

UNIVERSITY OF MINNESOTA

Crookston • Duluth • Morris • Rochester • Twin Cities

Office of the Senior Vice President
for Finance and Operations

301 Morrill Hall
100 Church Street S.E.
Minneapolis, MN 55455

January 22, 2019

The Honorable Paul T. Anderson, Chair
Higher Education Committee Chair
2103 Minnesota Senate Building
95 University Avenue West
Saint Paul, Minnesota 55155

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

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

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

Dear Senators Anderson and Ingebrigtsen and Representatives Bernardy and Hansen:

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:

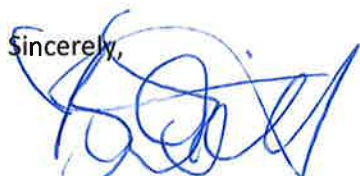
The Board of Regents must report to the education committees of the legislature biennially at the time of the submission of its budget request on the disbursement of money from the endowed scholarship account and to the environment and natural resources committees on the use of the mineral research account.

Pursuant to this requirement, the University of Minnesota respectfully submits the report for the FY 2017-2018 biennium for your review.

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) 626-5845 with any questions on the attached reports.

Sincerely,



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

Biennial Report on the Permanent University Fund Accounts

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

FY 2017 & FY 2018

Prepared by: Koryn Zewers, University of Minnesota Budget Office

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

Date: January 22, 2019

Market Value & Distributions

The total value of the Permanent University Fund (PUF) as of June 30, 2018 was \$592,580,389, up from \$567,144,304 at June 30, 2017. 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 2017 and 2018.

	<u>FY 2017</u>	<u>FY 2018</u>
Total Market Value		
Endowed Mineral Research Account	\$68,439,764	\$71,261,556
Endowed Scholarship Account	\$98,522,687	\$102,768,492
Income Distribution		
Endowed Mineral Research	\$6,849,256	\$7,204,407
Endowed Scholarship	\$2,818,102	\$2,952,770
UM Crookston Scholarships	\$125,747	\$161,562
UM Duluth Scholarships	\$843,811	\$1,062,909
UM Morris Scholarships	\$129,564	\$174,317
UM Rochester Scholarships*		\$46,768
UM Twin Cities Scholarships*	\$2,932,033	\$2,806,081

*Starting in FY 2018, Rochester's allocation of income distribution was broken out separately. Prior to that point in time, Rochester's financial aid was summarized with Twin Cities.

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 \$2,818,102 in FY 2017 and \$2,952,770 in FY 2018. For fiscal year 2017, NRRI's spending of the Mineral Research Account funds can be classified as follows: 61 percent on research personnel; 1 percent on equipment; and 38 percent on other operating costs. In fiscal year 2018, NRRI's spending was as follows: 58 percent on research personnel; 1 percent on equipment; and 41 percent on other operating costs.