

September 24, 2020

The Honorable Paul T. Anderson, Chair
Higher Education Finance & Policy Committee
2103 Minnesota Senate Building
Saint Paul, Minnesota 55155

The Honorable Connie Bernardy, Chair
Higher Education Finance & Policy Division
369 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, Minnesota 55155

The Honorable Bill Ingebrigtsen, Chair
Environment & Natural Res. Finance Committee
3207 Minnesota Senate Building
Saint Paul, Minnesota 55155

The Honorable Rick Hansen, Chair
Environment & Natural Res. Finance Division
407 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, Minnesota 55155

Dear Chairs Anderson, Ingebrigtsen, Bernardy, and Hansen:

Minnesota Statute 137.022, subdivision 4(d) requires the University of Minnesota to submit a report on the Permanent University Fund (PUF) to both the education 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 report for Fiscal Years (FYs) 2019 and 2020 for your review.

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

If there are any questions with the attached report, please contact me at tonne001@umn.edu.

Sincerely,



Julie Tonnason
University of Minnesota
Interim Senior Vice President for Finance & Operations
Associate Vice President and Budget Director

Permanent University Fund, Biennial Report

Fiscal Years 2019 and 2020

Pursuant to Minnesota Statute 1370.022, subdivision 4(d)

Per the requirements in Minnesota Statute 3.197, the cost to prepare this report was approximately \$500

Prepared by Lawrence Parson, University of Minnesota Budget Office

September 24, 2020

Market Value & Distributions

The total value of the Permanent University Fund (PUF) as of June 30, 2020 was \$591,119,846, down from \$617,815,938 on June 30, 2019. 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. Minnesota Statute (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 (FYs) 2019 and 2020.

	<u>FY 2019</u>	<u>FY 2020</u>
Total Market Value :		
Endowed Mineral Research Account	\$ 73,759,250	\$ 70,525,338
Endowed Scholarship Account	\$ 109,098,112	\$ 104,314,798
Income Distribution:		
Endowed Mineral Research Account	\$ 3,062,232	\$ 3,131,270
Endowed Scholarship Account:	\$ 4,425,658	\$ 4,631,496
UM Crookston Scholarships	\$ 168,175	\$ 180,628
UM Duluth Scholarships	\$ 1,115,266	\$ 1,153,242
UM Morris Scholarships	\$ 159,324	\$ 162,102
UM Rochester Scholarships	\$ 53,108	\$ 60,209
UM Twin Cities Scholarships	\$ 2,929,786	\$ 3,075,313

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

Mineral Research Account Use

Per M.S. 137.022, subdivision 4(d), the University is also 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 \$3,062,232 in FY 2019 and \$3,131,270 in FY 2020. For FY 2019, NRRI's spending of the Mineral Research Account funds can be classified as follows: 65 percent on research personnel; one percent on equipment; and 34 percent on other operating costs. In fiscal year 2020, NRRI's spending included 64 percent on research personnel; four percent on equipment; and 32 percent on other operating costs.