

UNIVERSITY OF MINNESOTA

Twin Cities Campus

Office of the Senior Vice President
for Finance and Operations

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September 10, 2018

The Honorable Rich Draheim
Higher Education Committee
3227 Minnesota Senate Building
95 University Avenue West
Saint Paul, Minnesota 55155

The Honorable Dan Fabian, Chair
Environment & Natural Resources
Committee
359 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, Minnesota 55155

The Honorable Bill Ingebrigtsen
Environment & Natural Resources Committee
3207 Minnesota Senate Building
95 University Avenue West
Saint Paul, Minnesota 55155

The Honorable Representative Bud Nornes
Higher Education & Career Readiness
Committee
471 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, Minnesota 55155

Dear Senators Draheim and Ingebrigtsen and Representatives Fabian and Nornes:

M.S. 137.022, Subdivision 4(d) requires the University of Minnesota to submit a report on the Permanent University Fund (PUF) to the education committees and environment and natural resources committees of the Minnesota Legislature:

The Board of Regents must report to the education committees of the legislature biennially at the time of the submission of its budget request on the disbursement of money from the endowed scholarship account and to the environment and natural resources committees on the use of the mineral research account.

Pursuant to this requirement, the University of Minnesota respectfully submits the reports for the following biennia for your review: FY 2011-12; FY 2013-14; and FY 2015-16. Due to a change in personnel, the University did not previously submit these reports; this was discovered through an internal University audit. In future years, the University will submit the Biennial Report on the Permanent University Fund to the Legislature when the University submits its budget materials.

As additional context, Minnesota Statute 137.022 dedicates revenue credited to the PUF to four accounts: Endowed Chair, Mineral Research, Scholarship, and Mesabi Range. Investment management of this fund is under the jurisdiction of the Board of Regents of the University of Minnesota. The income is statutorily appropriated to the University annually with the distributions based on a rolling average; all University endowment accounts utilize a rolling average for distributions.

Please contact me at burnett@umn.edu or at (612) 626-5800 with any questions on the attached reports.

Sincerely,

A handwritten signature in black ink, appearing to read "Burnett", with a long horizontal flourish extending to the right.

Brian Burnett
Senior Vice President for Finance & Operations
University of Minnesota

Biennial Report on the Permanent University Fund Accounts

Pursuant M.S. M.S. 137.022, subdivision 4(d)
FY 2011 & FY 2012

Prepared by Koryn Zewers, University of Minnesota Budget Office
September 10, 2018

Market Value & Distributions

The total value of the Permanent University Fund (PUF) as of June 30, 2012 was \$404,306,793 up from \$396,615,896 at June 30, 2011. These market values include PUF funds held in departmental chair accounts supporting identified PUF endowed chairs, funds held centrally to support new allocations for PUF chairs, and funds within the Endowed Mineral Research, Endowed Scholarship, and Mesabi Range Accounts. M.S. 137.022 requires the University of Minnesota to submit the following report:

The Board of Regents must report to the education committees of the legislature biennially at the time of the submission of its budget request on the disbursement of money from the endowed scholarship account and to the environment and natural resources committees on the use of the mineral research account.

The table below provides specific information on the Endowed Scholarship and Mineral Research Accounts for fiscal years 2011 and 2012.

	<u>FY 2011</u>	<u>FY 2012</u>
Total Market Value		
Endowed Mineral Research Account	\$45,704,216	\$50,744,097
Endowed Scholarship Account	\$46,269,078	\$51,301,763
Income Distribution		
Endowed Mineral Research	\$2,298,279	\$2,284,236
Endowed Scholarship		
UM Crookston Scholarships	\$56,548	\$56,173
UM Duluth Scholarships	\$608,764	\$604,724
UM Morris Scholarships	\$98,901	\$98,245
UM Twin Cities Scholarships	\$1,562,866	\$1,552,495

Per State Statute, distributions from the Scholarship account are made to each campus based on enrollment of Minnesota residents on each campus. Each campus uses these funds to provide scholarships for students who are Minnesota residents. Students from any part of the state are eligible. Initially these were one-year awards, but now many are four-year commitments. Each campus has discretion in determining the amount and structure of awards.

Mineral Research Account Use

Per M.S. 137.022, subdivision 4(d), the University is required to report on the use of the Mineral Research Account funds. These funds are allocated to the Natural Resources Research Institute (NRRI) for mineral and mineral-related research at the Duluth and Coleraine facilities and totaled \$2,298,279 in FY 2011 and \$2,284,236 in FY 2012. For fiscal years 2011 and 2012, NRRI's spending of the Mineral Research Account funds can be classified as follows: 63 percent on research personnel; 7 percent on equipment; and 30 percent on other operating costs.

Biennial Report on the Permanent University Fund Accounts

Pursuant M.S. M.S. 137.022, subdivision 4(d)

FY 2013 & FY 2014

Prepared by Koryn Zewers, University of Minnesota Budget Office

September 10, 2018

Market Value & Distributions

The total value of the Permanent University Fund (PUF) as of June 30, 2014 was \$527,436,255, up from \$447,712,310 at June 30, 2013. These market values include PUF funds held in departmental chair accounts supporting identified PUF endowed chairs, funds held centrally to support new allocations for PUF chairs, and funds within the Endowed Mineral Research, Endowed Scholarship, and Mesabi Range Accounts. M.S. 137.022 requires the University of Minnesota to submit the following report:

The Board of Regents must report to the education committees of the legislature biennially at the time of the submission of its budget request on the disbursement of money from the endowed scholarship account and to the environment and natural resources committees on the use of the mineral research account.

The table below provides specific information on the Endowed Scholarship and Mineral Research Accounts for fiscal years 2013 and 2014.

	<u>FY 2013</u>	<u>FY 2014</u>
Total Market Value		
Endowed Mineral Research Account	\$57,532,862	\$66,342,871
Endowed Scholarship Account	\$61,149,453	\$79,027,897
Income Distribution		
Endowed Mineral Research	\$2,351,554	\$2,426,345
Endowed Scholarship		
UM Crookston Scholarships	\$76,098	\$101,079
UM Duluth Scholarships	\$618,953	\$670,001
UM Morris Scholarships	\$106,260	\$121,482
UM Twin Cities Scholarships	\$1,596,937	\$1,712,726

Per State Statute, distributions from the Scholarship account are made to each campus based on enrollment of Minnesota residents on each campus. Each campus uses these funds to provide scholarships for students who are Minnesota residents. Students from any part of the state are eligible. Initially these were one-year awards, but now many are four-year commitments. Each campus has discretion in determining the amount and structure of awards.

Mineral Research Account Use

Per M.S. 137.022, subdivision 4(d), the University is required to report on the use of the Mineral Research Account funds. These funds are allocated to the Natural Resources Research Institute (NRRI) for mineral and mineral-related research at the Duluth and Coleraine facilities and totaled \$2,351,554 in FY 2013 and \$2,426,345 in FY 2014. For fiscal years 2013 and 2014, NRRI's spending of the Mineral Research Account funds can be classified as follows: 54 percent on research personnel; 19 percent on equipment; and 27 percent on other operating costs.

Biennial Report on the Permanent University Fund Accounts

Pursuant M.S. M.S. 137.022, subdivision 4(d)

FY 2015 & FY 2016

Prepared by Koryn Zewers, University of Minnesota Budget Office

September 10, 2018

Market Value & Distributions

The total value of the Permanent University Fund (PUF) as of June 30, 2016 was \$543,343,233, up from \$540,208,603 at June 30, 2015. These market values include PUF funds held in departmental chair accounts supporting identified PUF endowed chairs, funds held centrally to support new allocations for PUF chairs, and funds within the Endowed Mineral Research, Endowed Scholarship, and Mesabi Range Accounts. M.S. 137.022 requires the University of Minnesota to submit the following report:

The Board of Regents must report to the education committees of the legislature biennially at the time of the submission of its budget request on the disbursement of money from the endowed scholarship account and to the environment and natural resources committees on the use of the mineral research account.

The table below provides specific information on the Endowed Scholarship and Mineral Research Accounts for fiscal years 2015 and 2016.

	<u>FY 2015</u>	<u>FY 2016</u>
Total Market Value		
Endowed Mineral Research Account	\$66,998,374	\$65,970,965
Endowed Scholarship Account	\$87,303,289	\$93,276,767
Income Distribution	\$6,179,065	\$7,110,840
Endowed Mineral Research	\$2,561,498	\$2,701,432
Endowed Scholarship		
UM Crookston Scholarships	\$104,121	\$119,072
UM Duluth Scholarships	\$688,706	\$779,667
UM Morris Scholarships	\$115,990	\$125,251
UM Twin Cities Scholarships	\$2,166,867	\$2,679,806

Per State Statute, distributions from the Scholarship account are made to each campus based on enrollment of Minnesota residents on each campus. Each campus uses these funds to provide scholarships for students who are Minnesota residents. Students from any part of the state are eligible. Initially these were one-year awards, but now many are four-year commitments. Each campus has discretion in determining the amount and structure of awards.

Mineral Research Account Use

Per M.S. 137.022, subdivision 4(d), the University is required to report on the use of the Mineral Research Account funds. These funds are allocated to the Natural Resources Research Institute (NRRI) for mineral and mineral-related research at the Duluth and Coleraine facilities and totaled \$2,561,498 in FY 2015 and \$2,701,432 in FY 2016. For fiscal years 2015 and 2016, NRRI's spending of the Mineral Research Account funds can be classified as follows: 44 percent on research personnel; 9 percent on equipment; and 47 percent on other operating costs.