

9: Finances

To successfully carry out its mission and remain accountable to all its constituents, the University of Minnesota must maintain a position of strong financial health including:

- sound statements of net assets
- balanced revenue streams
- well-managed expenditures
- positive cash flows
- managed long-term debt
- maximized returns of portfolios

- successful fundraising and voluntary support

The financial indicators presented in this section show that the University of Minnesota is fiscally sound and in a strong position to strategically manage its financial resources.

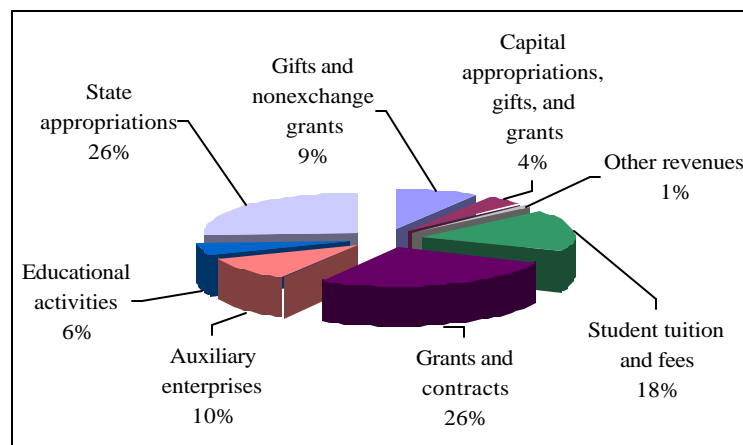
For more detailed financial information, see the University's 2003-04 audited financial statements at <http://process.umn.edu/cont/>

A. Revenues and Expenditures

Figure 9-1 shows total revenues from all sources for FY 2003-04 for the University of Minnesota.

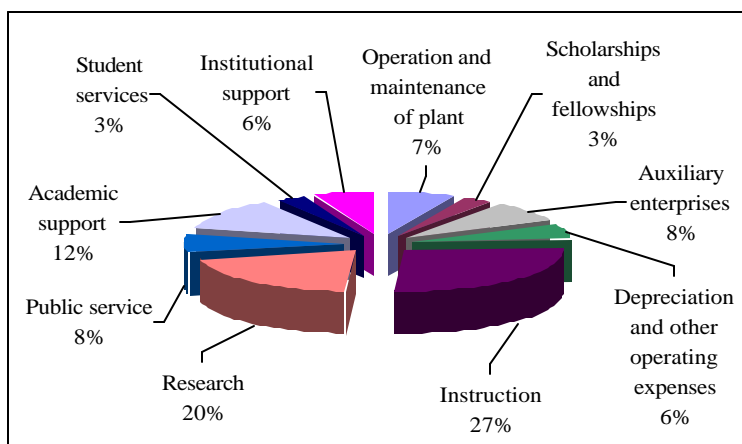
Figure 9-2 shows functional expenses for FY 2003-04 for the University of Minnesota.

Figure 9-1. Total revenues, University of Minnesota, FY 2004.



Source: 2004 Annual Report, University of Minnesota.

Figure 9-2. Functional expenses, University of Minnesota, FY 2004.



Source: 2004 Annual Report, University of Minnesota.

B. Key Financial Indicators

Table 9-1 shows key financial indicators derived from the University's FY 2003-04 balance sheet.

Assets: The comparison of assets by category monitors changes in gross assets, changes in asset categories, and changes between asset categories. A financially healthy institution would generally have stable or rising assets and the distribution among asset categories should be stable.

The University's performance during FY 2003-04 shows that:

- University assets at the end of FY 2003-04 increased by \$143.1 million, or 4.2 percent over FY 2002-03.
- Cash and investments increased \$79.3 million, or 6.4 percent, mainly due to increases from net unrealized and realized gains on the endowment and other investments.
- The increase in other assets of \$15.7 million, or 53.9 percent, is due primarily to an increase in prepaid expenses.

Liabilities: The comparison of liabilities by category monitors changes in gross liabilities, changes in liability categories, and changes between liability categories. The desired trend for liabilities is stable or declining amounts of liabilities with a stable distribution among liability categories.

The University's performance yielded these results related to liabilities:

- Accrued and other liabilities increased \$24.2 million, or 7.1 percent, due to an increase in compensation and benefit accruals as well as an increase in securities lending collateral.
- The decrease in long-term debt of \$110.6 million, or 14.3 percent, resulted primarily from the refunding of the 1993A series general obligation bonds.

Accounts Receivable: Accounts receivable (A/R) balances depict how quickly the University is billing and collecting revenues. A/R dollar amounts should be declining or stable around a benchmark. An increasing A/R is not desirable and may highlight collection problems. Distribution across A/R

types also should be monitored for proportionality. When A/R balances are disproportionate there may be opportunities for business process redesign to improve collection cycles.

Highlights of the University's A/R performance during FY 2003-04 were:

- Receivables balances for state and federal appropriations increased \$16.9 million, or 15.5 percent. This increase was caused by the net impact of an increase in capital appropriations receivable due to an increase in capital spending, an increase in

state appropriations from the cigarette tax, and a decrease in the state general fund appropriation receivable due to the decrease in the level of state support.

- Receivables balances for sponsored grants and contracts declined \$2.6 million, or 3.8 percent, as a result of more timely billings and collections of sponsored accounts.

Comparative ratios of A/R balances as a percentage of related revenue measures the percentage of annual revenue that remains uncollected at a given point in time. These ratios should be stable or declining.

Table 9-1. University of Minnesota key financial indicators from the balance sheet, FY 2003-04.

	Year ended June 30, 2004		Year ended June 30, 2003	
	\$000	% of total	\$000	% of total
Assets (\$thousands)				
Cash and Investments	1,317,305	36.7%	1,238,047	35.9%
Receivables	364,663	10.2%	341,571	9.9%
Property, Plant and Equipment	1,862,746	51.9%	1,837,689	53.3%
Other Assets	44,721	1.2%	29,056	0.9%
Total Assets	3,589,435	100.0%	3,446,363	100.0%
Liabilities (\$ thousands)				
Accounts Payable	66,794	5.6%	63,819	5.0%
Accrued and Other Liabilities	363,448	30.6%	339,202	26.4%
Unearned Income	91,530	7.7%	104,349	8.1%
Long-Term Debt	664,954	56.1%	775,598	60.5%
Total Liabilities	1,186,726	100.0%	1,282,968	100.0%
Accounts Receivable				
State and Federal Appropriations	125,973	42.5%	109,098	39.7%
Sponsored Grants and Contracts	65,970	22.3%	68,582	25.0%
Student Receivables	42,540	14.3%	39,319	14.3%
Trade Receivables	62,075	20.9%	57,610	21.0%
Total Accounts Receivable	296,558	100.0%	274,609	100.0%
Accounts Receivable as Percentage of Related Revenue				
State and Federal Appropriations	21.2%		16.8%	
Sponsored Grants and Contracts	11.2%		13.0%	
Student Receivables	10.4%		11.3%	

Source: 2004 Annual Report, University of Minnesota

Annual Operating Indicators

Revenue Contribution Ratios: The revenue contribution ratios presented in Table 9-2 are an important measure of the relative dependence of University operations on any

one source of revenue. In a strong financial environment these ratios should be stable around a relatively distributed revenue base, with no single source contributing a

disproportionate share of total revenue. The University continues to have a well distributed revenue base.

Of particular note in FY 2003-04, as shown in Figure 9-2, were the following changes from the previous year:

- The percentage of total revenue the University obtains from student tuition and fees increased 1.7 percent, from 16.4

percent in FY 2002-03 to 18.1 percent in FY 2003-04. This increase was a direct result of a large reduction in state appropriations due to a significant state budget shortfall.

- State appropriation revenue declined 4.2 percent, from 29.9 percent in FY 2002-03 to 25.7 percent in FY 2003-04.

Table 9-2. Annual operating indicators for University of Minnesota, FY 2003-04.

	Year ended June 30, 2004		Year ended June 30, 2003	
	\$000	% of total	\$000	% of total
Revenue Contribution Ratio				
Student Tuition & Fees (net)	407,631	18.1%	348,675	16.4%
State Appropriations	577,648	25.7%	633,747	29.9%
State & Other Government Grants	46,389	2.1%	38,368	1.8%
Other Revenues	2,069	0.1%	3,710	0.2%
Non-Govt. Grants & Contracts	183,765	8.2%	164,463	7.8%
Federal Grants & Contracts	358,840	16.0%	323,467	15.3%
Federal Appropriations	16,657	0.7%	15,562	0.7%
Auxiliary Enterprises (net)	238,275	10.6%	229,367	10.8%
Educational Activities	127,149	5.7%	113,746	5.4%
Non-exchange Grants	100,256	4.5%	120,124	5.7%
Gifts	97,329	4.4%	94,011	4.4%
Capital Grants & Gifts	25,440	1.1%	29,869	1.4%
Capital Appropriations	58,892	2.6%	5,502	0.3%
	2,240,340	100.0%	2,120,611	100.0%
Operating Expense Ratio				
Instruction	560,906	26.7%	569,375	26.9%
Research	422,290	20.1%	411,568	19.4%
Public Service	165,200	7.9%	158,913	7.5%
Academic Support	251,602	12.0%	271,990	12.8%
Student Services	71,082	3.4%	68,140	3.2%
Institutional Support	116,481	5.5%	118,340	5.6%
Operations and Maintenance of Plant	152,372	7.3%	160,240	7.6%
Scholarships and Fellowships	66,605	3.2%	67,461	3.2%
Depreciation/Other Operating Expenses	127,274	6.1%	130,087	6.1%
Auxiliary Enterprises	164,218	7.8%	161,625	7.6%
	2,098,030	100.0%	2,117,739	100.0%
Expendable Fund Balance to Total Operating and Interest Expense	0.472		0.386	

Source: 2004 Annual Report, University of Minnesota

Note: Revenue contribution ratios are computed excluding investment-related revenues, other non-operating revenues, and additions to permanent endowments.

Of particular note in FY 2003-04 is the overall decline of approximately \$19.0 million in total

operating expenditures. The University responded to significant reductions in state

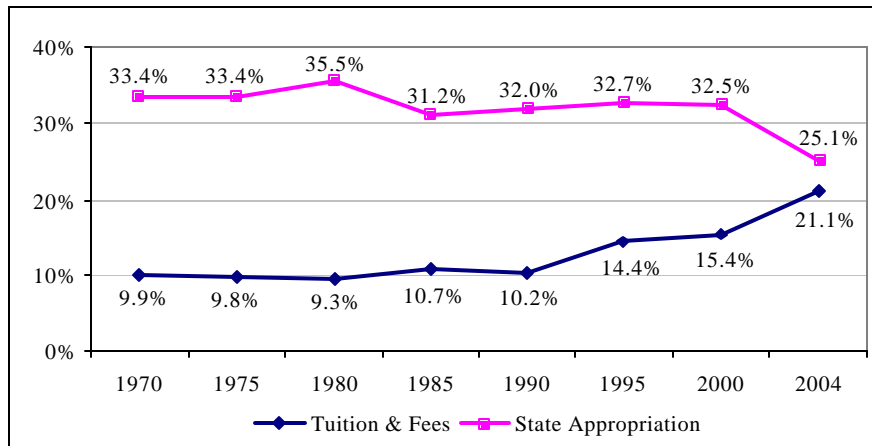
appropriations through an aggressive effort to reduce costs and increase revenues. As part of this effort the University undertook a one-year wage freeze, modified its employer/employee cost responsibility for health care benefits, and reduced administrative and operating costs.

As a result of strong management action to control costs, increase operating revenues, and focus on reshaping short- and long-term investment strategies, net assets of the

University increased approximately \$239.3 million, or 11.1 percent, compared with the prior fiscal year.

Figure 9-3 shows the relative proportion of University revenue derived from state appropriations and student tuition and fees. In the last 10 years, and particularly in the last five, as the state's appropriation has been reduced, the University has had to rely more heavily on tuition and fees.

Figure 9-3. Tuition and fees and state appropriations as a percentage of total University of Minnesota revenue, 1970 to 2004.



Operating Expense Ratio: Expense ratios illustrate trends in expenses over time and the relative mix of expenses in relation to each other. Expense ratios should be stable around a relatively distributed expense base. One of the University's strengths is that it has a diversified revenue base.

As shown in Table 9-2, total University expenses decreased \$19.7 million, or 0.9 percent from FY 2002-03 to FY 2003-04. The distribution of those expenses between the

University's major expense categories of compensation and benefits, supplies and services, and other was nearly stable from FY 2002-03 to FY 2003-04.

Finally, the expendable fund balance to total expenditures ratio illustrates financial strength by the ability of the University to support operations from expendable fund balances. This ratio should be stable or rising over time.

C. Tuition and Fees

Undergraduate Student Tuition and Fees

University policy mandates that “tuition assessments within the University of Minnesota as a public institution must reflect the shared responsibility, benefits, and needs of the state and of the individual student.”

The Board of Regents establishes tuition rates annually and factors in issues of access, choice, retention, progress toward degrees, the competitive environment, applicable state and federal policies and laws, and state appropriations to the University.

Table 9-3 shows the 2004-05 undergraduate resident and non-resident tuition and required

fees at the University of Minnesota – Twin Cities and other Big Ten public universities and the percentage increases measured over one year, five years, and 10 years.

From 2003-04 to 2004-05, the University’s resident tuition and fees remained third highest in the Big Ten but dropped from 4th to 5th place in non-resident undergraduate tuition and fees. This reflects an intentional strategy to improve the University’s competitive position for non-resident undergraduate tuition and fee costs.

Table 9-3. 2004-05 undergraduate resident and non-resident tuition and required fees for Big Ten public universities and 1 -, 5-, and 10-year percentage increase.

Resident Undergraduate Students					
Rank	University	Resident Tuition/Fees	Percentage Increase		
			1 Year	5 Year	10 Year
1	Pennsylvania State University	\$10,856	12	65	116
2	University of Michigan – Ann Arbor	8,722	3	30	59
3	University of Minnesota – Twin Cities	8,029	13	73	126
4	University of Illinois – Urbana-Champaign	7,944	13	67	112
5	Ohio State University – Columbus	7,542	13	82	144
6	Michigan State University	7,352	4	40	59
7	Indiana University – Bloomington	6,777	4	61	101
8	Purdue University – West Lafayette	6,092	4	64	111
9	University of Wisconsin – Madison	5,866	14	57	114
10	University of Iowa	5,396	8	80	120

Non-Resident Undergraduate Students					
Rank	University	Nonresident Tuition/Fees	Percentage Increase		
			1 Year	5 Year	10 Year
1	University of Michigan – Ann Arbor	\$26,941	5	32	64
2	University of Illinois – Urbana-Champaign	20,864	16	76	140
3	Pennsylvania State University	20,784	8	52	94
4	University of Wisconsin – Madison	19,866	4	52	118
5	University of Minnesota – Twin Cities	19,659	5	54	100
6	Purdue University – West Lafayette	18,700	6	51	96
7	Indiana University – Bloomington	18,590	6	44	83
8	Michigan State University	18,148	7	44	62
9	Ohio State University – Columbus	18,129	9	50	95
10	University of Iowa	16,048	5	54	93

Source: Office of Institutional Research and Reporting, University of Minnesota.

Graduate and First-Professional Student Tuition and Fees

University policy mandates that “tuition assessments...must reflect the shared responsibility, benefits, and needs of the state and of the individual student.” Tuition rates are established annually by the Board of Regents and take into account issues of access, choice, retention, progress toward degrees, the competitive environment, and applicable state and federal policies and laws. Tuition assessments also are closely linked to state appropriations to the University.

Graduate Students: Table 9-4 shows the 2004-05 resident and non-resident tuition and required fees for graduate students at the University of Minnesota – Twin Cities and other Big Ten public universities and the percentage increases measured over one year, five years, and 10 years. There was no change in the University’s rank from the previous year – third in resident graduate tuition and fees and eighth in non-resident graduate tuition and fees.

Table 9-4. 2004-05 resident and non-resident tuition and required fees for graduate students at Big Ten public universities and 1-, 5-, and 10-year percentage increase.

Resident Graduate Students

Rank	University	Resident Tuition/Fees	Percentage Increase		
			1 Year	5 Year	10 Year
1	University of Michigan – Ann Arbor	\$13,585	5	29	62
2	Pennsylvania State University	11,796	13	65	110
3	University of Minnesota – Twin Cities	9,525	12	73	127
4	University of Wisconsin – Madison	8,320	10	54	116
5	University of Illinois – Urbana-Champaign	8,310	7	55	97
6	Ohio State University – Columbus	8,250	13	43	84
7	Michigan State University	8,108	4	33	55
8	University of Iowa	6,182	9	76	114
9	Purdue University – West Lafayette	6,092	4	64	111
10	Indiana University – Bloomington	5,796	4	38	76

Non-Resident Graduate Students

Rank	University	Nonresident Tuition/Fees	Percentage Increase		
			1 Year	5 Year	10 Year
1	University of Michigan – Ann Arbor	\$27,311	5	29	61
2	University of Wisconsin – Madison	23,590	3	38	102
3	Pennsylvania State University	21,946	8	52	93
4	University of Illinois – Urbana-Champaign	20,310	8	62	101
5	Ohio State University – Columbus	20,133	9	35	73
6	Purdue University – West Lafayette	18,700	6	51	96
7	University of Iowa	16,666	6	53	93
8	University of Minnesota – Twin Cities	16,624	6	60	92
9	Michigan State University	15,980	7	36	59
10	Indiana University – Bloomington	15,562	4	34	72

Source: Office of Institutional Research and Reporting, University of Minnesota.

Business Students: As shown in Table 9-5, the University maintained its 2nd place position among its Big Ten peers for tuition and fees for resident and non-resident first-professional business students. Both rates increased by 11 percent, compared to a 7 percent and 6 percent increase, respectively, at the most expensive

institution, the University of Michigan – Ann Arbor. Over the past five years, the University of Minnesota’s rate increases were the third highest for resident students and highest for non-resident business students among its Big Ten competitors.

Table 9-5. 2004-05 resident and non-resident tuition and required fees for first-professional business (M.B.A.) students at Big Ten public universities and 1-, 5-, and 10-year percentage increase.

Resident Business (M.B.A.) Students

Rank	University	Resident Tuition/Fees	Percentage Increase		
			1 Year	5 Year	10 Year
1	University of Michigan – Ann Arbor	\$31,687	7	46	121
2	University of Minnesota – Twin Cities	21,172	11	75	144
3	University of Illinois – Urbana-Champaign	17,218	8	45	156
4	Michigan State University	16,200	6	65	118
5	Ohio State University – Columbus	15,555	10	130	247
6	Pennsylvania State University	14,948	16	82	166
7	Indiana University – Bloomington	13,675	7	50	92
8	Purdue University – West Lafayette	13,372	4	57	364
9	University of Iowa	11,194	5	147	201
10	University of Wisconsin – Madison	9,776	8	50	110

Non-Resident Business (M.B.A.) Students

Rank	University	Nonresident Tuition/Fees	Percentage Increase		
			1 Year	5 Year	10 Year
1	University of Michigan – Ann Arbor	\$36,687	6	37	75
2	University of Minnesota – Twin Cities	29,552	11	73	127
3	Ohio State University – Columbus	27,438	8	73	136
4	Indiana University – Bloomington	26,744	8	49	92
5	Purdue University – West Lafayette	26,488	6	54	177
6	Pennsylvania State University	25,244	11	64	122
7	University of Wisconsin – Madison	25,214	3	38	102
8	University of Illinois – Urbana-Champaign	24,718	0	29	96
9	Michigan State University	22,700	6	64	57
10	University of Iowa	19,956	5	67	110

Source: Office of Institutional Research and Reporting, University of Minnesota

Law Students: Table 9-6 shows that resident tuition and fees at the Law School remained in 2nd place among its Big Ten peers, but non-resident rates moved up from 4th to 3rd from the previous year. Resident law student rates increased by 11 percent, compared to 5 percent for number-one ranked University of Michigan – Ann Arbor resident law students. Non-resident rates at the University increased

by 7 percent, compared to first-place University of Michigan – Ann Arbor’s 5 percent and second-place University of Illinois – Champaign-Urbana’s 4 percent. Over the past five years, the University of Minnesota’s rate increases were the highest for resident and non-resident law students among its Big Ten competitors.

Table 9-6. 2004-05 resident and non-resident tuition and required fees for law (J.D.) students at Big Ten public universities and 1-, 5-, and 10-year percentage increase.

Resident Law (J.D.) Students

Rank	University	Resident Tuition/Fees	Percentage Increase		
			1 Year	5 Year	10 Year
1	University of Michigan – Ann Arbor	\$29,357	5	54	105
2	University of Minnesota – Twin Cities	17,148	11	76	128
3	University of Illinois – Urbana-Champaign	15,926	9	70	177
4	Ohio State University – Columbus	14,405	10	70	168
5	Indiana University – Bloomington	13,046	4	75	167
6	University of Iowa	12,348	6	74	187
7	University of Wisconsin – Madison	10,734	12	58	121

Non-Resident Law (J.D.) Students

Rank	University	Nonresident Tuition/Fees	Percentage Increase		
			1 Year	5 Year	10 Year
1	University of Michigan – Ann Arbor	\$34,357	5	37	67
2	University of Illinois – Urbana-Champaign	28,262	4	40	93
3	University of Minnesota – Twin Cities	27,242	7	68	103
4	Ohio State University – Columbus	27,237	8	49	108
5	University of Wisconsin – Madison	26,952	8	47	115
6	University of Iowa	26,556	5	50	129
7	Indiana University – Bloomington	25,875	6	40	100

Source: Office of Institutional Research and Reporting, University of Minnesota

Pharmacy Students: Table 9-7 shows that resident University pharmacy students paid 10 percent higher tuition and fees than they did the previous year. Combined with the University of Michigan – Ann Arbor’s 10 percent reduction, the two institutions are within \$231 of tying for the most expensive among their Big Ten peers. Non-resident pharmacy students at the University also paid

10 percent higher tuition and fees than the previous year. This was the highest percentage increase among the Big Ten comparison group. Over the past five years, the University of Minnesota’s rate increases were the second highest for resident students and highest for non-resident pharmacy students among its Big Ten competitors.

Table 9-7. 2004-05 resident and non-resident tuition and required fees for pharmacy (Pharm.D.) students at Big Ten public universities and 1-, 5-, and 10-year percentage increase.

Resident Pharmacy (Pharm.D.) Students

Rank	University	Resident Tuition/Fees	Percentage Increase		
			1 Year	5 Year	10 Year
1	University of Michigan – Ann Arbor	\$14,991	-10	19	50
2	University of Minnesota – Twin Cities	14,760	10	64	115
3	University of Iowa	12,422	4	124	234
4	Purdue University	11,164	4	49	90
5	University of Wisconsin – Madison	10,858	7	47	181
6	Ohio State University – Columbus	10,815	12	59	109

Table 9-7 (continued). 2004-05 resident and non-resident tuition and required fees for pharmacy (Pharm.D.) students at Big Ten public universities and 1-, 5-, and 10-year percentage increase.

Non-Resident Pharmacy (Pharm.D.) Students

Rank	University	Nonresident Tuition/Fees	Percentage Increase		
			1 Year	5 Year	10 Year
1	University of Michigan – Ann Arbor	\$28,115	-2	29	60
2	University of Iowa	26,576	2	59	145
3	University of Minnesota – Twin Cities	26,148	10	64	97
4	Purdue University	24,180	6	49	93
5	Ohio State University – Columbus	23,457	9	42	83
6	University of Wisconsin – Madison	23,108	3	38	97

Source: Office of Institutional Research and Reporting, University of Minnesota

Veterinary Medicine: The University of Minnesota remained 1st and 3rd, respectively, among its Big Ten peers for tuition and fees for resident and non-resident veterinary students. As shown in Table 9-8, resident

rates increased by 8 percent and non-resident rates increased by 7 percent. Over the past five years, the University’s rates showed the greatest percentage increase among Big Ten veterinary schools.

Table 9-8. 2004-05 resident and non-resident tuition and required fees for veterinary (D.V.M.) students at Big Ten public universities and 1-, 5-, and 10-year percentage increase.

Resident Veterinary (D.V.M.) Students

Rank	University	Resident Tuition/Fees	Percentage Increase		
			1 Year	5 Year	10 Year
1	University of Minnesota – Twin Cities	\$17,142	8	67	119
2	Ohio State University – Columbus	16,413	12	61	123
3	University of Wisconsin – Madison	15,882	0	28	79
4	University of Illinois – Urbana-Champaign	14,858	10	55	110
5	Michigan State University	14,800	6	34	55
6	Purdue University	12,596	4	44	74

Non-Resident Veterinary (D.V.M.) Students

Rank	University	Nonresident Tuition/Fees	Percentage Increase		
			1 Year	5 Year	10 Year
1	Ohio State University – Columbus	\$41,637	8	41	85
2	University of Illinois – Urbana-Champaign	35,322	11	49	89
3	University of Minnesota – Twin Cities	32,931	7	65	167
4	Michigan State University	31,000	7	36	58
5	Purdue University	30,364	6	44	75
6	University of Wisconsin – Madison	23,916	0	27	86

Source: Office of Institutional Research and Reporting, University of Minnesota

D. Debt Management

Debt financing allows the University to pay for an asset over a period of time, up to its useful life, rather than pay for it at the time of purchase. This is a financially responsible practice for certain types of capital investments within appropriate limitations and at market interest rates.

Long-term debt is issued primarily to finance capital expenditures. Short-term debt and a line of credit are used to finance short-term liquidity needs.

Debt financing may be financially beneficial if borrowing rates are below investment returns or if the University invests in capital assets that provide investment returns or cost savings which are larger than the costs of borrowing. Since debt-financing capital is limited and the University's demand for debt may exceed the supply at some point in time, it is imperative that borrowings are structured effectively.

The University's debt management goal is to ensure that each long-term debt financing is completed in the most cost efficient and professional manner and in accordance with

the highest standards of the industry, law, and governmental practices. To achieve this goal, the University has established five objectives:

- maintain the University's long-term and short-term credit ratings;
- minimize borrowing costs;
- limit issuance of revenue bonds due to uncertain internal revenue streams and higher costs of debt service;
- align debt maturity with life expectancy of projects to be financed; and
- issue debt for qualified capital projects only and not for operating and maintenance costs.

Table 9-9 shows the University's current outstanding debt. The weighted average cost of capital for all University debt is approximately 4.4 percent. The average life of University debt is roughly 11 years; 93 percent of the debt is fixed rate and 7 percent is variable rate.

Table 9-9. University of Minnesota current outstanding debt, June 30, 2004.

Bond	Interest Rate	Due at various Dates through	Ending Balance June 30, 2004
General Obligation Bonds			
Series 2003A	4.39%	2031	\$71,000,000
Series 2001C	4.4%	2036	155,100,000
Series 2001B	4.33%	2004	2,955,000
Series 2001A	3.08%	2004	12,370,000
Series 1999A	4.16%	2034	175,450,000
Series 1996A	4.5%-5.75%	2021	171,669,000
State of Minnesota obligations – Infrastructure development bonds	4.00%-6.9%	2022	61,924,000
Auxiliary revenue bonds	3.00%	2013	9,260,000
Capital leases and other	1.29%-8.00%	2011	5,226,000
		Total debt payable	\$664,954,000

Source: 2004 Annual Report, University of Minnesota

E. Key Ratios

Capital Ratios

The University enjoys the second highest credit ratings for its general obligation bonds from Moody’s Investors Service – Aa2 – and Standard & Poor’s Corporation – AA. These credit ratings permit the University to borrow at a low interest rate and are a reflection of the University’s management, financial controls, economic conditions, and moderate debt levels.

Moody’s long-term ratings are based on a scale from highest quality (Aaa) to lowest quality (C). Numerical modifiers (1, 2, and 3) are applied in each generic rating classification from Aa through Caa, with 1 being higher than a 3.

In its report on bonds issued in July 2004, Moody’s noted: “...under its strong leadership,

the University of Minnesota will maintain and strengthen its reputation as one of the nation’s leading public universities in terms of financial resource base, academic reputation, and student demand.”

In addition to these basic ratings, Moody’s calculates capital ratios to measure institutions’ financial resources, in varying degrees of liquidity, relative to debt.

Table 9-10 shows that the University of Minnesota’s performance in FY 2003-04 reflects an improvement in three of the four Moody’s key capital ratios. The University benefits from the University of Minnesota Foundation’s net assets in determining both expendable and total resources used in these ratios.

Table 9-10. Moody’s Investor Service key capital ratios, FY2002-2004.

	University of Minnesota			Moody’s Benchmark Medians*	
	Year ended June 30, 2002	Year ended June 30, 2003	Year ended June 30, 2004	Aa2 Institutions	Aa3 Institutions
Unrestricted operating resources to debt	0.47	0.40	0.47	0.83	0.52
Expendable resources to debt	2.12	1.98	2.72	1.74	1.22
Total resources to debt	2.81	2.68	3.54	2.72	2.13
Actual debt service to operations	2.5%	2.8%	2.8%	2.4%	3.0%

Source: Office of the Treasurer, University of Minnesota
*Based on 2003 financial and enrollment data

Financial Ratios

Moody’s also maintains key financial ratios for institutions in their database.

Table 9-11 shows the University of Minnesota’s performance for FY 2001-02 to FY 2003-04 relative to the benchmark medians of Aa2- and Aa3-rated institutions.

Selectivity Ratio: Moody’s uses a selectivity ratio to reflect how selectively an institution accepts students. This ratio is calculated by dividing the number of acceptances by the number of applicants. The desired trend for this ratio is downward, i.e., the lower the ratio, the more selective the institution is in accepting students for admittance.

Matriculation Ratio: Moody’s also uses a matriculation ratio to show the percentage of accepted students who actually enroll. The desired trend of this ratio is upward.

Table 9-11. Moody’s Investors Service key financial ratios, FY 2002 – FY 2004.

Ratio	University of Minnesota			Moody’s 2003 Benchmark Medians*	
	Year ended June 30, 2002	Year ended June 30, 2003	Year ended June 30, 2004	Aa2 Institutions	Aa3 Institutions
	Fall 2001	Fall 2002	Fall 2003		
Selectivity ratio	77.8%	76.3%	76.4%	78.2%	75.2%
Matriculation ratio	45.3%	47.0%	41.6%	41.6%	44.9%
Net tuition per student (\$)	\$4,559	\$5,220	\$6,139	\$5,877	\$3,963
Education expenses per student (\$)	\$39,948	\$39,311	\$37,770	\$27,400	\$25,679
Total tuition discount (%)	35.2%	34.6%	31.3%	25.5%	29.3%

Source: Office of the Treasurer, University of Minnesota.
*Based on 2003 Financial and Enrollment Data.

Table 9-12 shows a calculation by Lehman Brothers of the relative strength of institutional resources on a per student basis at the University of Minnesota and several of its public university peers. “Resources per student” is calculated as the sum of unrestricted net assets, restricted expendable net assets, restricted nonexpendable net assets,

and foundation total net assets divided by total full-time equivalent students.

As shown in Table 9-12, the University of Minnesota’s resources per student declined by 5.4 percent between FY 2001-02 and FY 2002-03, the largest decline among the 13 institutions.

Table 9-12. Total resources per student for selected public research universities, FY2002 – FY 2003.

Institution (Moody’s rating)	FY 2002	FY 2003	% Change
University of Virginia (Aaa)	\$136,275	\$150,715	+10.6%
University of Michigan (Aaa)	106,141	105,986	-0.1
University of Texas (Aaa)	94,239	93,291	-1.0
University of North Carolina (Aa1)	67,987	66,299	-2.5
University of California (Aa2)	59,111	58,395	-1.2
University of Washington (Aa2)	48,620	51,985	+6.9
University of Minnesota (Aa2)	41,930	39,645	-5.4
Purdue University (Aa1)	35,175	35,322	+0.4
Ohio State University (Aa2)	30,082	32,190	+7.0
Michigan State University (Aa2)	29,551	31,900	+7.9
Pennsylvania State University (Aa2)	22,408	24,587	+9.7
Indiana University (Aa2)	20,657	20,712	+0.3
University of Illinois (Aa3)	18,392	18,828	+2.4

Source: Lehman Brothers.

F. Return on Invested Assets

The University of Minnesota has invested assets in four investment pools.

Consolidated Endowment Fund (CEF):

Since the 1990s all gifts to the University have gone directly into the University of Minnesota Foundation, which is a separate legal entity from the University of Minnesota. Prior to that time, however, gifts were accepted directly into University accounts.

The University also has received revenue from public sources such as federal land grants and iron ore taxes and royalties. Funds from these public sources are known as Permanent University Funds (PUF funds). These PUF funds, combined with matching gifts from private donors, support approximately 150 permanently endowed faculty positions throughout the University.

The Consolidated Endowment Fund is a pool of these original endowment funds from both public and private sources that remain in the University as opposed to the endowments that reside in the Foundation. Now that all new gifts to the University go into the Foundation, current sources of new annual inflows to CEF are limited to the collection of rents or royalties by the University from real assets that it owns or the liquidation of such assets.

Each year about 5 percent of the CEF's market value is distributed to support endowed faculty positions or other donor-stipulated uses. CEF's investment objective is to guard against the eroding effects of inflation and maximize total return (interest income plus capital appreciation) ensuring that the principal maintains its purchasing power over time to support the University in future generations.

Temporary Investment Pool (TIP): TIP represents the working capital of the University. Funds in this pool come from

appropriations, tuition receipts, federal grants, student loan funds, plant funds, gifts for current use, unexpended endowment distributions, and other funds derived from University operations.

The cash in the TIP is used by colleges and departments to fund daily operating expenses such as salaries and fringe benefits, supplies, and utilities. As operating capital, the investment horizon for the TIP is short-term and focuses on maintaining liquidity and protecting principal balances. These assets are invested in short-term and medium-term fixed income securities with the goal of providing investment returns exceeding the 13-week T-Bill rate plus 50 basis points.

Group Income Pool (GIP): GIP funds are longer-term operating reserves of the University created from auxiliary enterprises, depreciation reserves, and funds to support budgeted expenditures that are not likely to occur for 24 months or more. These reserves support various capital and infrastructure needs or other one-time program investments. Funds invested in GIP usually have an investment horizon of at least two to three years with an investment objective of maximizing current income and realizing some capital appreciation.

RUMINCO, Ltd.: The University is self-insured for medical malpractice, general liability, directors' and officers' liability, and automobile liability through RUMINCO, Ltd., a wholly owned single parent captive insurance subsidiary of the University. The underlying insurance reserves of RUMINCO, Ltd. are intended to address the potential financial risk to the University for the self-insured or the deductible portions of the various insurance policies in effect.

RUMINCO reserves are invested through a centralized investment pool managed by the company. Reserve objectives are twofold: one is to invest the capital balances associated with known or projected liabilities in a manner that preserves the principle, maintains liquidity, and provides current income; the other objective is to maximize the investment return on the excess reserve balances by

selecting longer-term total return (interest income plus capital appreciation) investments. The goal is to increase this portion of the reserve so as to eventually reduce or eliminate the requirement for premiums to be paid.

Table 9-13 shows the University's one-, three- and five-year performance in these four investment pools relative to benchmarks.

Table 9-13. University of Minnesota return on invested assets.

Investment Pool	Value at June 30, 2004	One-Year Return		Three-Year Return		Five-Year Return	
		U of M	Bench-mark	U of M	Bench-mark	U of M	Bench-mark
Consolidated Endowment Fund	\$627,200,000	19.4%	18.0%	1.3%	1.1%	2.2%	0.1%
Temporary Investment Pool	\$543,200,000	2.5%	1.5%	3.1%	1.9%	4.6%	3.7%
Group Income Pool	\$49,200,000	7.1%	5.6%	13.7%	11.9%	7.6%	7.1%
RUMINCO, Ltd.	\$27,500,000	8.1%	9.8%	2.6%	4.3%	3.4%	4.7%
Total	\$1,247,100,000						

Source: Office of Asset Management, University of Minnesota.

G. Endowment and Annual Giving

***NOTE:** Just prior to this accountability report going to press, it was discovered during final data verification that the reporting of endowment assets in the University of Florida's annual study was incorrect. The total for the University of Minnesota should have included endowment assets of the University of Minnesota, the University of Minnesota Foundation, and the Minnesota Medical Foundation. Unfortunately, the Minnesota Medical Foundation's FY 2003 endowment assets of \$177 million were not included.*

This omission affected not only the University of Minnesota's endowment assets ranking but also its overall ranking among the top American public and private universities. Inclusion of the \$177 million would rank the University of Minnesota at 25th nationally. Efforts are under way to correct these reporting errors in future University of Florida reports.

Table 9-14 shows total endowment assets for the top 10 U.S. public and private research universities for FY 2003 as reported by the University of Florida. The University of Minnesota ranked 26th nationally, down two positions from the previous year. (This factor accounted for the University's drop in the 2004 Florida survey rankings.)

CEF funds are managed separately from those of the University of Minnesota Foundation and the Minnesota Medical Foundation. Recent under performance of the consolidated endowment fund was due to a high concentration of the portfolio in U.S. equities resulting in a high degree of volatility in overall performance.

As a result of Board of Regents-approved changes in asset allocation guidelines and a new emphasis on alternative investment classes it is anticipated that Minnesota's ranking will improve over its current position.

(Note: The University’s national ranking does not reflect the more recent one-year CEF investment performance of 19.4 percent as of June 30, 2004, as noted in Table 9-13.)

Table 9-15 shows the change in endowment assets relative to the top 10 public and private research universities from 1999-2003.

Table 9-14. Endowment assets for top 10 U.S. public and private research universities and University of Minnesota, 2003.

Rank		Institution	Endowment Assets	% Increase from 1994 ¹
All	Public Only			
1		Harvard University	\$18,849,491,000	144.8%
2		Yale University	11,034,600,000	151.8%
3		Princeton University	8,730,100,000	10.4%
4		Stanford University	8,614,000,000	152.2%
5		Massachusetts Institute of Technology	5,133,613,000	132.6%
6		Columbia University	4,350,000,000	82.7%
7		Emory University	4,019,766,000	91.4%
8		University of Pennsylvania	3,547,473,000	95.1%
9	1	Texas A&M University	3,525,114,000	41.1%
10		Washington University	3,454,704,000	60.1%
11	2	University of Michigan	3,395,225,000	183.4%
21	3	University of Virginia	1,800,882,000	100.1%
22	4	University of California – Berkeley	1,793,647,000	119.5%
24	5	University of Texas – Austin	1,640,724,000	95.9%
26	6	University of Minnesota	1,336,020,000	64.0%
30	7	Ohio State University	1,216,574,000	101.6%
31	8	University of Pittsburgh	1,156,618,000	140.7%
35	9	University of Washington	1,103,197,000	198.5%
36	10	University of North Carolina	1,097,418,000	281.3%

Source: *The Top American Research Universities*: The Center, University of Florida, 2004.

¹ Percent change based on constant 1998 dollars. University of Minnesota figures include the endowments of the University of Minnesota, University of Minnesota Foundation, and the Minnesota Medical Foundation.

Table 9-15. Average endowment assets for top 10 U.S. public and private research universities and University of Minnesota, 1999-2003.

	1999	2000	2001	2002	2003	5-Year Change
Top 10 Public/Private Average % Change	\$5.697 b	\$7.374 b + 29.4%	\$7.126 b - 3.4%	\$6.816 b - 4.4%	\$7.126 b + 4.5%	+ \$1.429 b + 25.1%
Top 10 Public Only Average ¹ % Change	\$1.643 b	\$1.996 b + 21.5%	\$1.906 b - 4.5%	\$1.794 b - 5.9%	\$1.859 b + 3.6%	+ \$215.6 m + 13.1%
U of M – Twin Cities % Change	\$1.510 b	\$1.809 b + 19.8%	\$1.651 b 8.7%	\$1.501 b 9.1%	\$1.336 b - 11.0%	- \$173.7 m - 11.5%
Public/Private Rank	23rd	23rd	24th	24th	26th	
Public Only Rank	4th	4th	5th	5th	6th	

Source: *The Top American Research Universities*: The Center, University of Florida, 2004.

¹ Excluding University of Minnesota .

University of Minnesota Foundation

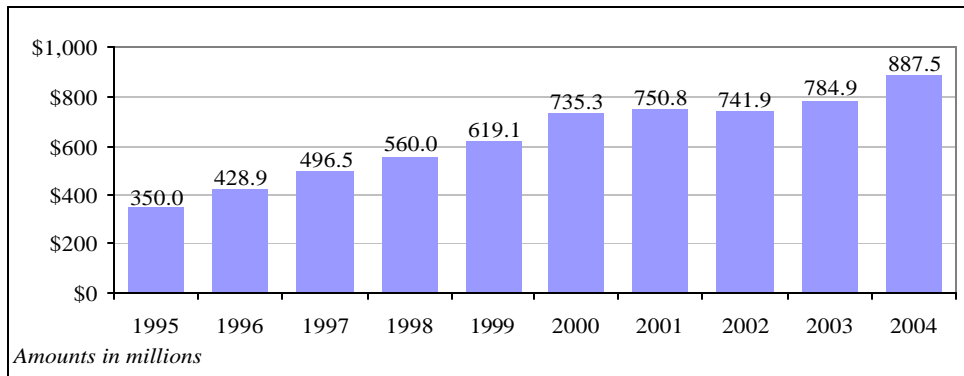
An independent, non-profit organization, the Foundation raises and manages gifts from the University's alumni and friends. It serves as the central development office for the University and tracks and reports gifts to all campuses, colleges, and departments.

Endowment: More than half of endowment funds managed by the Foundation provide scholarships and fellowships to students. In FY 2004, endowment funds supported 1,060 scholarships and 430 fellowships.

Figure 9-4 shows that the Foundation's endowment increased in nine of the past 10 years. The Foundation's endowment grew by \$102.6 million during FY 2004 to an historic high of \$887.5 million.

Table 9-16 shows the rates of return for Foundation investments and its one-, three-, and five-year performance relative to its benchmark peer group.

Figure 9-4. University of Minnesota Foundation endowment (in millions), FY 1995-2004.



Source: University of Minnesota Foundation.

Table 9-16. Rates of return for University of Minnesota Foundation investments and benchmark data.

Investment Pool Returns	1-Year Return (2003-2004)	3-Year Return (2001-2004)	5-Year Return (1999-2004)
U of Minnesota Foundation	17.2%	8.0%	8.4%
5 th Percentile	20.3%	7.5%	10.3%
25 th Percentile	18.3%	5.6%	6.3%
50 th Percentile	16.9%	4.5%	5.1%
75 th Percentile	15.5%	3.5%	3.5%
95 th Percentile	13.2%	1.0%	1.8%
Overall Average	16.8%	4.5%	5.2%

Source: University of Minnesota Foundation.

Endowed Chairs and Fellowships: As shown in Table 9-17, the number of endowed chairs and endowed fellowships has risen dramatically over the past 20 years. The

number of endowed chairs increased 53 percent from 1996 to 2004. During this same period, the number of endowed fellowships increased 268 percent.

Table 9-17. University of Minnesota Foundation and Minnesota Medical Foundation endowed chairs and fellowships.

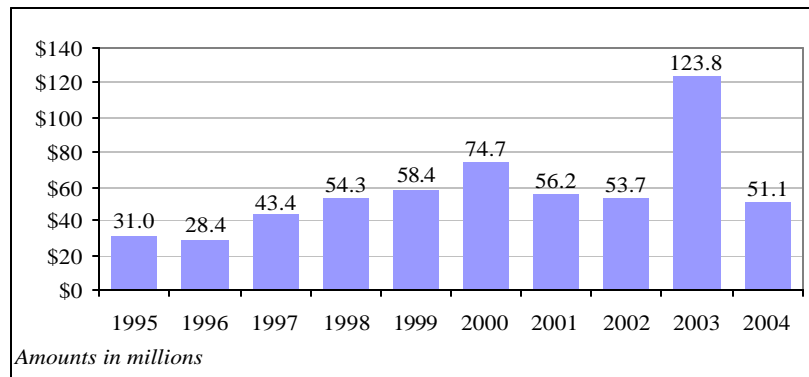
Year	Endowed Chairs	Endowed Fellowships
1984	17	23
1996	245	117
2003	372	389
2004	374	430

Source: University of Minnesota Foundation

Annual Giving: Voluntary support of the University of Minnesota through the Foundation takes many forms. Figures 9-5 and 9-6 demonstrate the important role that

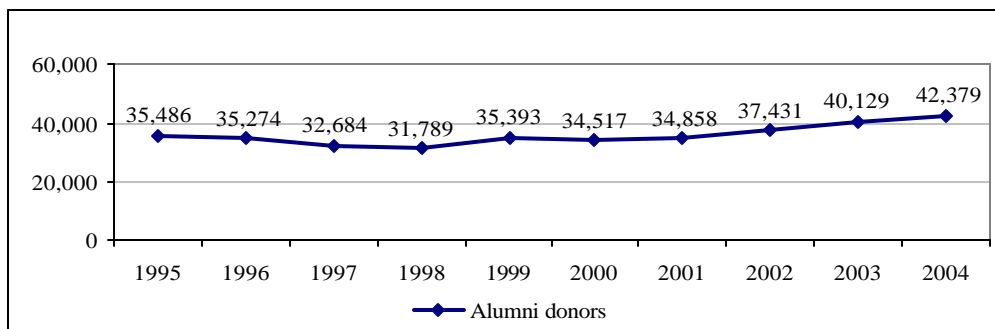
alumni play in supporting the University’s mission. The number of alumni donors has increased steadily each year since 2000, reaching a record 42,379 donors in 2004.

Figure 9-5. Funds contributed by University of Minnesota alumni to University of Minnesota Foundation and Minnesota Medical Foundation, 1995-2004.



Source: University of Minnesota Foundation.

Figure 9-6. Number of University of Minnesota alumni donors to University of Minnesota Foundation and Minnesota Medical Foundation, 1995-2004.



Source: University of Minnesota Foundation.

Table 9-18 shows annual giving totals for the top 10 U.S. public and private research universities for FY 2003. The University of Minnesota ranked 15th nationally, down one position from FY 2002. This slight reduction

in the University’s rank on annual giving was not unexpected and is a direct result of the end of a highly successful capital campaign. Over the past decade, the University ranked 8th

among all institutions in the two top-10 lists for 2002, when the percentage increase in annual giving is calculated in constant 1998 dollars.

Table 9-19 shows the change in annual gifts to the University relative to the top 10 public and private research universities over the past four year.

Table 9-18. Annual giving for top 10 U.S. public and private research universities and University of Minnesota, FY 2003.

Rank		Institution	Annual Giving	% Increase from 1994 ¹
All	Public Only			
1		Harvard University	\$555,639,000	54.8%
2		Stanford University	486,075,000	73.1%
3		University of Pennsylvania	399,641,000	24.0%
4		Cornell University	356,201,000	63.3%
5	1	University of Arkansas	333,049,000	516.0%
6		Johns Hopkins University	319,547,000	195.7%
7	2	University of California – Los Angeles	319,463,000	183.1%
8	3	University of Washington	311,251,000	104.4%
9	4	University of Texas	309,484,000	295.2%
10		University of Southern California	305,982,000	10.5%
12	5	University of Wisconsin – Madison	286,915,000	56.9%
14	6	University of Virginia	261,922,000	215.3%
15	7	University of Minnesota	244,851,000	69.4%
17	8	University of California – San Francisco	225,597,000	98.9%
20	9	Ohio State University – Columbus	195,759,000	66.2%
22	10	University of California – Berkeley	190,710,000	54.8%

Source: *The Top American Research Universities*: The Center, University of Florida, 2004.

¹ Percent change based on constant 1998 dollars.

Note: “Annual giving” includes contributions received during the fiscal year in cash, securities, company products, and other property from alumni, non-alumni, corporations, foundations, religious organizations, and other groups. Not included are public funds, investment earnings held by the institution, and unfulfilled pledges.

Table 9-19. Average annual giving for top 10 U.S. public and private research universities and University of Minnesota, 1999-2003.

	1999	2000	2001	2002	2003	5-Year Change
Top 10 Public/Private Average % Change	\$282.2 m	\$345.3 m + 22.4%	\$367.5 m + 6.4%	\$364.4 m - 0.8%	\$369.6 m + 1.4%	+ \$87.4 m + 31.0%
Top 10 Public Only Average ¹ % Change	\$180.8 m	\$215.3 m + 18.1%	\$230.7 m + 7.2%	\$231.0 m + 0.1%	\$270.5 m + 17.1%	+ \$89.7 m + 49.6%
U of M – Twin Cities % Change	\$162.0 m	\$194.0 m + 19.7%	\$228.9 m + 18.0%	\$233.3 m + 1.9%	\$244.9 m + 4.9%	+ \$82.9 m + 51.2%
Public/Private Rank	18th	20th	15th	14th	15th	
Public Only Rank	6th	8th	5th	4th	7th	

Source: *The Top American Research Universities*: The Center, University of Florida, 2004.

¹ Excluding University of Minnesota.

College and Campus Fundraising: During FY 2003-04, new gifts and future commitments to the University totaled \$145 million, down from the record levels achieved during Campaign Minnesota but nearly double the amount raised in 1995. There were 81,979 donors, an all-time high. The gifts have made

possible an array of scholarships and fellowships, capital improvements, support for faculty, academic programs, and research, and other initiatives across the campus. Table 9-20 shows the number of donors and the amount raised by individual colleges and other units.

Table 9-20. College and campus giving, FY 2004.

College/Campus/Unit	Number of Donors	Amount Raised
Colleges		
Carlson School of Management	3,287	\$11,137,878
College of Agricultural, Food, and Environmental Sciences	1,951	4,251,054
College of Architecture and Landscape Architecture	465	487,296
College of Biological Sciences	703	304,943
College of Continuing Education	462	1,093,141
College of Education and Human Development	3,272	1,783,718
College of Human Ecology	1,888	2,448,682
College of Liberal Arts	6,586	8,073,385
College of Natural Resources and the Bell Museum	917	1,036,141
College of Pharmacy	831	523,678
College of Veterinary Medicine and Gabbert Raptor Center	2,671	3,992,611
General College	465	267,318
Humphrey Institute of Public Affairs	673	1,141,426
Institute of Technology	5,817	10,755,710
Law School	2,067	1,679,122
School of Dentistry	1,364	980,811
School of Nursing	1,597	1,001,616
Coordinate Campuses		
University of Minnesota, Crookston	1,000	360,632
University of Minnesota, Duluth	4,370	3,517,304
University of Minnesota, Morris	1,804	255,865
Other Programs		
Center for Spirituality and Healing	17	220,079
Intercollegiate Athletics	8,263	10,676,227
University Libraries	1,480	878,328
Weisman Art Museum	801	1,261,170
Affiliated Foundations		
Minnesota 4-H Foundation	1,325	673,535
Minnesota Landscape Arboretum Foundation	5,053	5,688,335
Minnesota Medical Foundation	21,276	44,958,660

Source: University of Minnesota Foundation

Minnesota Medical Foundation

Founded in 1939, the Minnesota Medical Foundation is an independent nonprofit organization dedicated to supporting the advancement of health-related education and research at the University of Minnesota. The Foundation’s primary function is to attract

private philanthropic support for the University of Minnesota’s Medical School (with campuses in the Twin Cities and Duluth), School of Public Health, Cancer Center, and related units in the Academic Health Center.

Among its many services, the Foundation manages more than 3,500 funds that support scholarships, research, faculty positions, academic programs, capital improvements, lectureships, fellowships, research grants for faculty and students, and loans for medical students.

Among the Foundation’s notable accomplishments in FY 2004 were:

- The Foundation raised \$44.8 million during the fiscal year ending June 30, 2004, including pledges and future gifts – the fourth-best year in the Foundation’s history.
- The Foundation received 21,201 gifts in fiscal year 2004 – the highest number of gifts in the Foundation’s history.
- Sixty-two gifts of \$100,000 or more were received, including five gifts of \$1 million or more. One such gift was a \$10 million donation for a new Translational Research Facility, scheduled to open in the spring of 2005.

- Earnings from endowments and outright gifts provided nearly \$1.5 million for scholarships, with 538 scholarships awarded.
- Gifts directed to medical and public health research supported approximately 400 faculty research projects, including those focused on cancer, heart disease, diabetes, infectious diseases, and local and national public health issues.
- The Minnesota Medical Foundation grants program awarded \$1.3 million for 91 faculty research projects and equipment purchases. Research funded with Foundation “seed money” is often used to leverage additional support from the National Institutes of Health and other sources.

Table 9-21 shows the performance of the Foundation’s investments over one, three, five, and 10 years, as of June 30, 2004, compared to comparable performance indices.

Table 9-21. Minnesota Medical Foundation investment performance, as of June 30, 2004.

Assets			Investment Performance							
Segment	Amount	Percent	1 year		3 years		5 years		10 years	
			Actual	Index	Actual	Index	Actual	Index	Actual	Index
Bond	\$48,297,000	25.8%	0.5%	0.3%	5.7%	6.4%	6.6%	6.9%	7.1%	7.3%
Domestic equity	128,888,000	68.8	24.1%	22.3%	-2.2%	1.2%	-4.5%	-0.5%	12.3%	12.3%
International equity	10,015,000	5.3	20.4%	32.4%	0.9%	3.9%	-0.5%	0.1%	n/a	n/a
Total Endowment	\$187,200,000	100.0%	16.7%	15.8%	1.4%	3.5%	0.3%	2.9%	11.1%	10.5%
Special programs	\$33,925,000	100%	1.0%	1.0%	1.5%	1.5%	3.2%	2.9%	4.9%	4.0%

Source: Minnesota Medical Foundation.

H. Internal Allocation of State Appropriations

The State of Minnesota appropriated \$574,627,000 to the University in FY 2004-05: O & M (Operations and Maintenance) appropriation of \$486,700,000; State Special appropriation of \$63,367,000; and Health Care

Access and Cigarette Tax appropriation of \$24,560,000.

Table 9-22 shows where the University allocated these funds within the institution.

Table 9-22. Internal allocation of state appropriations to the University of Minnesota, FY 2004-05.

Unit	O & M Appropriation	State Special Appropriation	Health Care Access and Cigarette Tax
Twin Cities Campus			
Academic Health Center (AHC)			
College of Pharmacy	\$2,596,946		
College of Veterinary Medicine	9,055,557	1,829,503	
Medical School	26,492,354	1,033,922	
School of Dentistry	8,374,172		
School of Nursing	2,269,951		
School of Public Health	3,989,902	372,564	
AHC – Shared	23,354,980	1,693,011	24,110,000
Health Sciences – Office of Senior Vice President	3,692,117		
Carlson School of Management	5,226,295	774,681	
College of Agricultural, Food, and Environmental Sciences	4,860,881		
College of Architecture and Landscape Architecture	1,981,826		
College of Biological Sciences	8,670,383		
College of Continuing Education	3,300,457		
College of Education and Human Development	6,260,443		
College of Human Ecology	1,918,500		
College of Liberal Arts	19,328,850		
College of Natural Resources	2,080,107	168,678	
General College	1,415,633		
Humphrey Institute of Public Affairs	1,508,952	110,155	
Institute of Technology	40,640,987	1,387,000	
Law School	2,624,453		
Athletics	6,173,083		
Crookston Campus	7,639,436		
Duluth School of Medicine	4,337,179		
Duluth Campus	32,773,792	3,242,389	
Morris Campus	11,990,124	280,363	
Rochester Campus	1,007,008		450,000
University-wide Academic, Research, and Outreach			
Agricultural Experiment Station	7,742,315	32,987,000	
Graduate School	10,404,489	845,377	
Minnesota Extension Service	6,154,765	17,638,000	
University Libraries	9,460,658		
Office of Sr. VP for System Administration	12,787,943		
Office of Sr. VP for Academic Affairs and Provost	26,399,956	1,004,357	
Office of Vice President for Research	4,951,673		
Service and Support Units			
Audits	1,362,631		
Auxiliary Services	806,915		
Board of Regents	630,031		
Student Affairs	2,404,637		
Capital Planning and Project Management	1,414,468		
Controller's Organization	5,843,201		
Facilities Management	75,791,065		
General Counsel	3,082,536		
Human Resources	7,265,882		
Information Technology	35,680,741		
Office of Budget and Finance	7,803,144		
President's Office	4,003,403		
Public Safety	6,779,891		
University Health and Safety	3,638,068		
University Relations	6,261,027		
University Services – Office of Vice President	2,466,193		
Total:	\$486,700,000	\$63,367,000	\$24,560,000

Source: Office of Budget and Finance, University of Minnesota.

I. Leveraging Other Resources

In FY 2003-04 the State of Minnesota provided operational support of \$577,648,000 and capital support of \$58,892,000 for a total appropriation of \$636,540,000.

The University of Minnesota generated additional revenues from other sources of

\$1,724,695,000. Thus, for every dollar of State support, the University brought in \$3.71 of other revenues.

Table 9-23 identifies FY 2003-04 total revenues for the University of Minnesota by source.

Table 9-23. Sources of revenue, University of Minnesota, FY 2003-04.

Revenue Source	Amount
State of Minnesota appropriations	\$636,540,000
Other revenues	
Student tuition and fees (net)	\$407,631,000
Grants and contracts	588,994,000
Auxiliary enterprises (net)	238,275,000
Educational sales & service activities	127,149,000
Federal appropriations	16,657,000
Non-operating grants and gifts	197,585,000
Net investment gain	115,272,000
Capital and endowment gifts and grants	31,063,000
Other operating revenues	<u>2,069,000</u>
Total other revenues	\$1,724,695,000
Total revenues	\$2,361,235,000

Source: Office of Budget and Finance, University of Minnesota

