b>	<b>\$5,278</b>	<b>\$37,691</b>	<b>\$35,684</b>	<b>\$6,567</b>	<b>\$85,220</b>

One observation is that the claims experience is unexpectedly low. The additional cost of benefits has only been \$85,220 so far in FY24, far less than the appropriated amount. Of the 185 non-exempt employees who were not working during the summer, only 30 (just over 16%) received any unemployment benefits.

Another is how different the benefits paid were across campuses and employee categories. Possible explanations include a lack of awareness by many employees that they were newly eligible for unemployment benefits, or that many were ineligible because they found summer work, or they chose not to look for work during the summer or they had insufficient base period earnings to qualify for a benefit.

**Regents Of The University Of  
Minnesota  
University Of Minnesota; CP; Public  
Coll/Univ - Unlimited Student Fees**

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Credit Highlights

Outlook

Credit Opinion

Enterprise Risk Profile--Very Strong

Financial Risk Profile--Very Strong

Related Research

# Regents Of The University Of Minnesota

## University Of Minnesota; CP; Public Coll/Univ - Unlimited Student Fees

### Credit Profile

#### Regents of the University of Minnesota, Minnesota

University of Minnesota, Minnesota

University of Minnesota Regents (University of Minnesota)

Long Term Rating

AA/Stable

Affirmed

### Credit Highlights

- S&P Global Ratings affirmed its 'AA' long-term rating for the Regents of the University of Minnesota's (UM) various series of general obligation (GO) bonds outstanding. At the same time, S&P Global Ratings affirmed its 'A-1+' short-term rating on UM's commercial paper (CP) notes, various series.
- The outlook on the long-term rating is stable.

### Security

The University of Minnesota's full-faith-and-credit pledge secures its GO bonds. All the university's debt is fixed rate, except for its CP program, which has approximately \$280.3 million outstanding at the university's latest audited fiscal year ended June 30, 2023. The university's CP program has a total authorization of \$400 million and it expects to keep its CP issuance within this authorization in the near future. UM's debt at fiscal year-end June 30, 2023, totals \$2.08 billion, including \$280.3 million of CP, \$203.5 million of leases, and a minor amount of notes payable. Approximately \$307.6 million of UM's debt is supported by third parties, the largest component of which is \$183.5 million that is supported by state funds. The maximum annual debt service (MADS) burden remains moderate, in our view, at about 3.7% of fiscal 2023 expenses.

### Credit overview

We have assessed the university's enterprise risk profile as very strong. The enterprise risk profile reflects slight declines in total full-time equivalent (FTE) enrollment from fall 2018 through and including fall 2023 ; respectable selectivity, despite some recent diminution, and strong student quality; high retention and graduation rates; and a management team that, although a presidential search is underway, is nevertheless relatively stable with good bench strength. The financial risk profile is also very strong in our view and reflects the university's, and associated foundation's (Minneapolis University of Minnesota Foundation analysis, published Aug. 18, 2023, on RatingsDirect), healthy financial resources, low-to-moderate debt burden, prodigious fundraising ability and somewhat weak financial performance with full accrual-based roughly break-even or adjusted operating deficits recorded in three of the past five fiscal years. In addition, the financial profile reflects a nicely diversified revenue stream with student dependence (tuition and auxiliary revenue) accounting for only 37.8% of total adjusted operating revenue while grants and contracts (primarily research revenue) accounted for 29.1% and state appropriation 16.6%. In fiscal 2023, the

university received a record \$1.2 billion in grants and contracts revenue, which is 8.2% over the \$1.16 billion realized in fiscal 2022. Combined, we believe these credit factors lead to an initial anchor of 'aa' and a final bond issue rating of 'AA'.

The 'A-1+' short-term rating, which applies to the university's authorized \$400 million CP program, reflects our opinion of UM's credit quality and its provision of self-liquidity in the event of failed CP rollovers. As of Nov. 30, 2023, the university held highly liquid discounted investments totaling \$1.27 billion supporting total CP debt backed by self-liquidity for tender purposes of \$245.3 million. These investments include a mix of cash; high-quality, short-term fixed-income assets; U.S. Treasury and agencies, equities, and investment- and noninvestment-grade debt.

The long-term rating reflects our view of UM's:

- Position as Minnesota's flagship research university and land-grant institution;
- Healthy financial resources when including the cash and investments of its associated University of Minnesota Foundation;
- Robust philanthropic support, as demonstrated by its recent successful completion of a \$4.0 billion capital campaign that concluded in June of 2021 and raised a total of \$4.4 billion with gifts in fiscal years 2022 and 2023 of \$215 million and \$264 million, respectively; and
- Manageable debt burden that, with a MADS of \$164 million in fiscal 2025, is low-to moderate at 3.7% of fiscal 2023 adjusted operating expenses.

Offsetting factors include our view of UM's:

- Soft enrollment trend with slight declines in FTE enrollment over the five-year enrollment period ending in fall 2023 ranging from 0.1% in fall 2023 to 2.4% in fall 2020;
- Unfavorable regional demographic trends for high school graduating seniors that will likely continue to pressure UM's enrollment; and
- Uncertainties about its affiliation agreement with Fairview Health Services, beyond the end date of the existing agreement on Dec. 31, 2026, and monies it derives from that relationship which supports its medical school's teaching and research.

### **Environmental, social, and governance**

We analyzed UM's environmental, social, and governance credit factors pertaining to its market position, management and governance, and financial performance. UM faces heightened social risk in our view owing to an unfavorable demographic trend for graduating high school seniors that is adversely affecting enrollment at its regional campuses. We view UM's environmental and governance factors as neutral in our credit rating analysis.

## **Outlook**

The stable outlook reflects our view that, over the next two years, UM's FTE enrollment will not decline precipitously, while other demand metrics remain the same or strengthen slightly. The outlook also assumes a new president will be selected and seated by the beginning of the fall school year and management will improve financial operating



performance while financial resources remain robust, and no additional long-term debt is anticipated during this period.

### **Downside scenario**

Credit factors that could lead to a negative rating action during the outlook period include an accelerating decline in enrollment, further weakening of financial performance on an adjusted full-accrual basis, or a significant diminution of financial resources relative to operations and debt. Additional debt issuance could also pressure the rating.

### **Upside scenario**

We could consider a positive rating action beyond the outlook horizon if enrollment and demand metrics improve, full-accrual-based financial operating performance is positive and can be sustained, and financial resources increase relative to operations and debt while additional debt issuance is held to a minimum.

## **Credit Opinion**

### **Enterprise Risk Profile--Very Strong**

#### **Market position and demand**

UM, established in 1851, is both the flagship university in Minnesota and the state's designated land-grant college for agriculture. The main campus is in Minneapolis-St. Paul, and the university has four smaller campuses in Duluth, Crookston, Morris, and Rochester. UM is expanding its Duluth campus Health Science programs in Medicine and Pharmacy. UM also plans on building a \$220 million precision agricultural research complex in Austin, Minn., which is near its Rochester campus. UM receives about the same amount of state appropriations as the Minnesota State Colleges and Universities system. In addition to its undergraduate programs, the university offers graduate and professional programs in medicine, law, engineering, business, dentistry, pharmacy, and veterinary medicine. It is known to have one of the top chemical engineering programs in the world, and several of its schools or other programs are highly ranked nationally, including business, pharmacy, medicine, economics, political science, and public affairs.

Enrollment has been slightly pressured for more than five years now; for example, in fall 2015, total FTE enrollment was 60,620 and in fall 2023 enrollment was 58,670, while most demand metrics are favorable. About 75.7% of students were undergraduates, approximately 70.0% of them from Minnesota.

Demand is generally firm at the flagship Twin Cities campus, while admissions at other campuses have been flat or declining and at the smallest Rochester campus there have been modest year-over-year increases in enrollment. The number of high school graduates in Minnesota is falling and has contributed to the soft enrollment trend. During the three fall enrollment periods that ended in fall 2023, UM has been less selective, accepting 76.6% of applicants in fall 2022, 74.5% of applicants in fall 2022, and 74.1% in fall 2021. Matriculation has seen some fluctuation and was down to 21% in fall 2023 but has been 25%-28% in the past few years, indicative of a competitive higher education market in the upper Midwest.

In January 2019, the university, UM Physicians (UMP; a component unit of the university), and Fairview Health Services (Fairview Health Services analysis, published Feb. 2, 2023, on RatingsDirect) entered into an expanded and

definitive affiliation agreement that continues through Dec. 31, 2026, with a 10-year extension option in 2023 if both parties agree. The affiliation agreement provided increased financial support for the University of Minnesota Medical School for its clinical and research endeavors. Fairview has given indications that it may not renew this agreement and we understand there have also been talks about the possibility of transferring ownership of MHealth Fairview University of Minnesota Medical Center from Fairview to UM. Fairview, like many health systems, has been struggling financially since the pressures brought on by the pandemic. However, university officials indicate that discussions with Fairview for a new agreement continue while acknowledging the level of financial support previously provided by Fairview to the University under the existing agreements for clinical and academic medical support is certain only through Dec. 31, 2026 (the end date of the existing definitive agreements). The level of financial support provided beyond that date is subject to the ongoing discussions with Fairview. Fairview paid the medical school \$185 million over the calendar years 2019-2022.

### **Management and governance**

The board of regents, which includes 12 members elected by the state legislature, governs the university. Interim President Jeff Ettinger took over on June 10, 2023, after former President Joan T.A. Gabel left the university for another position. Former president Gabel service with UM began on July 1, 2019. Rachel Croson is the executive vice president and provost, effective March 31, 2020. Also, effective Sept. 30, 2020, Myron Frans became the university's senior vice president of finance and operations, chief financial officer, and elected treasurer. Mr. Shashank Priya became vice president for research as of Sept. 30, 2022, following a national search and came from Pennsylvania State University. The management team historically is stable, with conservative budgeting and finance practices. In June 2020, the board approved and adopted a new strategic plan, MPact 2025. The plan has five goals: student success, discovery, innovation, and impact, MNtersections (related to health and the environment), community and belonging, and fiscal stewardship. These goals have specific measures of achievement, and much work has been done to implement the plan.

## **Financial Risk Profile--Very Strong**

### **Financial performance**

UM's financial adjusted operating performance, on a full-accrual basis, for the five audited fiscal years from and including fiscal years 2019 through 2023, has been somewhat weak, in our view, with approximately break-even to modest deficits except for fiscal years 2021 and 2022 when owing to the receipt of stimulus funds from the pandemic it produced healthy positive results. Relatively flat to slightly declining state operating appropriation appears to be hampering UM's financial recovery post-pandemic. We understand the governor in August of 2023 created a task force on academic health at UM and recommendations for state policy and legislative changes to support a financially stable model for clinical care according to management were due from this task force to the governor by Jan. 15, 2024. UM received an 8.2% increase in its appropriation in fiscal 2024 but did not get any increase for fiscal 2025, although in September 2023, UM submitted a supplemental budget request for \$45 million for fiscal 2025, which if approved would result in a 6.7% increase being realized for that year.

The university has been working on decreasing expenses and to identify opportunities across non-academic functions to increase efficiency or gain capacity. This latter initiative is known as PEAK (Positioned for Excellence, Alignment

and Knowledge) and is a systemwide effort. UM through a combination of the efforts just described and receipt of stimulus funds related to the pandemic and very healthy investment returns posted a strong 5.1% adjusted operating surplus on a full-accrual basis for fiscal 2022. With no more stimulus funds and an inflation-driven hike in operating expenses, just slightly above break-even 0.5% operating margin was % recorded in fiscal 2023. In fiscal 2024, UM anticipates a small surplus in part due to the 8.3% hike in state funding compared with fiscal 2023.

Revenue diversity is very good, with major revenue sources including 37.86% student dependency (net tuition plus auxiliary revenue), 29.09% from grants and contracts (primarily research), and 16.59% state operating appropriation. Grants and contract revenue crossed the \$1 billion threshold in fiscal 2023 totaling \$1.25 billion and is expected to remain strong in fiscal 2024.

### **Financial resources**

Financial resources, with the inclusion of the UM Foundation's resources, are healthy in our view for the rating. As of June 30, 2023, the university's cash and investments totaled \$8.58 billion inclusive of \$4.2 billion from the UM Foundation. This level of cash and investments equates to 191.1% of 2023 adjusted operating expenses and 407.0% of 2023 debt outstanding.

UM benefits from a substantial endowment. As of June 30, 2023, it had \$2.2 billion in the university-held endowment and an additional \$3.4 billion in the University of Minnesota Foundation. UM held an additional \$1.5 billion in its temporary investment pool (short-term reserve fund). UM reports that its consolidated endowment fund realized a negative 0.55% return in fiscal 2023. The endowment draw on the university-held endowment for fiscal 2023 was \$99.0 million, representing 4.5% of a rolling 60-month market value average, which we consider standard.

### **Contingent liabilities**

The university and its employees contribute to pension plans characterized as either defined benefit or defined contribution. Most university employees participate in the State Employees Retirement Fund (SERF), which is the largest plan of the Minnesota State Retirement System (MSRS). SERF provides coverage to approximately 24 employers in Minnesota. UM's participation in SERF covers approximately 8,700 active civil service and nonfaculty 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. UM also participates in the defined-benefit pension plan of the Public Employee Police and Fire Fund (for its 70 active law enforcement staff). The university has other defined-contribution plans in which it participates that are funded on a pay-as-you-go basis.

UM made the required pension contributions of \$31.9 million for these plans in fiscal 2023--a manageable amount, in our view. The MSRS pension liability funded ratio is 86.14%, a considerable improvement from recent previous years, when we viewed the plan as being underfunded. We also understand UM has a \$47.6 million other postemployment benefit obligation at fiscal year-end 2023 (June 30).

University of Minnesota, Minnesota--enterprise and financial statistics

	--Fiscal year ended June 30--					Medians for 'AA' category rated public colleges and universities
	2024	2023	2022	2021	2020	2022
<b>Enrollment and demand</b>						
Full-time-equivalent enrollment	58,670	58,751	58,835	59,556	61,010	41,783
Undergraduates as a % of total enrollment	75.7	75.4	74.5	75.2	75.1	80.2
First-year acceptance rate (%)	76.7	75.4	74.1	70.9	60.1	73.2
First-year matriculation rate (%)	21.5	23.3	25.5	21.7	27.4	27.0
First-year retention rate (%)	88.7	N.A.	88.6	90.0	89.8	86.8
Six-year graduation rate (%)	80.0	N.A.	79.4	78.4	77.0	71.0
<b>Income statement</b>						
Adjusted operating revenue (\$000s)	N.A.	4,509,382	4,445,654	4,033,818	4,092,395	2,148,374
Adjusted operating expense (\$000s)	N.A.	4,489,237	4,230,113	3,856,167	4,104,430	2,030,534
Net adjusted operating margin (%)	N.A.	0.4	5.1	4.6	(0.3)	3.2
Estimated operating gain/loss before depreciation (\$000s)	N.A.	265,977	455,076	393,498	203,919	MNR
Tuition discount (%)	N.A.	30.3	31.6	29.3	27.8	28.2
Student dependence (%)	N.A.	36.3	35.8	36.4	38.9	37.0
State appropriations to revenue (%)	N.A.	15.9	16.4	17.3	17.0	17.3
Health care operations dependence (%)	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Research dependence (%)	N.A.	27.9	26.1	25.4	24.1	13.4
<b>Debt</b>						
Foundation debt (\$000s)	N.A.	57,087	46,873	49,724	47,871	MNR
Total debt with foundation (\$000s)	N.A.	2,107,543	2,094,306	1,514,599	1,461,626	1,142,825
Proposed debt (\$000s)	N.A.	N.A.	N.A.	712,360	160,560	MNR
Total pro forma debt (\$000s)	N.A.	2,107,543	N.A.	N.A.	N.A.	MNR
Current debt service burden (%)	N.A.	3.3	7.4	5.9	3.8	MNR
Current MADS burden (%)	N.A.	3.7	3.9	4.6	3.7	3.4
Pro forma MADS burden (%)	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Average age of plant (years)	N.A.	17.3	16.9	17.0	17.3	13.5
<b>Financial resource ratios</b>						
Endowment market value (\$000s)	N.A.	5,502,259	5,284,700	5,556,500	3,938,400	1,102,535
Related foundation market value (\$000s)	N.A.	4,113,701	3,935,508	4,081,477	3,141,928	945,352
Cash and investments including foundation (\$000s)	N.A.	8,577,475	8,392,471	7,911,265	5,952,194	2,837,567
Cash and investments including foundation to operations (%)	N.A.	191.1	198.4	205.2	145.0	115.3
Cash and investments including foundation to debt (%)	N.A.	407.0	400.7	522.3	407.2	278.4

**University of Minnesota, Minnesota--enterprise and financial statistics (cont.)**

	--Fiscal year ended June 30--					Medians for 'AA' category rated public colleges and universities
	2024	2023	2022	2021	2020	2022
Cash and investments including foundation to pro forma debt (%)	N.A.	407.0	N.A.	N.A.	N.A.	MNR

Total adjusted operating revenue = unrestricted revenue less realized and unrealized gains/losses and financial aid. Total adjusted operating expense = unrestricted expense plus financial aid expense. Net operating margin = 100\*(net adjusted operating income/adjusted operating expense). Student dependence = 100\*(gross tuition revenue + auxiliary revenue) / adjusted operating revenue. Current MADS burden = 100\*(maximum annual debt service expense/adjusted operating expenses). Cash and investments = cash + short-term and long-term investments. Average age of plant = accumulated depreciation/depreciation and amortization expense. N.A.--Not available. MNR--Median not reported. MADS--Maximum annual debt service.

**Related Research**

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

**Ratings Detail (As Of January 22, 2024)**

University of Minnesota GO taxable bnds		
<i>Long Term Rating</i>	AA/Stable	Affirmed
<b>Regents of the University of Minnesota, Minnesota</b>		
University of Minnesota, Minnesota		
Regents of the University of Minnesota (University of Minnesota) CP Prog series A, B, C, D, E, F, G, H, I		
<i>Short Term Rating</i>	A-1+	Affirmed
Regents of the University of Minnesota (University of Minnesota) GO bnds		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Regents of the University of Minnesota (University of Minnesota) GO bnds		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Regents of the University of Minnesota (University of Minnesota) GO bnds (University of Minnesota) ser 2017A due 09/01/2042		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Regents of the University of Minnesota (University of Minnesota) GO bnds (University of Minnesota) ser 2020A due 11/01/2045		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Regents of the University of Minnesota (University of Minnesota) GO rfdg bnds (University of Minnesota) ser 2017B due 12/01/2036		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Regents of the University of Minnesota (University of Minnesota) GO rfdg bnds		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Regents of the University of Minnesota (University of Minnesota) GO taxable bnds		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Regents of the University of Minnesota (University of Minnesota) GO taxable bnds (Century Bonds) ser 2022		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Regents of the University of Minnesota (University of Minnesota) GO taxable bnds (University of Minnesota) ser 2020B due 02/01/2045		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Regents of the University of Minnesota (University of Minnesota) GO taxable rfdg bnds (University of Minnesota) ser 2017C due		

**Ratings Detail (As Of January 22, 2024) (cont.)**

04/01/2029

*Long Term Rating*

AA/Stable

Affirmed

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