Broadband USA

Broadband Technology Opportunities Program
Public Computer Centers Program – Sustainable Adoption Program

Submitted Date: 8/20/2009 7:54:32 AM	**Easygrants ID: 1158**
Funding Opportunity: Public Computer Centers and Sustainable Broadband Adoption	**Applicant Organization:** Regents of the University of Minnesota
Task: Submit Application - Non-Infrastructure Programs	**Applicant Name:** Kevin J McKoskey

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A. General Application Information

1. Applicant Information	
1-A. Name, Address, and Federal ID for Applicant	
i. Legal Name:	Regents of the University of Minnesota
ii. Employer/Taxpayer Identification Number (EIN/TIN):	416007513
Street 1:	450 McNamara Alumni Center
Street 2:	200 Oak St SE
City:	Minneapolis
County:	Hennepin
State:	MN
Country	United States
Zip/Postal Code:	55106

1-B. Name and Contact Information of Person to be Contacted on Matters Involving this Application:	
Prefix:	
First Name:	Kevin
Middle Name:	J
Last Name:	McKoskey
Suffix:	
Telephone Number:	612-624-5599
Fax Number:	
Email:	awards@umn.edu
Title:	Senior Associate Director

1-C. Other Required Identification Numbers

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i. Organizational DUNS:	555917996
ii. CCR # (CAGE):	ODH95
iii. Funding Opportunity Number:	2
iv. Catalog of Federal Domestic Assistance Number:	**BTOP CFDA Number:** 11.557 **BTOP CFDA Title:** Broadband Technology Opportunities Program

1-D. Organization Classification

Other

1-E. Applicant Federal Debt Delinquency Explanation

Is the **Applicant** Delinquent On Any Federal Debt?
No

Federal debt delinquency Explanation:

1-F. Congressional Districts of:
Applicant: Minnesota - 5

Program/Project
Minnesota - 5
Minnesota - 4

2. Project Title and Project Description

2-A. Project Title : Broadband Access Project

2-B. Project Description: The Broadband Access Project will eliminate directly the disparity in broadband awareness and use in four federally designated poverty zones in the Twin Cities. The Universit of

Minnesota will provide broadband training to vulnerable populations to gain information about education, health care, and job opportunities. Increased broadband access and usage, and job creation will result in these areas

3. Project Type

Classify the particular project type for which you are seeking federal funding.

Project Type: Public Computer Center

Project ID: 2

4. Application ID for Multiple Submissions for Identified Service Areas

5. Estimated Funding ($):

Estimated Funding ($):	
Federal	2,862,334
Applicant	624,958
State	
Local	
Other	173,795
Program Income	
Total	3,661,087

B. Eligibility Factors

6. Eligibility Factors.

The application must be completed fully, and all required supplemental documentation must be attached.

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Applicants must commit to substantially completing their Project (as defined in the NOFA) within two years of the award date, and completing the Project within three years of the award date.
Applicants must credibly demonstrate that their Project advances at least one of the five statutory purposes for BTOP.
Applicants must demonstrate that but for Federal funding they would not have been able to complete their project during the grant period.
The budget for the project must be reasonable and all costs must be eligible.

6-d. Applicant is providing matching funds of at least 20 percent towards to the total eligible project costs or is requesting a waiver of the matching requirments.
Yes

Matching Fund Waiver Request Explanation

C. Executive Summary

7. Executive Summary of Overall Proposal:

Our Broadband Access Project addresses the problem of the growing disparity created by the Digital Divide. Evidence indicates that the Digital Divide is increasing in the State of Minnesota and the Twin Cities in particular. By 2007 while Internet usage increased overall across the State, "The socio-demographic factors of age and income are still important determiners of who has computers, Internet and broadband. The older age groups and lower-income groups are still less likely to have computers, Internet or broadband [...]." In fact, several studies indicate that in Minnesota for households with an annual income of less than $15,000 only twenty-six percent owned a computer and only eighteen percent had access to the

Internet at home. More specifically the Twin Cities has the second starkest differential between city poverty rates and suburban poverty rates in the country. The central cities' poverty rate is 4.5 times higher than the suburban poverty rate, which is a higher ratio than the Baltimore, Detroit, Cleveland, and Philadelphia metro areas. Our project will close the Digital Divide in four federally designated high poverty areas in Minneapolis (Empowerment Zones) and St. Paul (Enterprise Zones). Our approach is a demonstration project based on model replication and adaptation. The model is a successful, three-year, on-campus University computer lab (BCED lab) that has provided broadband training, Internet usage, and relevant software and content aimed at economic and community development to 378 nonprofits and small and disadvantaged businesses that serve vulnerable populations. The BCED computer lab will serve as a training hub for the eleven community computer labs. Data gathered for the BTOP project indicate these centers are not consistent in their broadband and Internet delivery and are operating at less than full capacity. It is fair to say that currently ten community computers labs are under serving their underserved populations due to financial, educational, and technological constraints. The 11th site, Glendale Townhomes (public housing) currently has no access to broadband. With BTOP support the BCED model will be adapted and rolled-out as a demonstration model working with eleven community computers labs serving north and south Minneapolis and the Frogtown area of St. Paul including the new lab in public housing. These labs will be standardized and upgraded, and training will be provided (initially at the BCED hub, then at the community lab) using materials designed in a culturally, linguistically, and technologically appropriate manner. Each computer lab will be equipped with additional computers to meet increased demand, access to high-speed broadband and the Internet, software, and printers. Training will include materials for new users, nonprofits, small businesses as well as a curriculum designed uniquely to access information on education, health care, job opportunities, 'knowledge economy jobs,' emergency information, economic and financial literacy as well as information for children and youth. A Broadband Apprenticeship Team, designed to create both new jobs and training, will support each computer lab, provide training for the users as well as upgrading the skill set of the existing computer center staff. Qualitative and quantitative data will be collected and analyzed over the life of the project to shape the curriculum development designed to meet the specific cultural and linguistic needs of the vulnerable populations served. A public awareness and advertising campaign via appropriate venues will draw these users to the sites. The project will increase the number of broadband and Internet users in the aforementioned zones by 17,000 and will be replicable and sustainable.
Three offices at the University of Minnesota and the Minnesota Multicultural Media

Consortium (MMMC) are uniquely qualified to carry out this project. The Urban Research and Outreach/Engagement Center (UROC), Office for Business and Community Development (BCED), and Extension Services have decades of combined experience in public engagement, broadband and Internet training, writing computer curriculum for various public audiences, and education. MMMC is experienced in communicating successfully with under-represented and ethnic immigrant groups in the community; in other words, designing materials with appropriate linguistic and cultural sensitivity. We are proposing a framework for success, which includes continued investment in the 'basics" by making sure education, health care, and public safety meet the needs of the population and increasing income and wealth by helping minority groups close the gap on economic measures. The Broadband Access Project will create 36 new jobs , save 12 jobs, and train an estimated 17,000 individuals from under-served populations in broadband and Internet use and create countless opportunities to access information that changes the lives of the users. The overall cost of the project is $3,661,087.

D. Project Purpose

Project Purpose: Recovery Act & BTOP Objectives

8. Project Purpose

Official "Empowerment Zones" on the Northside and Southside of Minneapolis and an Enterprise Zone in Frogtown/Thomas-Dale of St. Paul are by any standard of evaluation microcosms for a distressed American community in the 21st-century. The residents of these areas face significantly greater challenges than virtually all other Minnesotans, including dramatically lower levels of educational attainment, higher levels of unemployment, the highest level of foreclosures in the State, and widespread poverty. The areas suffer from negative branding as "No-Go Zones" and thus have been recipients of proportionately lower levels of private investment, and public support has not resulted in substantive change. Although each of these areas is fully served by multiple high-speed broadband providers , in reality few residents reap the full benefits of broadband as the majority of the community remains underserved in 2009. Most community residents visit the full-to-capacity public libraries or struggling community computer centers with varied hours and unreliable equipment. Therefore, this community does not access broadband in ways that advance their socio-economic standing nor does broadband represent a means through which community

revitalization can occur—especially in the areas of education, health care, children, and job and business opportunities; areas crucial to economic stabilization and growth in the 21st-century. A recent report published by the Itasca Project, a collaboration of more the 40 area CEOs, mayors, and university leaders along with nearly 100 business, civic, nonprofits, and government leaders, noted that race, class, and place disparities are a key concern to the competiveness of the Twin Cities and have identified these areas as targeted priorities. The report Mind the Gap, states that there is a large and growing gap between under-educated minority residents living in high poverty areas in the urban cores of the Twin Cities (concentrated at the highest levels in the our project areas) and highly educated largely white, middle and upper class residents who lived increasingly in the outer ring suburbs. According to a study done by the DC Fiscal Policy Institute, the Twin Cities has the second starkest differential between city poverty rates and suburban poverty rates in the country. The central cities' poverty rate is 4.5 times higher than the suburban poverty rate, a higher ratio than the Baltimore, Detroit, Cleveland, and Philadelphia metro areas. The Itasca study further states that disparities in education, jobs, home ownership and savings, health and healthcare disparities will "drag downward the region's performance on all relevant socio-economic indicators." The profile of the 21st-century jobs leading one out of poverty has changed as well with more employment opportunities in "knowledge economy jobs," which require greater levels of technological knowledge including proficiency in broadband and the Internet. The Itasca report concluded by proposing a framework for success, which included: 1. continued investment in the 'basics" by making sure education, healthcare, and public safety meet the needs of the region's 21st-century population; 2. increased income and wealth by helping minority groups close the gap on economic measures, and 3. replicating the model for local and regional success. These goals align directly with the Stimulus initiative.
Based on the recommendation of the Itasca report and made possible only through Stimulus support, our project will update, standardized, and stabilized eleven community computer labs serving vulnerable populations including immigrants, Native Americans, Hmong, Hispanics, Somalis, African Americans, seniors, families—nearly all living under the federal poverty line—and the nonprofits and businesses that serve them. It will train these diverse users in broadband and Internet use so they can access critical information about education, health care, job opportunities, emergency services, and economic and community development. Our Broadband Access Project is modeled after an on-campus computer center designed to train members from our project areas, but requires that they come to campus to be trained; an approach that does not best serve these communities as transportation is difficult for many. Our project will take this successful model replicate and adapt it specifically to meet the capacity

and unique needs of the ten existing community centers and one new computer center in a family public housing facility. Culturally and linguistically appropriate training and training materials will be provided and designed for use in the computer labs as well as an accompanying media campaign aimed at 'getting the word' out for each respective computer center. Eight centers will be rolled out the first two years of the project; three in the last year. Our model is therefore not only easily replicated by other organizations it WILL be used by other organizations as our long-term goals include updating and training for all community computers centers in federally designated poverty areas in Minneapolis and St. Paul. Additionally, since the University is taking the lead in the preparing training materials, we will align these training materials with other broadband efforts in the state of Minnesota.
The Broadband Access Project advances directly two of the BTOP statutory purposes in that it provides improved broadband access to consumers in underserved areas (2) and provides broadband education, awareness, training, access, equipment, and support to vulnerable populations (3).

9. Recovery Act and Other Governmental Collaboration.

Our Broadband Access Project will dovetail with other state of Minnesota Recovery Act projects including the following:
The City of Minneapolis and Minneapolis Public Housing Authority are submitting a Track 3 proposal entitled "Broadband for Minneapolis Public Housing." That project will enhance our project by increasing broadband awareness and use in individual units in the high rises located in areas served by our proposal; train members of the community in broadband use in areas served by our proposal; and help to establish standardized materials for vulnerable populations.

10. Enhanced Services for Health Care Delivery, Education, and Children

We will be producing computer materials (some updated) focused on themes including basic broadband and Internet each culturally and linguistically (translated) tailored to the communities listed below. These training materials will be available without cost to those who use and train in the eleven community computer labs. The content will illustrate the value of having knowledge of broadband to better access information on education, health care, job creation, economic opportunities, and community and economic development. Areas include:

-Access eBroadband: A guide to high-speed Internet Access teaches the basics of broadband (BB) use to the new user and those returning to broadband. Sections include Broadband 101, Dealing with Challenges, Using BB at Home and Work, Planning and Implementing

Community BB, BB Choices and Possibilities, Got BB, Now What?, Glossary, and Resources.

-Access eInternet: A guide to making the most of your Interne experience. Sections include: Internet 101, Connecting to the Internet, Browsing the Web, Email Tips, Webpage Development, Glossary, Resources.

-Access eGovernment: A guide to help learn about city, county, and federal information-rich websites.

-Access eCommerce: Electronic commerce guide for small business. Sections include: Electronic Commerce Basics, Finding Business Information and Services Online, Exploring E-commerce Websites.

-Access eNonprofit: A guide to help nonprofit organizations understand the potential of a web presence to improve their service delivery. Sections: Basics, Plan your Website, Reaching out to Partners, Business Plan, Glossary, Resources.

-Access eEducation: childcare resource and referral services, childcare benefits, design flexible work options, directly support and utilize community childcare programs, parenting support groups, family literacy, about tutoring programs, homework assistance, scholarships, internships, GED assistance on-line, summer job opportunities, college, focus on math, science, and reading, financial literacy.

-Access eFinancial Literary: job-training programs, create apprenticeships, mid-career internships, and management training programs, mentoring programs for minority employees, bike paths and free bikes, car loan programs, balance a checkbook, taxpayer assistance programs and financial counseling, savings plans and 401(k), foreclosure and predatory leaning information, credit counseling.

-Access eHealth Care: benefit plans, educational and wellness opportunities, connect and provide information about federal, state, county, and city healthcare programs and increase access to care, information about local community healthcare facilities and access to them, emergency services and local clinic information, healthy food and living.

11. Small and Disadvantaged Business Involvement

The BCED on-campus computer lab served 378 businesses serving disadvantaged communities. We estimate that an average of 70 small and disadvantaged businesses will be trained at each of the eleven community based computer centers for a total of 1836 over three years.

E. Project Benefits

E-1 – Expanding Broadband Public Computer Center Capacity

Public Computer Center Capacity, Including Areas and Populations Served

12. Public Computer Centers Availability

Our eleven community computer centers will be open to all members of the general public as well as several groups considered to be vulnerable populations. The Federal poverty levels for the location of our centers are the following: Northside: 46% overall, 36% children under five; Southside: Phillips: 34.5%, Central: 31.1%, and one public housing unit; Frogtown/Thomas-Dale in St. Paul: 31% (See http://www.city-data.com/neighborhood/Central-Minneapolis-MN.html). Given the specific location of the eleven centers, each will serve the vulnerable population closes to their location. More specifically:
*Northside Computer Centers (area: 46% overall, 36% children under five below Federal poverty level):
-Church of St. Philip/Nellie Stone Johnson School: after-school low-income children, adults and children below Federal poverty level, largely African-American;
-Patchwork Quilt Computer Center at Kwanzaa Freedom School: after-school low-income children, adults and children below Federal poverty level, largely African-American;
-Northside Child Development Center: after-school low-income children, adults and children below Federal poverty level, largely African-American;
-Phyllis Wheatley Community Center: after-school low-income children, adults and children below Federal poverty level, largely African-American;
-Project for Pride in Living (Northside and Southside): adults and children below Federal poverty level, African-American, Native American, Hispanic, and Somali.
*Southside Computer Centers (area: Phillips: 34.5%, Central: 31.1%):
-Centro: 34.5% general population under Federal poverty line, largely Hispanic youth and adults;

-Sabathani Community Center: 31.1% general population under Federal poverty line, largely African-American youth, adults, seniors with East African and Somali youth and adults.
-Glendale Public Housing: family townhouse setting with all residents under Federal poverty line or Section Eight; largely Somali and Hmong youth and adults.
*St. Paul—Frogtown/Thomas-Dale (area: 31.1% overall):
-Hmong American Partnership: largely Hmong.
-Lifetrack Resources: largely Hmong.
-Asian Community Technology Center: largely Hmong.
-UWCA: largely Hmong, African American youth.

13. Restrictions on Public Computer Center Use

Our demonstration project consists of ten public computer labs and one in public housing; eleven are located in community centers throughout North and South Minneapolis and Frogtown/ Thomas-Dale in St. Paul and are designed to serve community residents of those areas. Largely they are open to the public; however some are designed for after-school programs for children. When the Broadband Apprenticeship Teams provide training and support to the center users, access to the lab maybe restricted to those who have registered to establish an appropriate teaching environment and manage traffic. The 11th computer center is a new start up and will be located in Minneapolis Public Housing Glendale Townhomes and will be restricted to residents of the facility, who are overwhelmingly Somali and Hmong immigrants.

14. Public Computer Centers Accessibility

We will work closely with The University of Minnesota's Computer Accommodations Program (CAP) which is a partnership of Academic & Distributed Computing Services (ADCS) and Disability Services (DS). The program exists to assist University students, staff and faculty with disabilities in accessing computers and information through the use of adaptive technology.
-We will insure that each of our computer technology centers has at least one accessible workstation.
-Adjustable height workstation designed for a person using a wheelchair.
-Accessible route to accessible workstation.
-Accessible workstations in our computer technology centers will be placed close to the instructor or the presentation screen to help users with visual impairments to see instructional

materials and interact with the instructor.
-Kensington trackball and large-print keyboard.
-All of our selected computer technology centers are ADA compliant and located on the first floor.
-We will load the IBM Web Adaptation Technology software on at least one station in each lab. Despite standards for Web accessibility, many Web pages remain difficult to use for older users and people with various disabilities. IBM Web Adaptation Technology software is software that enables people who have vision, cognitive or hand limitations to set preferences that customize the way Web pages are presented to them.
-IBM Web Adaptation Technology assists people who are visually impaired by enabling them to magnify everything on a Web page—from text to browser controls—up to 250 percent. For example, users can click on the text-sizing buttons until the text is big enough for them to read comfortably.
-The technology provides choices that help make text, background and links easier to see by using high-contrast colors and reformatting pages into single columns. IBM Web Adaptation Technology, with its text-to-speech capability, provides additional benefit for low vision users.

15. PCC - Center Locations, PCC - Center Capacity, PCC - Size and Scope of Target Audience.

PCC - Center Locations & Center Capacity & Size and Scope of Target Audience.
Public Computer Center: Asian Community Technology Center Address Line 1: 417 University Avenue Address Line 2: City : St. Paul State: MN Zip: 55103 Computer Center Name /Type: Asian Community Technology Center Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 60 Hours Open to Public: Average Hours Open to Public Per 120-hour Business Week: 40 Proposed Hours Open to Public Per 120-hour Business Week:40 Average Hours Open to Public Per 48-hour Weekend: 0 Proposed Hours Open to Public Per 48-hour Weekend:0 Broadband Workstations:

Current # of Broadband Workstations: 10
Proposed # of Broadband Workstations: 20

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 3.00
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 60
# of Persons served per 120-hour business week (proposed target): 160
# of Persons served per 48-hour weekend (current): 20
# of Persons served per 48-hour weekend (proposed target): 40

Public Computer Center: Centro
Address Line 1: 1915 Chicago Avenue South
Address Line 2:
City : Minneapolis
State: MN
Zip: 55404

Computer Center Name /Type: Centro
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 50

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 20
Proposed Hours Open to Public Per 120-hour Business Week:30
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:0

Broadband Workstations:
Current # of Broadband Workstations: 4
Proposed # of Broadband Workstations: 20

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 3.00
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 25
# of Persons served per 120-hour business week (proposed target): 60
# of Persons served per 48-hour weekend (current): 0
# of Persons served per 48-hour weekend (proposed target): 0

Public Computer Center: Church of St. Phillip/Family Enrichment Network
Address Line 1: 2507 Bryant Avenue North
Address Line 2:
City : Minneapolis
State: MN
Zip: 55411

Computer Center Name /Type: Church of St. Phillip/Family Enrichment Network
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 100

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 20
Proposed Hours Open to Public Per 120-hour Business Week:20
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:
Current # of Broadband Workstations: 2
Proposed # of Broadband Workstations: 20

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 3.00
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 30
# of Persons served per 120-hour business week (proposed target): 40
# of Persons served per 48-hour weekend (current): 10
# of Persons served per 48-hour weekend (proposed target): 10

Public Computer Center: Hmong American Partnership
Address Line 1: 1206 42nd Avenue North
Address Line 2:
City : Minneapolis
State: MN
Zip: 55412

Computer Center Name /Type: Hmong American Partnership

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Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 25

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 42
Proposed Hours Open to Public Per 120-hour Business Week:42
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:0

Broadband Workstations:
Current # of Broadband Workstations: 6
Proposed # of Broadband Workstations: 15

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 1.50
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 25
# of Persons served per 120-hour business week (proposed target): 100
# of Persons served per 48-hour weekend (current): 0
# of Persons served per 48-hour weekend (proposed target): 0

Public Computer Center: Patchwork Quilt/Kwanzaa Freedom School
Address Line 1: 2100 Emerson Avenue North
Address Line 2:
City : Minneapolis
State: MN
Zip: 55411

Computer Center Name /Type: Patchwork Quilt/Kwanzaa Freedom School
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 5500

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 37
Proposed Hours Open to Public Per 120-hour Business Week:60
Average Hours Open to Public Per 48-hour Weekend: 5
Proposed Hours Open to Public Per 48-hour Weekend:8

Broadband Workstations:
Current # of Broadband Workstations: 14
Proposed # of Broadband Workstations: 24

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 1.50
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 40
# of Persons served per 120-hour business week (proposed target): 100
# of Persons served per 48-hour weekend (current): 25
# of Persons served per 48-hour weekend (proposed target): 50

Public Computer Center: Lifetrack Resources
Address Line 1: 709 University Avenue West
Address Line 2:
City : Saint Paul
State: MN
Zip: 55104

Computer Center Name /Type: Lifetrack Resources
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 3711

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 20
Proposed Hours Open to Public Per 120-hour Business Week:20
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:0

Broadband Workstations:
Current # of Broadband Workstations: 1
Proposed # of Broadband Workstations: 10

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 3.00
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 71
# of Persons served per 120-hour business week (proposed target): 71
# of Persons served per 48-hour weekend (current): 0
# of Persons served per 48-hour weekend (proposed target): 0

Public Computer Center: Minneapolis Public Housing Glendale
Address Line 1: 2709 Essex Street SE
Address Line 2:
City : Minneapolis
State: MN
Zip: 55414

Computer Center Name /Type: Minneapolis Public Housing Glendale
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 0

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 0
Proposed Hours Open to Public Per 120-hour Business Week:50
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:0

Broadband Workstations:
Current # of Broadband Workstations: 0
Proposed # of Broadband Workstations: 6

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): .00
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 0
# of Persons served per 120-hour business week (proposed target): 0
# of Persons served per 48-hour weekend (current): 0
# of Persons served per 48-hour weekend (proposed target): 0

Public Computer Center: Phyllis Wheatley Community Center
Address Line 1: 1301 10th Avenue North
Address Line 2:
City : Minneapolis
State: MN
Zip: 55411

Computer Center Name /Type: Phyllis Wheatley Community Center
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 7000

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 60

Proposed Hours Open to Public Per 120-hour Business Week:60
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:6

Broadband Workstations:
Current # of Broadband Workstations: 0
Proposed # of Broadband Workstations: 10

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 3.00
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 200
# of Persons served per 120-hour business week (proposed target): 300
# of Persons served per 48-hour weekend (current): 0
# of Persons served per 48-hour weekend (proposed target): 30

Public Computer Center: Project for Pride in Living
Address Line 1: 1925 Chicago Avenue South
Address Line 2:
City : Minneapolis
State: MN
Zip: 55404

Computer Center Name /Type: Project for Pride in Living
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 160

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 0
Proposed Hours Open to Public Per 120-hour Business Week:8
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:0

Broadband Workstations:
Current # of Broadband Workstations: 0
Proposed # of Broadband Workstations: 20

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): .00
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 0
# of Persons served per 120-hour business week (proposed target): 20
# of Persons served per 48-hour weekend (current): 0
# of Persons served per 48-hour weekend (proposed target): 0

Public Computer Center: Sabathani Community Center
Address Line 1: 310 E 38th Avenue South
Address Line 2:
City : Minneapolis
State: MN
Zip: 55409

Computer Center Name /Type: Sabathani Community Center
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 9200

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 110
Proposed Hours Open to Public Per 120-hour Business Week:9
Average Hours Open to Public Per 48-hour Weekend: 40
Proposed Hours Open to Public Per 48-hour Weekend:40

Broadband Workstations:
Current # of Broadband Workstations: 18
Proposed # of Broadband Workstations: 18

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 100.00
Proposed Facility Broadband Connection Speed (MBps): 100.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 90
# of Persons served per 120-hour business week (proposed target): 90
# of Persons served per 48-hour weekend (current): 30
# of Persons served per 48-hour weekend (proposed target): 30

Public Computer Center: YWCA Youth Achiever Program
Address Line 1: 375 Shelby Ave
Address Line 2:
City : Saint Paul
State: MN
Zip: 55102

Computer Center Name /Type: YWCA Youth Achiever Program
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 230

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 24
Proposed Hours Open to Public Per 120-hour Business Week:24
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:0

Broadband Workstations:
Current # of Broadband Workstations: 18
Proposed # of Broadband Workstations: 20

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 5.00
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 110
# of Persons served per 120-hour business week (proposed target): 110
# of Persons served per 48-hour weekend (current): 0
# of Persons served per 48-hour weekend (proposed target): 0

16. PCC- SBA Population Demographics

Age Distribution
Age Distribution: 0-4
Age Distribution: 5-19
Age Distribution: 20-29
Age Distribution: 30-39
Age Distribution: 40-49
Age Distribution: 50-59

Age Distribution: 60-69
Age Distribution: 70 and above

Ethnicity or ethnicities
Ethnicity: Hispanic
Ethnicity: Non-Hispanic White
Ethnicity: Non-Hispanic Black
Ethnicity: Non-Hispanic American Indian
Ethnicity: Non-Hispanic Asian
Ethnicity: Non-Hispanic Other

Gender
Gender: Female
Gender: Male

Median Household Income
Median Household Income: Less than $9,999
Median Household Income: $10,000 - $14,999
Median Household Income: $15,000 - $24,999
Median Household Income: $25,000 - $34,999

Submitted Date: 8/20/2009 7:54:32 AM	**Easygrants ID: 1158**
Funding Opportunity: Public Computer Centers and Sustainable Broadband Adoption	**Applicant Organization:** Regents of the University of Minnesota
Task: Submit Application - Non-Infrastructure Programs	**Applicant Name:** Kevin J McKoskey

Educational Levels
Educational Levels: Nursery school - Preschool
Educational Levels: Elementary - Kindergarten - Grade 5
Educational Levels: Middle - Grade 6 to Grade 8
Educational Levels: Secondary - Grade 9 to Grade 12

Disabilities status
Disabilities status : A condition that substantially limits one or more basic physical activities such as walking, climbing stairs, reaching, lifting or carrying
Disabilities status : A physical, mental or emotional condition lasting 6 months or more

Unemployment Rate
Unemployment Rate: 35.00

Language
Language : English - Primary
Language : English - Second Language
Language : Non-English Speakers

17. Public Computer Centers Outreach

Given the diversity of the nearly 17,000 residents served through our community computer centers, a multi-faceted outreach strategy will be deployed. The University of Minnesota will partner with the Minnesota Multi-Cultural Media Consortium (MMMC), a community-based media nonprofit, as a means to effectively reach the vulnerable populations served through the Broadband Access Project. MMMC has seventeen years of experience in reaching successfully local communities of color through newspapers, radio and TV advertising, booths at local festival and holiday celebrations, town hall meetings, and print and web advertising. MMMC is a membership organization, comprised of a majority of the minority newspapers and radio stations in the state of Minnesota. The main purpose of MMMC is to provide a variety of media-related services to Minnesota communities of color and to promote community building in minority communities through media and communications projects. Reaching audiences of up to 300,000 people of color, MMMC offers the breath of languages, cultural, age ranges, and life experiences of the residents served by this project, a multi media, culturally and linguistically sensitive approach is crucial to get the word out regarding the availability of broadband access through the public computer centers and the training available.

We have chosen to partner with MMMC to reach residents because many of the communities being served by this project can be challenging to contact through main stream venues. For example the Somali community is best contacted through community meetings called together by the community elders, Somali radio or TV as well as by word of mouth. MMMC will create an outreach strategy for each of the groups served by working one-on-one with that community.

Public Computer Center Capacity: Training and Educational Programs

18. Public Computer Centers Peripherals and Equipment

Each computer lab will have the following peripherals and equipment:

Peripherals and Equipment
Desktop or Laptop Computer
25-ft. RJ-45 Cat6 Stranded Patch Cable – Blue
Mouse/Marble Ergonomic Mouse
Keyboard/Large Print Keyboard
Mousepad
Power Strip
Black & White Laser Printer
Multimedia Projector (4)

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2-Port VGA SVGA Video Splitter
6-ft. VGA Monitor Cable
Toner/Paper for Printer
25-ft. VGA Monitor Extension
Adjustable Table and Chair

19. Public Computer Centers Workstation Software

Each workstation will have the following software installed:

Workstation Software
Microsoft Encarta Premium 2007
Microsoft Office 2007
Adobe Photoshop Elements 7

There is no charge for this software based on a contract with IBM or from Tech Soup, which provides free software for low-income communities.

20. Public Computer Centers Training and Education Programs

Our Broadband Access Project has an extensive training program, which includes the adaptation of five existing computer manuals and the development of at least three additional materials. Each guides the learner from basic training in broadband and Internet use to content areas including education, health care, youth, job opportunities, and community and economic development. The short- and long term goals are to increase broadband access and awareness to improve the lives of vulnerable populations in high-poverty communities.

Training: University of Minnesota community computer experts, Nam Nguyen (adult learners) and Ken Nelson (youth, seniors, and public housing residents) will expand and adapt their training programs currently used for the model on-campus BCED computer center. Over the course of the last year, both have been working on a small-scale basis helping to patch together struggling computer labs in the areas identified by this grant. To expand their effort to the level of a new pilot study, Nguyen and Nelson will train four Broadband Apprenticeship Teams (BATs) comprised of a licensed teacher (laid off or retired) or other appropriate community resident (laid off or under-employed) with technology experience, and two community members or recent technology graduates from technical schools looking for on-hands training (laid off, under-employed or needing an apprenticeship). They also will use "retraining" to strengthen skills of the employee currently running the lab. Under the direct supervision of Nguyen or Nelson, the BATs will establish broadband and Internet capability and install computers and base Internet software, printers, and shared LCD projectors. They also will provide support during center hours and implement apprentice experiences providing on-job training. There will be a minimum of forty-nine instructors acting in the capacity of "trainers." In addition we envision many of the community residents themselves becoming trainers. Each team will serve for a period of one year thereby, creating thirty-six new jobs and retraining ten others (one current computer center employee per site). Thirty-six employees will emerge from their apprenticeship with the technology skills to work in a computer lab or a hotline. The Broadband Apprenticeship Team will, in-turn, train the users of the computer labs through a series of selected classes focusing on broadband, Internet, education, job opportunity, health care, and economic and community development. We estimated that 17,000 residents will be trained over the life of the grant with sustained interest in broadband usage.

Educational Curricula: As previously described, the University of Minnesota has five existing manuals/materials for training broadband and Internet designed specifically for rural Minnesotans through our Extension Services. While each manual needs updating, they provide the basis for shaping the adult curricula (See letter of support from Extension Services). Under the scope of the Broadband Access Project new manuals/materials will be updated, adapted, and translated for the communities we serve. The materials will contain culturally and linguistically appropriate content. These training materials will be provided without cost to those who use and train in the eleven community computer centers. Each manual focuses on job creation, economic opportunities, health care, and community and economic development. A curriculum development and cross-cultural trainer will be hired to develop these new materials and design a new curriculum for children and youth using the centers. On-going qualitative and quantitative evaluation will provide data for shaping the content of these new manuals as well as providing a clear understanding of the users' needs—an important component given the overall diversity of the project.

Student certification programs. Students from the University of Minnesota, technical schools, community colleges or who reside in the neighborhoods served may participate as part of the Broadband Apprenticeship Team for a certificate through University of Minnesota Extension programs—this is under discussion and will be finalized by the beginning of the project. Our training and educational approach results from combined decades of experience working with distance education, adult learners, early childhood development, business prototypes, small business and nonprofits, and community outreach. We know from extensive work with community partners that their input is crucial to the success of every community-based program.

Lessons learned. Three years ago the University of Minnesota through its Urban Research and Outreach/ Engagement Center (UROC) set upon a new approach to community outreach based on the broad philosophical principles of participatory action research and community-based participatory research; both emerging best practices in the field of civic engagement. On the Northside of Minneapolis focus groups and town hall meetings have lead the community to express an interest in participating in engaged research around the self-selected topics of education and job skills training, health disparities, nutrition, family development, and community and economic development. It is an approach to issues in which the desired outcome is positive social and economic change; this kind of positive change has been requested definitively by the community served by this project. Positive social change can be defined as adjustments to living conditions, services or policy that make life better for people living in a given community as defined by that community.

E-2- Project Benefits – Sustainable BroadBand Adoption

21. Innovative Approach to Sustainable Broadband Adoption

22. Sustainable Broadband Adoption Household Subscribers.

How many total new home subscribers (household accounts) to broadband do you expect to generate through use of BTOP funds over the entire life of the program funded?

23. Sustainable Broadband Adoption Institutional Subscribers.

How many total new business and/or institutional subscribers to broadband do you expect to generate through use of BTOP funds over the entire life of the program funded?

24. Sustainable Broadband Adoption Users of Public Access Facilities.

How many total **users** of broadband in public computer centers or **users** of broadband **outside the home** (e.g., in a community college) do you expect to generate through use of BTOP funds over the entire life of the program funded?

25. Sustainable Broadband Adoption Population Demographics.

Please refer to PCC – SBA Demographics section (Section E1- Question 17)

26. Sustainable Broadband Adoption People Trained/Educated.

If you intend to provide training or education, how many people **in total** will your program(s) reach?

27. Sustainable Broadband Adoption - Scope of Training/Education Programs.

How many hours of training do you expect to provide *per person on average* for each participant in your training program(s), through completion of training for that individual? If you will offer multiple programs, provide estimates for each program.

28. Sustainable Broadband Adoption Instructor Qualifications.

How many (FTE) instructors/facilitators will you employ for broadband and digital literacy training purposes, and what are their qualifications (training and experience)?

29. Sustainable Broadband Adoption Equipment Purchased.

How many broadband-related equipment units (e.g. computers, wireless devices) do you intend to purchase overall?

30. Sustainable Broadband Adoption Cost of Devices.

What is the total up-front cost of this equipment?

31. Sustainable Broadband Adoption Loan Program Participants.

If you are providing an equipment purchase or loan program, for how many households, businesses and/or institutions do you expect to provide equipment or computers?

Number of Households:
Number of Businesses:
Number of Institutions:

32. Sustainable Broadband Adoption Loan Cost to Borrower.

If you are employing a loan program for purchases of service or equipment, what will be the total cost to the typical customer you assist over the life of the loan, including all interest and fees?

33. Sustainable Broadband Adoption Target Population, Awareness Campaign.

If you are conducting an awareness campaign, how many people do you expect your campaign will reach?

34. Sustainable Broadband Adoption Awareness Campaign Methods

35. Measuring Campaign Impact for Sustainable Broadband Adoption

36. Sustainable Broadband Adoption Total Cost Per New Subscriber.

What is the total cost of your project per new subscriber (household, individual, or institutional) or new end-user?

F. Project Viability

Technical Viability

37. Technology Strategy

37 - A. Public Computer Center Technology Strategy

We will develop an individualized Technology Plan for each of our Community Technology Centers and work with the University of Minnesota's Office for Information Technology to implement the WAN/LAN build-out. We will use equipment and software approved and supported by the University. We plan to provide Comcast Business Class Internet to each of our Community Technology centers. Each center will have 55/5 Mbps and the following:
Support 24x7 Business Class Support
Equipment Included IP Gateway with Firewall & Router
Applications: Included MacAfee Virus Scan (up to 25 PCs)
Included Microsoft Communications Services
Email
Microsoft Outlook 2007 with both desktop and web access
2 full access e-mailboxes with 2Gb storage
Shared and synchronized email, calendar and task lists
Windows
SharePoint
• 1 site per company
• 2Gb total storage Shared documents and files
Mobile support
• Support for mobile devices with
Microsoft ActiveSync + iPhone
This software is free based on the Comcast package.

37 - B. Sustainable Broadband Adoption Technology Strategy

Organizational Capability

38. Management Team Resumes.

Please refer to upload section at the end of document.

39. Organizational Readiness

For the last three years, BCED has run an on-campus computer lab designed to serve the public, nonprofits, and small businesses from economically distressed communities. The BCED lab will serve as the hub and model for our Broadband Access Project. BCED partnered with IBM in 2005 to create an upscale training lab to meet the technology needs and interests of nonprofits and small businesses from areas with high concentrations of people living in poverty; 378 were trained in the lab over a three-year period. The BCED Computer Training Lab has ten fully networked computers with high-speed Internet connections, one instructor station with computer, and a projection screen. The overall goal and focal point of the BCED Computer Training Lab is for training and education. The lab was created for the purpose of bridging the digital divide, fostering basic and advanced computer literacy skills, and helping enrich our community; thus creating a skilled workforce. The types of computer workshops offered include the areas of Accounting & Finance, Microsoft Office, Database Development, Graphic/Illustration, and Web Development. Introductory, Intermediate and Advanced sessions are offered in the following: QuickBooks, Word, Excel, Access, PowerPoint, Outlook, FileMaker Pro, Visio, Photoshop, Illustrator, Publisher, FrontPage, and Dreamweaver. The on-campus lab in conjunction with work being done on a small scale basis has prepared the University of Minnesota to extend this model to eleven computer centers across the Twin Cities area.

The University of Minnesota Urban Research & Outreach/Engagement Center (UROC) is an effort to "build healthier families and stronger communities together." The University's approach is to partner with the residents and businesses in urban communities to strengthen them and to use our resources as a research institution to contribute towards developing solutions to what some have called "intractable" urban problems. From its inception, the UROC has been guided by the principles of democratic participatory action research. For example, after three years of town hall meetings and focus groups the Northside community settled upon three pillars that now guide the partnership's strategic planning process and its future activities and programs. They are education, economic and community development, and urban wellness. Our Broadband Access Project would be an expansion of the UROC project, in other words, working with the communities in a respectful manner that empowers

the communities to have their needs met. Through on-going surveys, evaluation, and analysis, input from all eleven computer sites will be used to continuously shape and reshape the curriculum and training.
The University of Minnesota has the experienced necessary and is prepared to carry out the project as described in this proposal.

40. Organizational Chart.

Please refer to upload section at the end of document.

Community Involvement

41. Key Partners

Contact: Nghi Huynh
Organization: Minnesota Multi-Cultural Media Consortium
Role: Sub-award for outreach, recruitment, and translation

Contact: Father Jules Omba
Organization name: Church of St. Philip/Nellie Stone Johnson School
Role: Community Computer Lab

Contact: Mr. Edwin Irwin
Organization name: Patchwork Quilt at Kwanzaa Freedom School
Role: Community Computer Lab

Contact: Barbara Milon
Organization name: Phyllis Wheatley Community Center
Role: Community Computer Lab

Contact: Sarah Koschinska
Organization name: Project for Pride in Living
Role: Community Computer Lab

Contact: Roxana Linares

Organization name: Centro
Role: Community Computer Lab

Contact: Bobby Lay
Organization: Sabathani Community Center
Role: Community Computer Lab

Contact: Evelyn LaRue
Organization: Glendale Townhomes—Minneapolis Public Housing
Role: Public Housing Computer Lab

Contact: Bao Vang
Organization: Hmong American Partnership
Role: Community Computer Lab

Contact: Cindy Thompson
Organization: Lifetrack Resources
Role: Community Computer Lab

Contact: Joscelyn Wiedow
Organization: YWCA
Role: Community Computer Lab

Contact: Dan Huynh
Organization: Asian Community Technology Center
Role: Community Computer Lab

42. Partnering with Disadvantaged Businesses

In 2005-2008, 101 nonprofits and 193 small disadvantaged businesses that served underserved communities trained in the BCED hub computer lab in broadband, Internet, and a series of software designed specifically for nonprofits and small businesses serving disadvantaged communities. The community computer centers and the BCED hub lab will continue to train nonprofits and small disadvantaged businesses under the auspices of the Broadband Access Project. We estimated that 70-80 nonprofits and small disadvantaged businesses will be trained for a total of 210-240 over the course of the grant.

Ability to Start Promptly & Timeline

43. Project Timeline and Challenges

Timeline Key Activities Staffing

Phase I: Development and design

Year 1 Rollout
January 2010-December 2010

FIRST QUARTER 2010

- Work with centers selected for year 1 rollout to develop implementation plan.
– Church of St. Philip/Nellie Stone Johnson School. Centro, Lifetrack Resources, and Minneapolis Public Housing – Glendale.
- Upgrade Office for Business & Community Economic Development Computer Training Lab.
- Work with Broadband Internet Provider to provide wiring and service to all selected center sites.
- Hire and train Broadband Apprentice Teams (BATs).
- Develop and implement computer center staff orientation workshops.
- Implement Internet Safety Workshops for all centers.
- Design evaluation and measurement tools.
- Revise curriculum materials.
- Translate teaching materials.
- Collect survey information from community.
- Implement marketing and information campaign.

Challenges: Upgrading while computer center in use; identifying curriculum specialist with technology expertise and cultural sensitivity. -Irma McClaurin, PhD

-Craig Taylor
-Nam Nguyen
-Ken Nelson
-Geoff Maruyama
-Evaluation Specialist
-Curriculum Developer
-Broadband Apprentice Teams

-Minnesota Multicultural Media Consortium
-Community center technology specialist from Church of St. Philip/Nellie Stone Johnson School, Centro, Lifetrack Resources, and Minneapolis Public Housing—Glendale
Phase II:
Year 2 Rollout

January 2011-December 2011
- Maintain work with first year center
- Hire and train second phase of Broadband Apprentice Teams
- Work with centers selected for year 2 rollout to develop implementation plan – Sabathani Community Center, Project for Pride in Living, Phyllis Wheatley Community Center, and YWCA Youth Achievers Program.
- Hire and train Technology Teaching Teams.
- Implement evaluation and measurement tools.
- Revise curriculum materials using evaluations.
- Update and refine translations of teaching materials using input from evaluations.
- Implement marketing and Information campaign.
- Independent of grant support, draft a sustainability plan of action for local funders.

Challenges: Upgrading while computer center in use, translating manuals in timely fashion, meeting needs of increasingly diverse audiences, identifying sources to sustain centers at current standards beyond grant. -Irma McClaurin, PhD
-Craig Taylor
-Nam Nguyen
-Ken Nelson
-Geoff Maruyama
-Evaluation Specialist
- Curriculum Developer
-Broadband Apprentice Teams
-Minnesota Multicultural Media Consortium
- Community center technology specialist from Sabathani Community Center, Project for Pride in Living, Phyllis Wheatley Community Center, and YWCA Youth Achievers Program
Phase III:
Year 3 Rollout

January 2012-December 2012

- Maintain work with centers from Years 1 & 2
- Hire and train final phase of the Broadband Apprentice Teams
- Work with centers selected for year 3 rollout to develop implementation plan – Hmong American Partnership, Patchwork at Kwanzaa Freedom School, and Asian Community Technology Center.
- Implement evaluation and measurement tools.
- Update and refine translations of teaching materials using input from evaluations.
- Implement marketing and Information campaign.
- Work on sustaining centers at current standards.

Challenges: Upgrading while computer center in use, translating manuals in timely fashion, meeting needs of increasingly diverse user audiences; sustainability. -Irma McClaurin, PhD
-Craig Taylor
-Nam Nguyen
-Ken Nelson
-Geoff Maruyama
-Evaluation Specialist
-Curriculum Developer
-Broadband Apprentice Teams
-Community center technology specialist from Minnesota Multicultural Media Consortium Hmong American Partnership, Patchwork at Kwanzaa Freedom School, and Asian Community Technology Center

44. Non-Infrastructure Projects - Licenses and Regulatory Approvals
N/A

45. Legal Opinion.
Please refer to upload section at the end of document.

G. Project Budget & Sustainability

Project Profile: Budget and Budget Narrative

46. Budget Narrative
Co-PIs—Irma McClaurin and D. Craig Taylor, 5% cost-shared effort respectively, will serve as the co-PIs of the grant. They will be responsible for the overall running of the

program, adherence to federal guidelines, and supervise the technology leaders, Ken Nelson and Nam Nguyen. They are also responsible for reporting, progress reports, and approach of the content for the training materials.
Geoff Maruyama, 10% cost-shared effort will assist in the evaluation of the overall project and assist in the supervision of the evaluation/program coordinator.
Kenneth Nelson, Program Manager, 30% cost-shared effort. Kenneth will oversee the upgrade standardization, & installment of new equipment & broadband service in each of the 11 computer labs, the development & implementation of new public housing computer lab. He will assist in training the Broadband Apprenticeship Team & existing community computer staff. He is also responsible for assisting in the creation & adaption of the computer manuals, especially materials for children and youth, for each community center.
Nam Nguyen, Training Coordinator, 40% cost-shared effort. Nam will oversee the training of the 24 Broadband Apprenticeship Team members & the existing community computer manager in the BCED computer hub. Each team will be trained in broadband equipment & usage as well as master all the training materials relevant to their respective centers. Training will be on-going over the course of grant.
Program & Evaluation Specialist, 100% effort, $61,818 Federal expense, $61,818 cost-share expense per grant, TBA. The associate will oversee the day-to-day operations of the project as well as design a holistic evaluation for the entire project. Community input from vulnerable populations is crucial to designing the appropriate training materials & this information will be gathered through diverse means appropriate to the population in question. For example, the information may be gathered through oral interviews, some must be translated. Thereby, the collection of this data is very slow going. One 1.0 FTE new job creation.
Curriculum Developer, 100% effort, $69,546 Federal expense, $69,546 cost-share per grant expense, TBA. This position will be responsible for adapting & updating all of the manuals used for the 17,000 users served by the 11 computer labs. 8 computer manuals will be made culturally & linguistically appropriate for the diverse populations served by the project. One 1.0 FTE new job creation.
Broadband Apprenticeship Team Leaders, 100% effort, $432,728/grant Federal expense. 4 Technology Team Leaders will provide the installation of computer equipment, broadband & Internet access, support for the community based computer manager, & be responsible for training the Broadband Apprenticeship Team & the lab users. Twelve 1.0 FTEs new jobs created.
Broadband Apprentices, 100% effort, 694,336/grant Federal expense. The apprentices will include community residents, recent graduates from technical schools, & laid-off workers

looking to enhance their skills & gain hands-on experience working in a computer lab. During their training apprenticeship they will gain the experience to be hired for a technology job. 24 new 1.0 FTE jobs will be created.
UROC Computer Specialist, $7,727/grant cost-share. The computer specialist will serve as technical support for the 11 computer sites.
Minnesota Multi-Cultural Media Consortium sub-award expenses of $195,087 Federal expense; $68,679 cost-share/grant represent the costs of the three-year media campaign including radio, TV, & public event announcements of the public computer labs & a website for all of the computer labs. The cost-share reduces the market rate of these expenses.
Community Computer Lab equipment expenses: $269,930 Federal expense; $3,600 cost share/grant: To equip 11 computer labs with an total of 142 computers with cables, mouse pad, power strips; 11 black and white printers (one per lab) with paper, toner, and cables; 4 LCD projectors with screens for trainings (shared across labs); ADA compliant equipment; computer desks, chairs; Internet Upgrade service estimated with Comcast at $89.95/month per center; six laptop computer will be donated to the project.
Training: Manuals: $7,727/grant Federal expense; $28,000/grant cost share. To facilitate training each of the eleven computer centers will receive a set of two basic e-manuals on basic broadband & Internet use to use in their labs; all 148 stations will be equipped with manuals. In addition, the manuals & other training materials will be available electronically. Electronic versions encourage mastery of broadband, the Internet, & computer skills. The thirty-six, Broadband Apprenticeship Team leaders will train in the BCED hub at (1 week/once a year/8-hour sessions) $600/day x 5 days x 3 years = $9,000; Training for Apprentices (1 week/once a year/8-hour) sessions) $600 x 5 days x 3 years = $9,000; community computer managers on-going refresher training at the rate of (once a month/4-hour session) $300/half day x 12 x 3years for a total of $10,800 to total $28,800 cost share.
Minneapolis Public Housing expense: $19,680/grant cost share for volunteer recruitment and contributions by volunteers at the rate of $2090 per year and $19,680 over the life of the grant.
Transportation: $35,681/grant Federal Expense. As part of the job creation, and to facilitate the Broadband Apprentice Teams travel to multiple sites, each member of the team and the BCED coordinator, will be provided with a Metropass at the University discounted faculty/staff rate.
Convenings: $3,709/grant Federal Expense. Each month, as part of development of a professional network for community computer centers directors, a convening will be held to introduce participants to changes in broadband standards & information, & to complete surveys about use, develop ongoing evaluation, & identify challenges that might impede progress.

47. Non-Infrastructure Projects - Budget Reasonableness

Each expense on the Broadband Access Project is an allowable and allocable expense based on the terms and conditions of OMB Circular A110 and OMB Circular A21. The expenses have been carefully calculated to meet the unique needs of the vulnerable populations being served. Since the federal community computer lab funding of the 1990s, many community computer labs, including those listed in this proposal, have been patching together service for their communities with sporadic donations from the local donors, largely faith-based. As a result, the eleven communities served by this grant are struggling to provide basic computer access, let alone broadband and Internet access, to their constituencies. Only with Federal Stimulus funds will these computer labs be able to serve their residents in a way that gives them up-to-date access to broadband and the Internet as well as much access to crucial information regarding health care, education, job opportunities, and youth.

Given the racial, ethnic, age, and immigrant diversity of the populations served by this project, it is imperative that the training and accompanying materials align perfectly with those populations. For the 17,000 people served, many manuals will have to be translated with linguistic and cultural sensitivity. And, the training staff will need to meet the same standards to work with this specific population.

Given that this project is a pilot study which rolls out and adapts a successful model, the timeframe and expense allocation is appropriate for the scope and timeframe of the project. It also employs a 'train-the-trainer' approach, which allows our technology experts to engage in a Broadband Apprenticeship Team. Since we have successfully trained 378 members from these areas on-campus, we will be able to expand our operation while creating jobs at the same time. Rates for computers and support equipment were based on the University of Minnesota's discounted rate. Broadband rate was discounted due to number of sites served. Chairs and desks were discounted from the vendor who supplied furnishing for the new Urban Research and Outreach/Engagement Center opening in fall 2009.

48. Demonstration of Financial Need

In October 2008, the Office for Business Community and Economic Development (BCED) submitted a proposal to the Pentair Foundation for a Digital Divide project, which sought support for the Centro and Project for Pride in Living computer labs located in Empowerment Zones on the Southside of Minneapolis. Funding for that project was denied.

Given the large scale scope of the Broadband Access Project, Federal Stimulus support is the only option for helping these vulnerable populations gain access to broadband and the accompanying support programs regarding health care, education, job and economic opportunities.

49. Historical Financial Statements.

Please refer to upload section at the end of document.

Project Profile: Long Term Sustainability

50. Sustainability.

51 - A. Public Computer Center Sustainability

With generous support from the Federal Stimulus funds, eleven computer labs will be able to improve broadband access to 17,000 users and educate them in supporting information in education, health care, job opportunities and other economic growth information. The State of Minnesota ranks among the highest in private and corporate giving, and the Urban Research and Outreach/Engagement Center as well as the Office for Business and Community Economic Development will assist of the eleven computer centers in securing support after the life of the grant. These offices have a development and grant writer who will be able to identify viable funding opportunities and assist in writing competitive proposals for the upkeep of the centers. Since most of the computer center support is built into this proposal, future proposals will seek support for the upkeep and maintenance of the centers. The training teams will be supported through asks of corporate partners.

51 - B. Sustainable Broadband Adoption Sustainability

Project Profile: Outside Leverage

51. Matching Funds.

Please refer to upload section at the end of document.

52. Unjust Enrichment

Not applicable.

53. Disclosure of Federal and/or State Funding Sources

Not applicable.

54. Buy American.

Is the applicant seeking an individual waiver of the Buy American provision?
No

Buy American Waiver Request Explanation

H. DOC Environmental Checklist

55. **SECTION 1** – Please refer to upload section at the end of document.

I. Compliance and Certification

56. Certification and signature.

Please refer to upload section at the end of the document.

Submitted Date: 8/20/2009 7:54:32 AM	**Easygrants ID: 1158**
Funding Opportunity: Public Computer Centers and Sustainable Broadband Adoption	**Applicant Organization:** Regents of the University of Minnesota
Task: Submit Application - Non-Infrastructure Programs	**Applicant Name:** Kevin J McKoskey

Uploads

The following pages contain the following uploads provided by the applicant:

Upload Name
02. Q24 PCC; Q29 SBA - Management Team Resumes
03. Q26 PCC; Q31 SBA - Organization Chart
04. Q27 PCC; Q32 SBA - Key Partners
05. Q28 PCC; Q33 SBA Partnering: Disadvantaged Bus
06. Q35 PCC; Q40 SBA - Historical Financial Statem
08. Environmental Checklist
09. Compliance and Certifications*
10. CD-511 Certification - Lobbying, Upper Tier*
12. SF-424A Budget Information Non-Construction**
13. SF-424B Assurances Non-Construction
17. Legal Opinion*

18. Authentication*
19. Supplemental Information 1
20. Supplemental Information 2

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Lead Co-PI
Irma McClaurin, PhD, is an Associate Vice President for System Academic Administration and Executive Director of the first Urban Research and Outreach Engagement Center at the University of Minnesota. With over 18 years of administrative experience in higher education and beyond, previously she worked as a program officer at the Ford Foundation where she managed an annual budget of $10.5M and was responsible for overseeing 49 active grants. Under her leadership four grantees received almost $5M in reserve funding for endowments, and she collaborated with the media policy portfolio to fund the grant "Rethinking the Discourse on Race: A Symposium on How the Lack of Racial Diversity in the Media Affects Social Justice and Policy." Prior to joining FF, she was Deputy Provost at Fisk University where she had fiscal oversight for a $3M operating budget for academic affairs, and was responsible for administering and monitoring compliance for three activities under the University's Title III federal grant. She supervised Fisk's Sponsored Research office, and coordinated the institution's Institutional Review Board. While at Fisk, she helped implement a community engagement technology certificate program for Hispanic high school students. As Executive Director of UROC, she has helped coordinate the $2.8M renovation of a former commercial facility, and will oversee an annual operating budget of $900,000. A tenured associate professor in the department of anthropology, McClaurin is the author of Women of Belize: Gender and Change in Central America, and Editor of the award-winning Black Feminist Anthropology: Theory, Politics, Praxis and Poetics. She is also a former Diplomacy Fellow at USAID (orange-level security clearance) through the American Association for the Advancement of Science (AAAS) Science and Technology program.
Co-PI
D. Craig Taylor is currently the Director of the Office for Business & Community Economic Development and the newly formed Center for Innovation & Economic Development at the University of Minnesota. Craig earned a B.S. Degree in Urban Government from the University of Minnesota and a Masters Degree in Public Affairs from the Hubert Humphrey Institute at the University of Minnesota. He has completed Executive Management Development programs at Harvard University and the University of Minnesota's Carlson School of Management. Prior to working with the University he worked for Excel Energy (formerly NSP) as the Director of Small Business Development and the National Minority Contractors Foundation as the Foundation Vice President. He has received numerous national and local awards for his work in the community and he has served and/or serves on numerous Boards both locally and nationally. Most recently Craig was appointed by the Obama Administration to serve on the Minnesota State Advisory Board to the United States Commission on Civil rights.
Nam Nguyen
Nam Nguyen is the Manager of Technology Services for the Office for Business & Community Economic Development at the University of Minnesota. He provides technology support and ensures the maintenance of a computer training lab and development of computer classes that fit the needs of nonprofit organizations and small businesses. He has a Bachelor of Science degree in Computer Science with extensive experiences in software engineering and web development. He oversees the Digital Divide Initiative and its outreach efforts in assisting with technology/computer training programs to increase technology knowledge and skills for individuals, families and agencies.
Kenneth Nelson
Kenneth Nelson is currently the Program Supervisor for the Office for Business & Community

Economic Development's Digital Divide Initiative. Kenneth has worked in the field of technology for over 30 years and has extensive experience in designing and implementing community-based technology empowerment programs. Kenneth received his B.A. from Indiana University. Kenneth was recently recognized as a Modern Day Technology Leader at the 23rd Annual Black Engineer of the Year Awards. Kenneth manages the day-to-day operation of programs offered by the Digital Divide Initiative.

Minnesota Multicultural Media Consortium

The Minnesota Multicultural Media Consortium (MMMC) is a 501(c) 3 nonprofit corporation created to be the service arm of minority publishers and broadcasters in Minnesota. MMMC is a membership organization consisting of most of minority newspapers, radio stations in the state, along with community business leaders as association members. Its main purpose is to provide a variety of media-related services to Minnesota communities of color and to promote community building in minority communities through media and communications projects. MMMC has also interests to work on Economic/Business Development Projects. For the Broadband Access Project, MMMC will work with media members to create a community awareness campaign including publicity, events, newspaper/radio/web advertising, and community events to maximize participation. MMMC will help develop materials in ways that are accessible to the specific cultural and racial groups served by the project including preparing culturally and linguistically appropriate materials translated into Hmong, Somali, and Spanish. MMMC will also create a website announcing the labs and the services they offer to the community.

F.27 Key Partners.
Contact: Nghi Huynh
Organization: Minnesota Multi-Cultural Media Consortium
Role: Sub-award for outreach, recruitment, and translation

Contact: Father Jules Omba
Organization name: Church of St. Philip/Nellie Stone Johnson School
Role: Community Computer Lab

Contact: Mr. Edwin Irwin
Organization name: Patchwork Quilt at Kwanzaa Freedom School
Role: Community Computer Lab

Contact: Barbara Milon
Organization name: Phyllis Wheatley Community Center
Role: Community Computer Lab

Contact: Sarah Koschinska
Organization name: Project for Pride in Living
Role: Community Computer Lab

Contact: Roxana Linares
Organization name: Centro
Role: Community Computer Lab

Contact: Bobby Lay
Organization: Sabathani Community Center
Role: Community Computer Lab

Contact: Evelyn LaRue
Organization: Glendale Townhomes—Minneapolis Public Housing
Role: Public Housing Computer Lab

Contact: Bao Vang
Organization: Hmong American Partnership
Role: Community Computer Lab

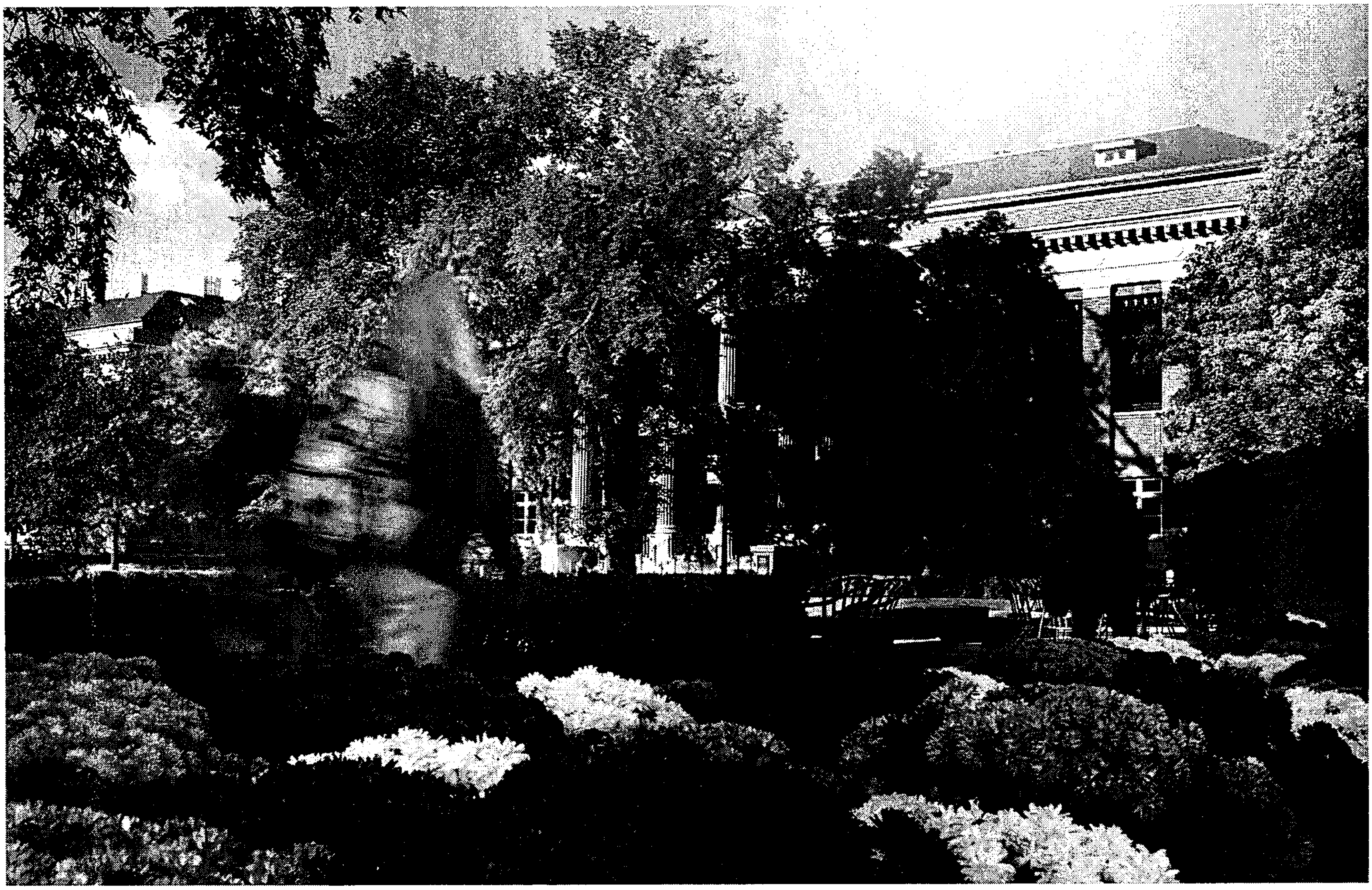
Contact: Cindy Thompson
Organization: Lifetrack Resources
Role: Community Computer Lab

Contact: Joscelyn Wiedow
Organization: YWCA
Role: Community Computer Lab

Contact: Dan Huynh
Organization: Asian Community Technology Center
Role: Community Computer Lab

28 Partnering with disadvantaged businesses.

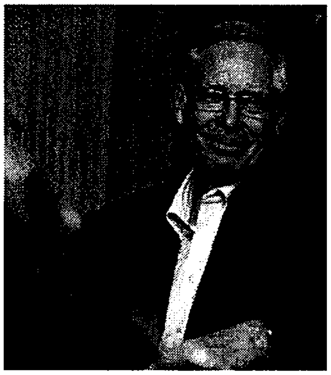
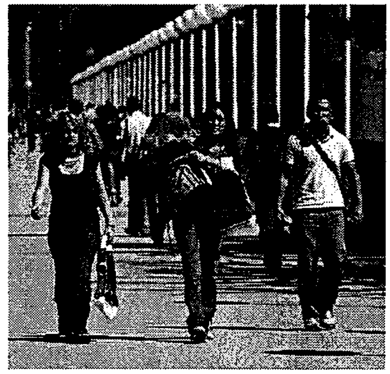
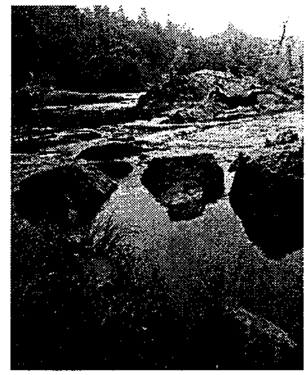
In 2005-2008, 101 nonprofits and 193 small disadvantaged businesses that served underserved communities trained in the BCED hub computer lab in broadband, Internet, and a series of software designed specifically for nonprofits and small businesses serving disadvantaged communities. The community computer centers and the BCED hub lab will continue to train nonprofits and small disadvantaged businesses under the auspices of the Broadband Access Project. We estimated that 70-80 nonprofits and small disadvantaged businesses will be trained for a total of 210-240 over the course of the grant.



Managing for Tomorrow | 2008 Annual Report

UNIVERSITY OF MINNESOTA
Driven to Discover

Managing today for a better tomorrow

In the Middle Ages, people believed that lead could be transformed into gold. You can imagine the appeal: the ordinary suddenly becomes extraordinary; the poor magically become rich.

While alchemy was a forerunner to chemistry, there's a reason we don't teach it at the U. Transformative change is never that easy, especially in an organization as complex and rooted as ours. It takes sustained focus, effort, and discipline. Management guru Peter Drucker once insisted, "The only things that evolve by themselves in an organization are disorder, friction, and malperformance." To avoid this, exceptional organizations must practice constant vigilance and continuous improvement.

In the 2008 State of the University Address in March, I said that the University must solve many of its own problems. Our comprehensive strategic plan—along with the hard work of our exceptional leadership team, faculty, staff, and students—has brought the University progressively closer to its aspirational goals. But we are a university on the brink. In the face of substantial economic challenges, we are faced with a choice: scale back investments in our strategic priorities, or identify entrepreneurial ways to reduce costs, increase productivity, and develop new sources of revenue.

This is not a difficult decision to make. As Minnesota's public research and land-grant university, we bear a unique responsibility to be a steward of the public trust. We meet this responsibility through our commitment to our students in the form of an exceptional education, strong financial and academic support, and outstanding service. We also demonstrate it by our commitment to sustainability, ensuring that our values and priorities work to support the long-term vitality and quality of life in Minnesota.

Most importantly, we do it by running an efficient and effective organization dedicated to productivity and sound financial management. As I said in March, for each investment we make, the University must answer three key questions:

- Is this investment a clear priority that will move us closer to one or more of our strategic objectives?

- Are we applying the appropriate existing resources to support this investment?
- How can we grow new resources to support this investment?

Our planning processes encourage this "examination of conscience" already, but we must apply these questions universally. It is our duty every day to ensure that every dollar we spend advances the mission of the University and the future of Minnesota.

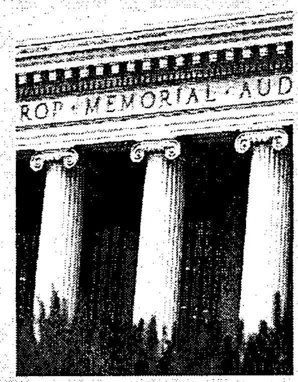
We are currently examining our five major revenue sources—state appropriations, tuition and fees, sponsored funding, private support, and existing resources—to determine the appropriate role of each in financing the University of Minnesota's long-term future. Our ultimate goal is to move the University beyond a year-to-year (or biennium-to-biennium) approach to budgeting and into a more stable partnership with the state and other supporters. Since the future remains fluid, we will never know what the next legislative session holds, but we must seek a budget model that accurately reflects where we are, where we've been, and where we are likely headed.

The University's leadership team also has identified three major initiatives that show great potential for reducing costs and improving productivity while fundamentally changing the way we operate. First, we will improve and expand our e-education offerings, finding ways to support existing degree programs, reduce duplication, and ensure quality. In doing so, we expect to increase enrollment and revenue while improving service and graduation rates. Second, we will reform purchasing to make better use of single-enterprise solutions, technology, and space, resulting in greatly reduced costs and overhead for all units systemwide. Finally, we plan to implement a geographic information system (GIS) to better inventory and monitor our physical assets statewide in order to use space more efficiently, coordinate maintenance and plan new construction, and improve campus safety and responsiveness.

While these major initiatives warrant special mention due to their scope and cost-savings potential, our commitment to high-quality management and continuous improvement is systemic and is evident in the decisions, big and small, we make every day. Transforming the U is not alchemy, but metamorphosis: a deep and abiding change not in our essential nature but in how that nature is manifest. Like a caterpillar in its cocoon, the most profound changes are occurring behind the scenes, and the result when we emerge will be truly magnificent.

Robert H. Bruininks

Robert H. Bruininks
President


Financial Report

To the Board of Regents of the University of Minnesota

We have audited the accompanying consolidated statements of net assets of the University of Minnesota (the University), as of and for the years ended June 30, 2008 and 2007, and the related consolidated statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of the discretely presented component units. Those statements and the prior year comparative information, excluding University Gateway Corporation (Gateway), were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University, is based solely on the reports of such other auditors. Prior year summarized comparative information, excluding Gateway, has been derived from the discretely presented component units' June 30, 2007, financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of the University, as of June 30, 2008 and 2007, and the respective consolidated changes in financial position and cash flows, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2008, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the schedules of funding progress, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We, and the other auditors insofar as it relates to management's discussion and analysis, have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

LarsonAllen LLP

LarsonAllen LLP
Minneapolis, Minnesota
October 30, 2008

Management's Discussion and Analysis
(Unaudited)

Introduction

This discussion and analysis of the University of Minnesota's (the University) consolidated financial statements provides an overview of the consolidated financial position and activities of the University for the years ended June 30, 2008, 2007, and 2006. The discussion has been prepared by management and should be read in conjunction with the consolidated financial statements and the accompanying notes.

The University of Minnesota is both the state's land-grant university, with a strong tradition of education and public service, and a major research institution, with faculty of national and international reputation. Its statutory mission is to offer undergraduate, graduate, and professional instruction through the doctoral degree, and to be the primary state-supported academic institution for research and extension services.

The University of Minnesota, founded in 1851, has five campuses (Twin Cities, Duluth, Morris, Crookston, Rochester), research and outreach centers, and extension service offices throughout the state.

The Twin Cities campus is the fourth largest campus in the country in terms of enrollment (approximately 50,900 students) and among the top seven public research institutions nationally. The University is the state's major research institution with expenditures of approximately $564.9 million, $510.4 million, and $478.8 million in fiscal years 2008, 2007, and 2006, respectively, for research under various programs funded by governmental and private sources.

The Duluth campus is a comprehensive regional university that offers instruction through the doctoral degree and has unique research strengths in natural and freshwater resources. The Duluth campus consistently ranks among the top Midwestern regional universities.

The Morris campus is ranked as one of the top public liberal arts colleges in the nation and is a leader in environmental issues.

The Crookston campus provides career-oriented education at the baccalaureate level, primarily in polytechnical disciplines.

The Rochester campus is focused on meeting the educational needs of students in the southeastern Minnesota area at the upper division undergraduate and postbaccalaureate levels.

Mission

The University of Minnesota's mission, carried out on multiple campuses and throughout the state, is threefold: research and discovery, teaching and learning, and outreach and public service.

- Research and Discovery—To generate and preserve knowledge, understanding, and creativity by conducting high quality research, scholarship, and artistic activity that benefit students, scholars, and communities across the state, the nation, and the world.
- Teaching and Learning—To share that knowledge, understanding, and creativity by providing a broad range of educational programs in a strong and diverse community of learners and teachers, and to prepare graduate, professional, and undergraduate students, as well as non-degree-seeking students interested in continuing education and lifelong learning, for active roles in a multiracial and multicultural world.
- Outreach and Public Service—To extend, apply, and exchange knowledge between the University and society by applying scholarly expertise to community problems, by helping organizations and individuals respond to their changing environments, and by making the knowledge and resources created and preserved at the University accessible to the citizens of the state, the nation, and the world.

Operations

The University of Minnesota conducts its mission activities at its campuses and other facilities throughout the state. Each year, the University of Minnesota

- provides instruction for approximately 66,100 students;
- graduates approximately 13,500 students, 41 percent with graduate or first professional degrees on the Twin Cities campus;
- conducts research sponsored by the National Institutes of Health, the National Science Foundation, other federal agencies, and numerous private companies and foundations;
- reaches out to more than 1 million Minnesotans through various outreach and public service activities.

Consolidated Financial Statements

The consolidated financial statements are prepared in accordance with generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB). The consolidated financial statements required under these reporting standards include the Consolidated Statements of Net Assets; the Consolidated Statements of Revenues, Expenses, and Changes in Net Assets; and the Consolidated Statements of Cash Flows. All are reported on a consolidated basis for the University as a whole. Also required are the financial results of the University's legally separate component units.

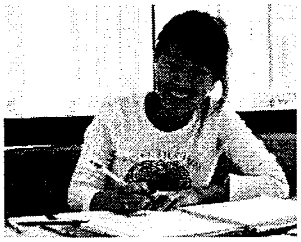
Consolidated Statements of Net Assets

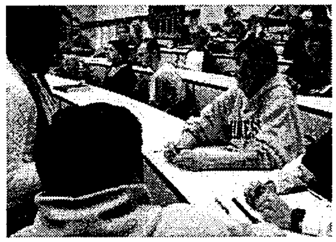
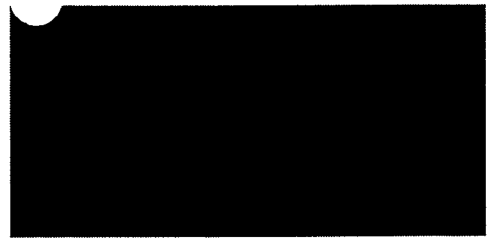
The Consolidated Statements of Net Assets present the consolidated financial position of the University at the end of the fiscal year, under a classified balance sheet format that reflects current and noncurrent assets and liabilities, and report net assets under the following three separate classifications:

- Unrestricted—Includes assets that are not subject to limitations or stipulations imposed by external entities and that have not been set aside for capital or endowment purposes. These assets are available for any lawful purpose of the institution and include resources that may be designated for specific purposes as determined by management, financial, or Board of Regents policies.
- Restricted, which is divided into two categories—expendable and nonexpendable—Expendable assets are available for expenditure by the institution, but only in accordance with restrictions placed on their use by donors and other external entities. Nonexpendable assets are also externally restricted, but are required to be retained in perpetuity, including the University's true endowments and institutional contributions to refundable loan programs.
- Invested in capital assets, net of related debt—This category includes property, plant, and equipment, net of accumulated depreciation, reduced by the outstanding balances of debt attributable to these capital assets.

Figure 1
The University's consolidated assets, liabilities, and net assets as of June 30, 2008, 2007, and 2006
(in thousands)

				Increase (Decrease)			
				From 2007 to 2008		From 2006 to 2007	
	2008	2007	2006	Amount	Percent	Amount	Percent
Assets							
Current assets	$ 708,217	$ 519,507	$ 549,780	$ 188,710	36.3%	$ (30,273)	(5.5%)
Other noncurrent assets	1,572,001	1,905,337	1,451,029	(333,336)	(17.5%)	454,308	31.3%
Capital assets, net	2,263,790	2,060,646	1,906,363	203,144	9.9%	154,283	8.1%
Total assets	4,544,008	4,485,490	3,907,172	58,518	1.3%	578,318	14.8%
Liabilities							
Current liabilities	515,200	492,570	422,705	22,630	4.6%	69,865	16.5%
Noncurrent liabilities	99,037	89,615	90,142	9,422	10.5%	(527)	(0.6%)
Long-term debt	824,753	796,200	632,947	28,553	3.6%	163,253	25.8%
Total liabilities	1,438,990	1,378,385	1,145,794	60,605	4.4%	232,591	20.3%
Net assets							
Unrestricted	229,969	338,124	370,136	(108,155)	(32.0%)	(32,012)	(8.6%)
Restricted—expendable	1,126,294	1,116,515	899,892	9,779	0.9%	216,623	24.1%
Restricted—nonexpendable	238,821	222,847	216,454	15,974	7.2%	6,393	3.0%
Invested in capital assets, net of related debt	1,509,934	1,429,619	1,274,896	80,315	5.6%	154,723	12.1%
Total net assets	3,105,018	3,107,105	2,761,378	(2,087)	(0.1%)	345,727	12.5%
Total net assets and liabilities	$4,544,008	$4,485,490	$3,907,172	$ 58,518	1.3%	$578,318	14.8%



Current assets consist primarily of cash and cash equivalents, securities lending collateral, and net receivables. The change in current assets over the two fiscal years was due primarily to a combination of increases in cash and cash equivalents' balances, partially offset by decreases in receivable balances. The most significant impact to the decrease in the receivable balance from 2007 to 2008 (shown in Figure 2) was the result of a decrease in state appropriations receivable for operations and maintenance. The University is able to draw funds from the state in 1/12 increments based upon University cash balances. In fiscal year 2008, the University collected all 12 increments versus 10 in fiscal year 2007. Capital appropriations receivable were also lower in 2008 as this is the second year of the capital appropriation biennium. Capital funds are generally appropriated by the state in biennial increments, with capital spending and receivable balances typically higher in the first year of the biennium. These decreases were partially offset by increased receivable balances in the sponsored research area.

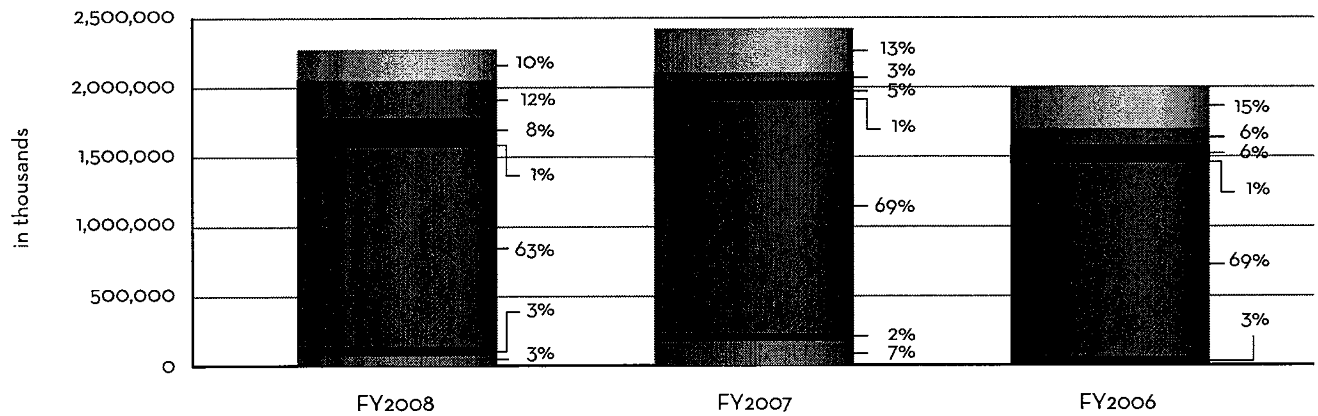


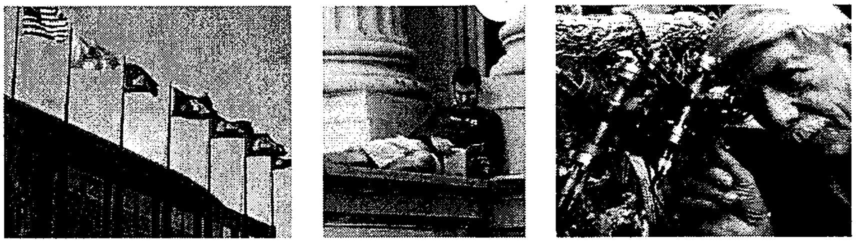
Figure 2
The University's current and noncurrent assets (excluding capital) as of June 30, 2008, 2007, and 2006
(in thousands)

				Increase (Decrease)			
				From 2007 to 2008		From 2006 to 2007	
	2008	2007	2006	Amount	Percent	Amount	Percent
Current assets							
Receivables, net	$ 222,200	$ 315,088	$ 297,498	$ (92,888)	(29.5%)	$ 17,590	5.9%
Cash and cash equivalents	270,632	70,089	119,783	200,543	286.1%	(49,694)	(41.5%)
Securities lending collateral and investments	189,542	112,522	110,483	77,020	68.4%	2,039	1.8%
Other assets	25,843	21,808	22,016	4,035	18.5%	(208)	(0.9%)
Total current assets	708,217	519,507	549,780	188,710	36.3%	(30,273)	(5.5%)
Noncurrent assets							
Investments	1,435,584	1,680,013	1,390,404	(244,429)	(14.5%)	289,609	20.8%
Receivables, net	65,469	58,091	56,646	7,378	12.7%	1,445	2.6%
Cash and cash equivalents and other assets	70,948	167,233	3,979*	(96,285)	(57.6%)	163,254	4,102.9%
Total noncurrent assets	1,572,001	1,905,337	1,451,029	(333,336)	(17.5%)	454,308	31.3%
Total assets (excluding capital)	$2,280,218	$2,424,844	$2,000,809	$(144,626)	(6.0%)	$424,035	21.2%

* *Total is less than 1 percent—not included in the graph.*

Noncurrent assets (excluding capital) consisted mainly of long-term endowment and other investments. In fiscal year 2008, the decrease in long-term endowment and other investments was made up of net realized and unrealized losses of $292.9 million, and a decrease of $45.5 million related to the annual distribution of endowment earnings to departments, partially offset by reinvested endowment earnings. In fiscal year 2007, long-term endowment and other investments increased due to net unrealized and realized gains on the endowment and other investments of $182.9 million, reinvested endowment earnings, and a decrease of $32.7 million related to the annual distribution to departments. The Board of Regents policy allows for up to 30 percent of the Temporary Investment Pool (TIP) and up to 50 percent of the Group Income Pool (GIP) to be invested in the Consolidated Endowment Fund (CEF). As of June 30, 2008 and 2007, TIP's investment in CEF had a market value of $119.3 million and $107.1 million, respectively, and GIP's investment in CEF had a market value of $18.6 million and $19.8 million respectively. Noncurrent receivables consist of student loan receivables scheduled for collection beyond the current year reported. Cash and cash equivalents and other noncurrent assets consist of prepaid expenses and deferred charges in addition to unspent bond proceeds. Fiscal year 2007 noncurrent cash and cash equivalents included $148.0 million in unspent bond proceeds, which included premium and interest that were earmarked for the TCF Stadium project.

The University's non-debt-related liabilities (shown in Figure 3) were 43 and 42 percent of total liabilities, or $614.2 million and $582.2 million, as of June 30, 2008 and 2007, respectively. Non-debt-related liabilities consist of accounts payable, securities lending collateral, accrued liabilities, and unearned income.



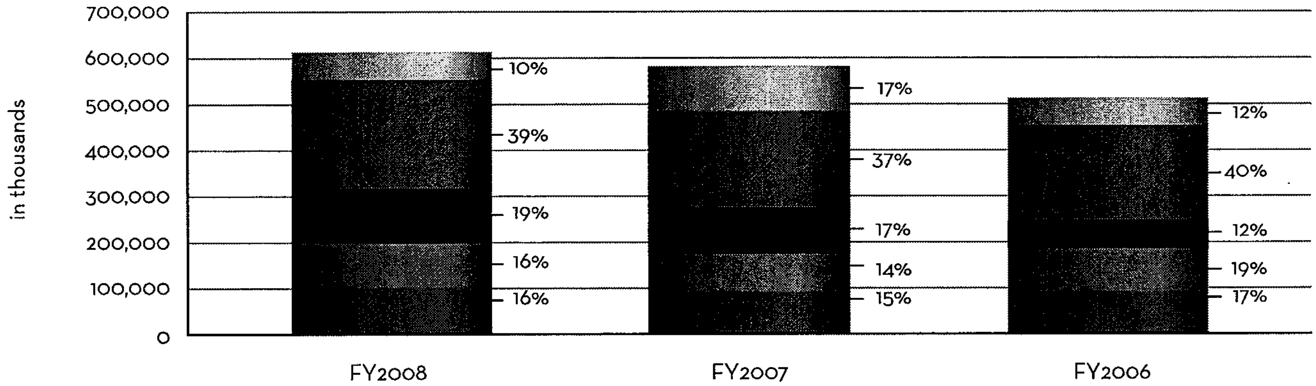
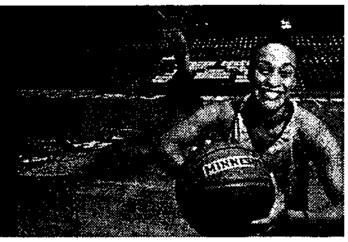


Figure 3
The University's non-debt-related current and noncurrent liabilities as of June 30, 2008, 2007, and 2006
(in thousands)

				Increase (Decrease)			
				From 2007 to 2008		From 2006 to 2007	
	2008	2007	2006	Amount	Percent	Amount	Percent
Current liabilities							
Accounts payable	$ 60,971	$ 97,129	$ 60,132	$(36,158)	(37.2%)	$36,997	61.5%
Accrued liabilities and other	238,151	212,036	207,040	26,115	12.3%	4,996	2.4%
Securities lending collateral	118,956	100,300	60,803	18,656	18.6%	39,497	65.0%
Unearned income	97,122	83,105	94,730	14,017	16.9%	(11,625)	(12.3%)
Total current liabilities	515,200	492,570	422,705	22,630	4.6%	69,865	16.5%
Noncurrent liabilities							
Accrued liabilities and other	97,955	87,829	87,152	10,126	11.5%	677	0.8%
Unearned income	1,082*	1,786*	2,990*	(704)	(39.4%)	(1,204)	(40.3%)
Total noncurrent liabilities	99,037	89,615	90,142	9,422	10.5%	(527)	(0.6%)
Total non-debt-related liabilities	$614,237	$582,185	$512,847	$ 32,052	5.5%	$69,338	13.5%

* *Total is less than 1 percent—not included in the graph.*



In preparation for the conversion to the new Enterprise Financial System on July 1, 2008, the University intentionally paid open accounts payable balances prior to June 30, 2008. The timing of these payments led to the decrease in accounts payable from 2007 to 2008.

Current unearned income consisted of revenue related to summer session tuition and fees deferred to the following fiscal year, funds received in advance of expenditures on sponsored accounts, and deferred revenue related to contracts with outside corporations.

Current accrued liabilities and other consisted primarily of compensation and benefit accruals and the University's self-insurance reserves. The increase was primarily due to higher payroll accruals that resulted from a salary increase between years and one additional day of payroll accrued in 2008 versus 2007. The increase was also due to the implementation of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). This statement establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expense and related liabilities. As a result of this implementation, the University recorded an OPEB liability of $11.2 million in fiscal year 2008, $6.8 million of which was recorded as a current liability and $4.4 million as a noncurrent liability.

The University had loaned securities as of June 30, 2008, 2007, and 2006. They were supported by collateral of approximately $119.0 million, $100.3 million, and $60.8 million, which is included as securities lending collateral in the Consolidated Statements of Net Assets as of June 30, 2008, 2007, and 2006, respectively. Of this collateral amount, approximately $31.8 million, $86.9 million, and $58.2 million was cash and approximately $87.2 million, $13.4 million, and $2.6 million was acceptable noncash collateral as of June 30, 2008, 2007, and 2006, respectively.

Consolidated Statements of Revenues, Expenses, and Changes in Net Assets

The Consolidated Statements of Revenues, Expenses, and Changes in Net Assets present the institution's operating, nonoperating, and capital- and endowment-related financial activity during the year. This statement differentiates between operating and nonoperating revenues and expenses, and it displays the net income or loss from operations. Operating revenues are those generated by the University's principal ongoing operations such as tuition, sponsored research grants and contracts, and sales and services provided by the University's educational and self-supporting auxiliary units. State appropriations, under GASB Statement No. 34, are considered nonoperating revenues, as are gifts and other revenues for which the University does not give equal value in exchange for the resources received.

One of the University's strengths is a diversified revenue base including student tuition and fees, grants and contracts, sales by auxiliary and educational units, and state appropriations.

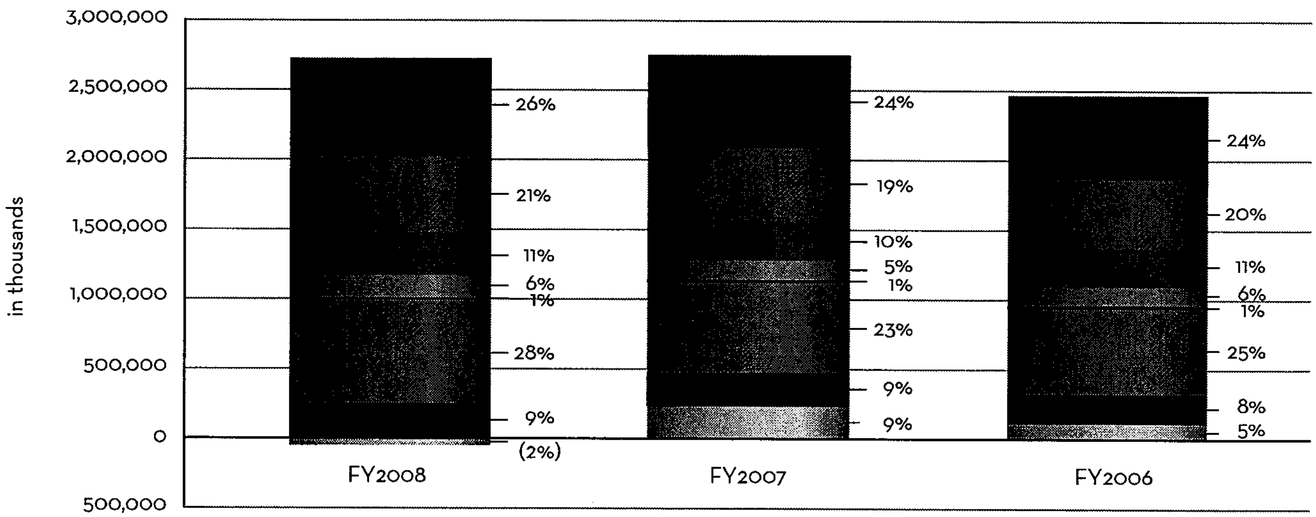


Figure 4
The University's operating and nonoperating revenue (noncapital) for the years ended June 30, 2008, 2007, and 2006
(in thousands)

				Increase (Decrease)			
				From 2007 to 2008		From 2006 to 2007	
	2008	2007	2006	Amount	Percent	Amount	Percent
Operating revenues							
Grants and contracts	$ 707,255	$ 666,267	$ 601,106	$ 40,988	6.2%	$ 65,161	10.8%
Student tuition and fees, net	547,874	519,791	494,999	28,083	5.4%	24,792	5.0%
Auxiliary enterprises, net	302,886	288,757	273,578	14,129	4.9%	15,179	5.5%
Educational activities	159,061	138,622	135,183	20,439	14.7%	3,439	2.5%
Federal appropriations and other operating revenue	13,406	19,685	23,306	(6,279)	(31.9%)	(3,621)	(15.5%)
Total operating revenues	1,730,482	1,633,122	1,528,172	97,360	6.0%	104,950	6.9%
Nonoperating revenues							
State appropriations	743,987	645,619	616,445	98,368	15.2%	29,174	4.7%
Grants, gifts, and other nonoperating, net	250,066	240,898	207,792	9,168	3.8%	33,106	15.9%
Net investment gain (loss)	(49,848)	239,730	120,827	(289,578)	(120.8%)	118,903	98.4%
Total nonoperating revenues	944,205	1,126,247	945,064	(182,042)	(16.2%)	181,183	19.2%
Total revenues (noncapital)	$2,674,687	$2,759,369	$2,473,236	$ (84,682)	(3.1%)	$286,133	11.6%

Grants and contracts increased by $41.0 million or 6.2 percent in fiscal year 2008. Federal grants and contracts increased $30.6 million to $420.6 million in fiscal year 2008 from $390.0 million in fiscal year 2007. The increase in federal grants was due primarily to increased spending on the Insight Award from the National Institutes of Health. The University received an additional $10.9 million in nongovernmental grants in fiscal year 2008 for a total of $212.5 million. In fiscal year 2007, it received $201.6 million. Exchange grants are recorded as operating revenues, while nonexchange grants are recorded as nonoperating revenues.

The increase in student tuition and fees revenue was due to tuition and required fee increases that averaged approximately 6.6 percent; relatively stable enrollment; and scholarship allowances for the years ended June 30, 2008, 2007, and 2006, of $122.4 million, $109.9 million, and $98.6 million, respectively.

Revenues from sales and services of educational activities include the Learning Abroad Center, royalty receipts from sales of products using University patents or technology, ticket sales to Northrop performances, and research work for outside businesses. Revenues from sales and services of educational activities increased $20.4 million or 14.7 percent in fiscal year 2008 primarily due to increased royalty receipts from sales of products using University patents and technology.

State appropriations increased to $744.0 million in fiscal year 2008 from $645.6 million in fiscal year 2007. The increase of $98.4 million or 15.2 percent was due to an increase in the appropriation base, as well as $22.3 million received as a direct appropriation for the U-Mayo partnership, and $10.2 million for the state funded portion of the TCF Bank Stadium debt payment.

State appropriations, in addition to other sources of unrestricted revenue (tuition and educational and auxiliary activities) and nonoperating grants, funded a number of University priorities including competitive compensation plans for faculty and staff; various academic initiatives; enhancement of services to students including technology improvements; upgrades to the financial aid process and freshman seminars; and increases in facilities costs.

Other significant sources of nonoperating revenue to the University included gifts in support of operating expenses of $124.4 million, $119.8 million, and $97.2 million, and grants and gifts for capital purposes of $19.8 million, $9.3 million, and $12.4 million in fiscal years 2008, 2007, and 2006, respectively.

Capital appropriations are generally awarded biennially by the State of Minnesota. The University records state capital appropriation revenue only when approved capital expenditures have been incurred.

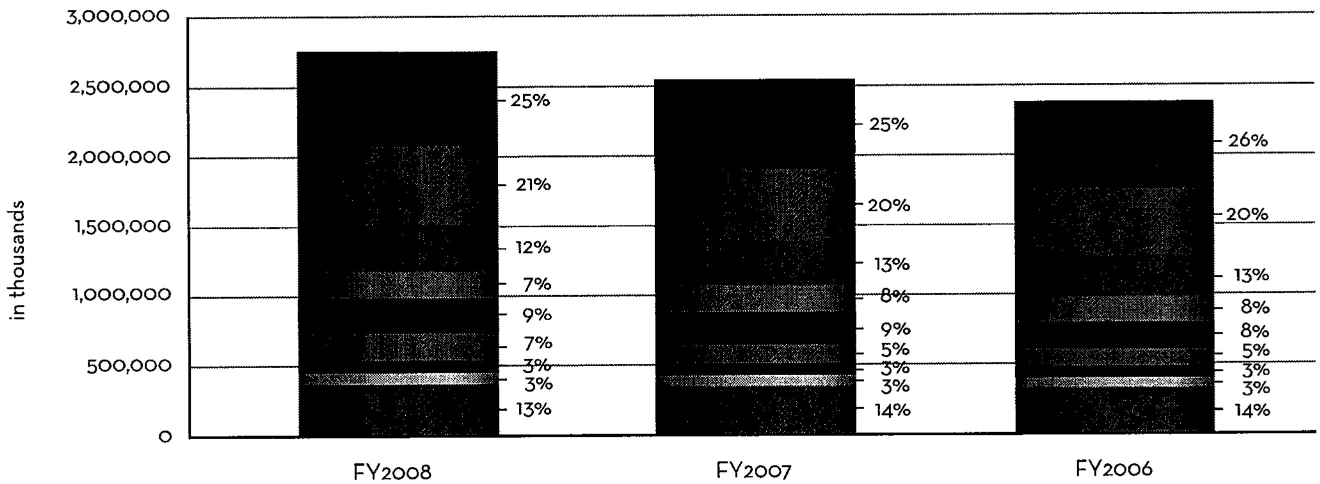
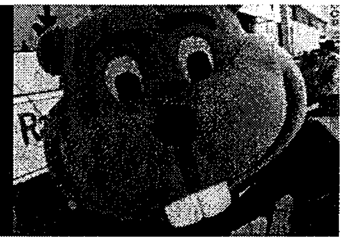


Figure 5
The University's total expenses by functional category for the years ended June 30, 2008, 2007, and 2006
(in thousands)

				Increase (Decrease)			
				From 2007 to 2008		From 2006 to 2007	
	2008	2007	2006	Amount	Percent	Amount	Percent
Educational and general							
Instruction	$ 673,710	$ 642,287	$ 621,336	$ 31,423	4.9%	$ 20,951	3.4%
Research	564,907	510,380	478,760	54,527	10.7%	31,620	6.6%
Academic support	331,105	320,422	294,364	10,683	3.3%	26,058	8.9%
Public service	193,348	189,886	181,986	3,462	1.8%	7,900	4.3%
Operation and maintenance of plant	248,287	230,372	191,910	17,915	7.8%	38,462	20.0%
Institutional support	196,686	137,982	125,690	58,704	42.5%	12,292	9.8%
Student services	89,437	84,258	79,934	5,179	6.1%	4,324	5.4%
Scholarships and fellowships	82,662	76,087	70,971	6,575	8.6%	5,116	7.2%
Total education and general	2,380,142	2,191,674	2,044,951	188,468	8.6%	146,723	7.2%
Other operating expenses							
Depreciation	145,251	137,943	136,120	7,308	5.3%	1,823	1.3%
Auxiliary enterprises	215,217	202,537	185,224	12,680	6.3%	17,313	9.3%
Other operating expenses, net	489	22	(277)	467	2,122.7%	299	(107.9%)
Total other operating expenses	360,957	340,502	321,067	20,455	6.0%	19,435	6.1%
Total operating expenses (noncapital)	$2,741,099	$2,532,176	$2,366,018	$208,923	8.3%	$166,158	7.0%



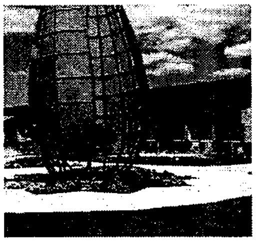
Across almost all functional categories, salaries and compensation-related expenditures continued to represent the most significant expense to the University at $1.8 billion or 64.8 percent, $1.6 billion or 64.9 percent, and $1.5 billion or 65.3 percent of operating expenses in fiscal years 2008, 2007, and 2006, respectively. The University's medical (health) and dental coverage for faculty and staff is a self-insured program, established to gain more control over the management of health care benefits, contain the rising cost of health care, and tailor benefits to meet the expressed needs of employees. Details on the University's self-insurance programs can be found in Note 9 of the consolidated financial statements. In general, operating expenses increased due to salary and fringe increases given in July 2007.

In fiscal year 2008, University departments were internally charged lower fringe rates than fiscal year 2007 due to a change in the method of calculating the rates. The change, which began in fiscal year 2007, requires rates to be based upon historical actual costs and recoveries rather than on cost projections. This change was made in order to comply with federal requirements. As a result, recoveries to the fringe pool, which are recorded in Institutional Support, were significantly less than in prior years. This resulted in more fringe expense being recorded in Institutional Support, versus in the functional categories where the salary expense is charged. This change, in addition to the $11.2 million recorded as OPEB expense as required by GASB No. 45, were the primary reasons for the increase in Institutional Support expense.

Consolidated Statements of Cash Flows

Figure 6
The University's cash flows for the years ended June 30, 2008, 2007, and 2006
(in thousands)

				Increase (Decrease)			
				From 2007 to 2008		From 2006 to 2007	
	2008	2007	2006	Amount	Percent	Amount	Percent
Cash (used in) provided by							
Operating activities	$ (889,813)	$(758,819)	$(677,548)	$(130,994)	17.3%	$ (81,271)	12.0%
Noncapital financing activities	1,105,076	889,569	811,635	215,507	24.2%	77,934	9.6%
Capital and related financing activities	(255,261)	(4,034)	(154,578)	(251,227)	6,227.7%	150,544	(97.4%)
Investing activities	145,540	(12,603)	8,580	158,143	(1,254.8%)	(21,183)	(246.9%)
Net increase (decrease) in cash	105,542	114,113	(11,911)	(8,571)	(7.5%)	126,024	(1,058.0%)
Cash, beginning of year	233,896	119,783	131,694	114,113	95.3%	(11,911)	(9.0%)
Cash, end of year	$ 339,438	$ 233,896	$ 119,783	$ 105,542	45.1%	$114,113	95.3%




The Consolidated Statements of Cash Flows present information about changes in the University's cash position using the direct method of reporting sources and uses of cash. The direct method reports all major cash inflows and outflows at gross amounts, differentiating these activities into cash flows arising from operating activities; noncapital financing such as nonexchange grants and contributions; capital financing, including bond proceeds from debt issued to purchase or construct buildings and other capital assets; and investing activities.

As illustrated in Figure 6, the University's cash and cash equivalents increased $105.5 million due to the inflow of funds provided by noncapital financing activities and investing activities, partially offset by the use of funds for operating activities and capital and related financing activities. The most significant sources of cash provided by noncapital financing activities included state appropriations totaling $850.1 million and $644.8 million, grants totaling $129.7 million and $123.0 million, and gifts totaling $118.4 million and $117.1 million in fiscal years 2008 and 2007, respectively. Cash inflows for capital acquisitions from state appropriations, gifts and grants, and bonds issued during the year funded a portion of the University's equipment needs and ongoing renovation and construction initiatives.

Investment Activities

The University's endowment funds are invested to preserve the inflation-adjusted value of the endowment and to maximize total return within acceptable risk parameters. These objectives are meant to be achieved over three- to five-year periods.

During fiscal year 2008, the value of the University's endowment funds decreased significantly. Long-term endowment and other investments included decreases from net realized and unrealized losses on the endowment and other investments of $292.9 million; and a decrease of $45.5 million related to the annual distribution of 4.7 percent of the five-year, moving-average market value of the endowment to departments, partially offset by reinvested endowment earnings. Fiscal year 2007 endowment funds increased in value. Long-term endowment and other investments included increases from net unrealized and realized gains on the endowment and other investments of $182.9 million; reinvested endowment earnings; and a decrease of $32.7 million related to the annual distribution of 4.8 percent of the five-year, moving-average market value of the endowment to departments.

To provide a relatively stable level of support for endowed programs, a specified percentage of a five-year, moving-average market value of the endowment is distributed each year. These distributions provide funds for a variety of purposes, including instructional needs, research activities, scholarships, and academic support. An endowment spending policy requires balancing current needs with the long-term focus of the institution. The endowment funds distribution rate was 4.7 percent in fiscal year 2008 and 4.8 percent in fiscal year 2007.

Capital and Debt Activities

Gross capital assets spending on capital projects increased over the past three fiscal years. The major building projects completed in fiscal year 2008 included Hanson Hall, the University of Minnesota Duluth Labovitz School of Business and Economics, the 4th and 6th floors of the 717 Delaware Street S.E. renovation, the Education Sciences building, the University of Minnesota Duluth Life Sciences Building renovation, and the Equine Clinical Research Center. See Note 4 of the consolidated financial statements for more detailed information about capital assets.

Capital additions totaled $293.8 million in fiscal year 2008. Total additions were up from the prior years' total additions of $236.5 million and $71.1 million for fiscal years 2007 and 2006, respectively. Fiscal year 2008 spending on the Twin Cities campus included the TCF Bank Stadium, Hanson Hall, capitalized software for the University's Enterprise Financial System, phase two of the 717 Delaware Street S.E. renovation, Medical Biosciences building, East Gateway improvements, and Koltoff Hall renovation.

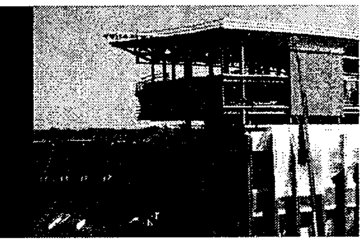


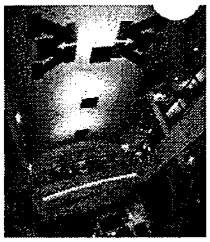
Figure 7
The University's capital asset categories (before depreciation) for the years ended June 30, 2008, 2007, and 2006
(in thousands)

				Increase (Decrease)			
				From 2007 to 2008		From 2006 to 2007	
	2008	2007	2006	Amount	Percent	Amount	Percent
Capital assets (gross)							
Buildings and improvements	$2,970,949	$2,791,018	$2,730,865	$179,931	6.4%	$ 60,153	2.2%
Equipment	595,617	579,564	558,947	16,053	2.8%	20,617	3.7%
Library and other collections	159,087	151,175	145,431	7,912	5.2%	5,744	3.9%
Construction in progress	220,578	161,271	33,576	59,307	36.8%	127,695	380.3%
Land	70,115	64,028	57,955	6,087	9.5%	6,073	10.5%
Capitalized software	40,693	16,188		24,505	151.4%	16,188	N/A
Total capital assets (gross)	$4,057,039	$3,763,244	$3,526,774	$293,795	7.8%	$236,470	6.7%

Bonds and other debt payable totaled $824.8 million, $796.2 million, and $632.9 million as of June 30, 2008, 2007, and 2006, respectively, and included proceeds from bonded debt, commercial paper and capital leases of $75.2 million and $210.8 million issued in fiscal years 2008 and 2007, respectively (see Note 5).

On December 14, 2006, the University of Minnesota issued Special Purpose Revenue Bonds in the principal amount of $137.3 million. The net proceeds received will be used to finance a portion of the cost of the new TCF Bank Stadium on the Twin Cities campus. The Series 2006 Bonds are special limited obligations of the University. State funding of up to $10.3 million per year for no more than 25 years is to be provided to reimburse the University for the annual debt service on these bonds. No other revenues or assets of the University, nor the full faith and credit of the University, is pledged for the principal or interest on the Series 2006 Bonds.

Four of the University's bond issuances—Series 2001A, 2001B, 2001C, and 1999A—have demand provisions that require the University to repurchase the bonds upon notice from bondholders. As of June 30, 2008, any bonds exercised by bondholders to date under the put option had been successfully remarketed. The University maintains standby bond purchase agreements to provide liquidity support of the Series 1999A and 2001C general obligation bonds. The agreements expire in June 2009 and December 2008, respectively. No amounts had been drawn through June 30, 2008, under these agreements. Subsequent to year end, approximately $26.0 million of Series 1999A, 2001B, and 2001C bonds were tendered to the University and not remarketed; thus the University drew on its respective standby banks and its self-liquidity for payment of principal and accrued interest on the tendered bonds. Three days after the applicable draws, the bank bonds and those purchased by the University were once again successfully remarketed by the University's remarketing agent. Management believes that the tenders' being unremarketed was an extraordinary event due to current market turmoil and is unlikely to occur on a regular basis. Thus, management believes that the bond obligations will continue to be met in accordance with the longer term payment schedules provided within the bond prospectuses. Additional details on capital and long-term debt activities can be found in Notes 4 and 5 of the consolidated financial statements.



Factors Affecting Future Economic Conditions

Michael E. Porter, current head of the Institute for Strategy and Competitiveness at Harvard University, stated that "innovation is the central issue in economic prosperity." When current University of Minnesota President Robert Bruininks took office in 2002, he felt that the University had no choice but to reposition itself in order to successfully adapt to, and excel within, the changing landscape of higher education. The overall economy was declining, global competition was becoming more intense, demographics were changing rapidly, and resources were becoming more limited. As a result, the president felt the University of Minnesota needed to strengthen its state, national, and international leadership in Minnesota's system of higher education.

Consequently, the University launched an intensive strategic positioning process that engaged the University community in setting high aspirations, establishing priorities, and finding new ways to improve its efficiency and the services it provides. Together, the University community created a vision to improve lives through the advancement of knowledge and discovery, and set the goal to become one of the top public research university systems in the world within a decade. The plan, Transforming the U, identified the need for strategic, long-term academic reform and improvements, supported by sound financial management, investment, and accountability. The University has made important strides toward reaching its aspirational goal, and has made many challenging decisions and set many new priorities.

Despite the gains to date, President Bruininks is determined to see that the University remains focused on reform and accountability to sustain its momentum. University leadership is continuing to implement this plan, an ambitious undertaking that is driving excellence in every aspect of the institution's academic, research, and outreach programs, student support services, business operations, capital planning and improvements, financial management and investment, and internal and external accountability systems.

Integral to the University's efforts are four key areas of focus defined by the University's strategic plan, Transforming the U. The plan describes these areas as the "pillars" that "support the weight of our commitment to the state and its citizens." By ensuring strength in these areas, the University is able to carry out its mission to provide extraordinary education, breakthrough research, and dynamic public engagement. Accordingly, key University initiatives are focused on achieving:

- Exceptional Students—Recruit, educate, challenge, and graduate outstanding students who become highly motivated lifelong learners, leaders, and global citizens.
- Exceptional Faculty and Staff—Recruit, mentor, reward, and retain world-class faculty and staff who are innovative, energetic, and dedicated to the highest standards of excellence.
- Exceptional Organization—Be responsible stewards of resources, focused on service, driven by performance, and known as the best among our peers.
- Exceptional Innovation—Inspire exploration of new ideas and breakthrough discoveries that address the critical problems and needs of the University, the state, the nation, and the world.

Today, the University of Minnesota remains on its journey to become one of the best and most productive research universities in the world. The University is making enormous strides in its effort to transform itself.

The economic health of the University is closely tied to that of the State of Minnesota in that the University relies on the state as a major source of funding for both its educational program-related needs and capital appropriations. For the foreseeable future, from the standpoint of financial support, the University's success and, ultimately, its ability to reach its strategic goals and strengthen its academic profile will depend on continued strong state support—both to keep pace with the growing competitive research environment and to continue to play a vital role in the economic growth and well-being of its citizens.

The University traditionally returns to the state legislature in odd-numbered years for operating budget support and in even-numbered years for capital budget appropriations. Funding for the majority of new academic buildings or renovations to existing academic buildings is sought from the state through capital budget appropriations, which the University requests in even-numbered years. In addition, the University uses its own debt authority to construct facilities and to meet any required share of costs related to state-authorized projects.

As a result of capital budget appropriations authorized by the 2008 Minnesota Legislature, the University is well positioned to advance in several key areas of strategic importance to the State of Minnesota. The University was provided a total of $432.2 million in new capital budget funds to meet critical academic investment priorities. This total includes a new innovative program designed to finance four new biomedical facilities over the next five years. The capital investment associated with the construction of these four biomedical facilities will total $292.0 million. In addition, the legislature provided an additional $140.2 million in capital budget funds to support the construction of several important projects including a new civil engineering building at the University of Minnesota, Duluth, a new science teaching and student services building on the Twin Cities campus, additional funds for laboratory renovations, funds to renovate an old building and create a new gateway center at the University of Minnesota, Morris, and funds to meet important asset preservation projects systemwide.

The 2009 Minnesota Legislature will convene early in the 2009 calendar year to focus on developing state appropriations for the upcoming two-year budget period beginning July 1, 2009.

The University's biennial budget request to the State of Minnesota for fiscal years 2009–10 and 2010–11 was developed in alignment with the goals and priorities of the University's long-range strategic plan. This strategic plan is the foundation for the transformative change underway at the University, and drives the institution's continued commitment to providing distinctive educational experiences for all of its students, support and development opportunities for its extraordinary faculty and staff, and exceptional innovation in all of its endeavors—from creating and sharing new knowledge to managing its resources more efficiently.

Arthur Rolnick and Robert Grunewald in *fedgazette* recently stated that "investment in human capital breeds economic success not only for those being educated, but also for the overall economy." Minnesota State Economist Tom Stinson stated that "investment in research to maintain the state's competitive position is one of the most critical ingredients to job creation and economic growth."

The development of this year's biennial budget request focused on the following key principles:

- Faculty and staff are the backbone of the University. Without continued investment in faculty and staff—its human capital—the University stands to lose very talented employees and jeopardize its competitiveness.
- The University is a key component in advancing the economic viability, health, and wellness of Minnesota's citizens. The University of Minnesota, through its unique contribution in research, education, and outreach, adds to the long-term economic vitality and overall quality of life in the state.
- The University's ability to recruit talented and promising students, regardless of income level, and to provide them with the highest quality educational experience, must be enhanced.

The resulting budget request includes an increase of $54.5 million in the first year of the biennium, followed by an increase of $32.2 million in the second year of the biennium. This represents a 9.8 percent increase in state appropriations when compared to the previous biennium, to fund the most critical costs facing the University and to support investments necessary to Minnesota's economy and its families.

This new century requires new ideas—created through discovery and innovation—and a college education that is more than just a major. Without transformative change and strong public support, the University and the State of Minnesota face the prospect of losing their competitive positions. To continue to be a world-class university, the University of Minnesota will continue its strong tradition of maximizing the use of all of its assets—human and fiscal.

Consolidated Statements of Net Assets (Excluding Component Units)

June 30, 2008 and 2007 (in thousands)

			2008	2007
Assets				
Current assets	Cash and cash equivalents		$ 270,632	$ 70,089
	Securities lending collateral		118,956	100,300
	Short-term investments		70,586	12,222
	Receivables, net		213,777	302,111
	Inventories, net		19,914	18,777
	Current portion of student loan receivables, net		8,423	12,977
	Current portion of prepaid expenses and deferred charges		5,729	2,831
	Other assets		200	200
	Total current assets		708,217	519,507
Noncurrent assets	Restricted cash and cash equivalents		68,806	163,807
	Investments		1,435,584	1,680,013
	Receivables, net		691	916
	Student loan receivables, net		64,778	57,175
	Prepaid expenses and deferred charges		2,105	3,388
	Other assets		37	38
	Capital assets, net		2,263,790	2,060,646
	Total noncurrent assets		3,835,791	3,965,983
Total assets			4,544,008	4,485,490
Liabilities				
Current liabilities	Accounts payable		60,971	97,129
	Accrued liabilities and other		238,151	212,036
	Securities lending collateral		118,956	100,300
	Unearned income		97,122	83,105
	Long-term debt–current portion		556,222	328,835
	Total current liabilities		1,071,422	821,405
Noncurrent liabilities	Accrued liabilities and other		97,955	87,829
	Unearned income		1,082	1,786
	Long-term debt		268,531	467,365
	Total noncurrent liabilities		367,568	556,980
Total liabilities			1,438,990	1,378,385
Net Assets				
	Unrestricted		229,969	338,124
	Restricted	Expendable	1,126,294	1,116,515
		Nonexpendable	238,821	222,847
	Invested in capital assets, net of related debt		1,509,934	1,429,619
Total net assets			$3,105,018	$3,107,105

See notes to consolidated financial statements.

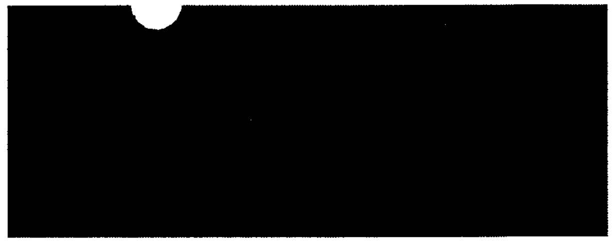
Component Units—Statements of Financial Position

June 30, 2008 and 2007 (in thousands)

	University of Minnesota Foundation		Minnesota Medical Foundation	
	2008	2007	2008	2007
Assets				
Cash and cash equivalents	$ 7,498	$ 8,852	$ 442	$ 293
Investments, substantially at fair market value	1,291,169	1,401,658	252,423	251,582
Investments held for unitrusts, annuity trusts, and gift annuities			12,435	14,476
Investments designated for endowments				
Investments loaned to broker	137,135	42,534	41,840	49,518
Investments collateral	140,166	43,606	42,096	50,934
Pledges receivable, net	71,604	64,414	77,678	31,153
Accounts and other receivables	2,388	2,707	2,029	2,032
Interest in charitable lead trusts, unitrusts, pooled income, and trusts	59,146	65,696	31,667	33,456
Gift annuities	32,556	35,091		
Interest in the net assets of related parties				
Due from affiliated parties				
Property and equipment, net	951	846	430	395
Other assets			237	320
Total assets	1,742,613	1,665,404	461,277	434,159
Liabilities				
Accounts payable and accrued liabilities	6,892	4,021	3,659	4,042
Deferred revenue			281	
Gift annuities payable	16,813	16,140		
Split-interest agreement liabilities			7,271	7,717
Unitrusts, pooled income, and annuity trusts payable	11,748	13,128		
Investments held for custody of others	66,116	70,463	1,900	2,417
Payable under investment loan agreement	140,166	43,606	43,075	50,934
Notes and bonds payable				
Total liabilities	241,735	147,358	56,186	65,110
Net Assets				
Unrestricted	73,032	84,453	11,161	9,572
Temporarily restricted	923,367	960,070	191,143	148,495
Permanently restricted	504,479	473,523	202,787	210,982
Total net assets	1,500,878	1,518,046	405,091	369,049
Total liabilities and net assets	$1,742,613	$1,665,404	$461,277	$434,159

See notes to consolidated financial statements.



Minnesota Landscape Arboretum Foundation		Minnesota 4-H Foundation		University of Minnesota Physicians		University of Minnesota Alumni Association		University Gateway Corporation
2008	2007	2008	2007	2008	2007	2008	2007	2008
$ 810	$ 178	$ 376	$ 315	$ 41,911	$ 17,837	$ 556	$ 446	$ 907
491	2,070	7,868	8,155	6,335	19,470	26,361	28,501	279
25,633	27,174							
2,065	1,412	1,190	277					
63	360	23	10	47,502	48,835	141	154	32,294
349	394	44	42					
								22,267
						116	67	
	566	14	19	13,577	13,353	245	318	7,912
		4	3	3,680	2,864	248	223	712
29,411	32,154	9,519	8,821	113,005	102,359	27,667	29,709	64,371
21	105	200	166	57,080	51,256	269	488	1,495
420	385					3,375	3,400	
		1,540	1,584					
					1,489			44,116
441	490	1,740	1,750	57,080	52,745	3,644	3,888	45,611
3,352	4,377	290	299	55,925	49,614	23,057	24,760	18,734
10,826	13,860	4,709	3,929			206	232	26
14,792	13,427	2,780	2,843			760	829	
28,970	31,664	7,779	7,071	55,925	49,614	24,023	25,821	18,760
$29,411	$32,154	$9,519	$8,821	$113,005	$102,359	$27,667	$29,709	$64,371

Consolidated Statements of Revenues, Expenses, and Changes in Net Assets (Excluding Component Units)

Years ended June 30, 2008 and 2007 (in thousands)

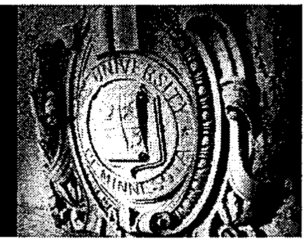
			2008	2007
Revenues				
Operating revenues	Student tuition and fees, net of scholarship allowances of $122,406 in 2008; $109,913 in 2007		$ 547,874	$ 519,791
	Federal appropriations		8,842	16,848
	Federal grants and contracts		420,638	389,982
	State and other government grants		74,083	74,685
	Nongovernmental grants and contracts		212,534	201,600
	Student loan interest income		1,664	1,482
	Sales and services of educational activities		159,061	138,622
	Auxiliary enterprises, net of scholarship allowances of $13,657 in 2008; $12,120 in 2007		302,886	288,757
	Other operating revenues		2,900	1,355
Total operating revenues			1,730,482	1,633,122
Expenses				
Operating expenses	Educational and general	Instruction	673,710	642,287
		Research	564,907	510,380
		Public service	193,348	189,886
		Academic support	331,105	320,422
		Student services	89,437	84,258
		Institutional support	196,686	137,982
		Operation and maintenance of plant	248,287	230,372
		Scholarships and fellowships	82,662	76,087
		Depreciation	145,251	137,943
	Auxiliary enterprises		215,217	202,537
	Other operating expenses, net		489	22
Total operating expenses			2,741,099	2,532,176
Operating Loss			(1,010,617)	(899,054)
Nonoperating Revenues (Expenses)				
State appropriations			743,987	645,619
Grants			128,025	121,826
Gifts			124,427	119,843
Investment income			41,016	56,842
Net increase (decrease) in the fair market value of investments			(90,864)	182,888
Interest on capital asset-related debt			(32,586)	(29,960)
Other nonoperating expenses, net			(2,386)	(771)
Net nonoperating revenues			911,619	1,096,287
Income (Loss) Before Other Revenues			(98,998)	197,233
Capital appropriations			64,690	133,313
Capital grants and gifts			19,753	9,314
Additions to permanent endowments			12,468	5,867
Total other revenues			96,911	148,494
Increase (Decrease) in Net Assets			(2,087)	345,727
Net assets at beginning of year			3,107,105	2,761,378
Net assets at end of year			$ 3,105,018	$3,107,105

See notes to consolidated financial statements.

Component Units—Statements of Activities

Year ended June 30, 2008

(with summarized information for the year ended June 30, 2007) (in thousands)



	University of Minnesota Foundation				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2008	Total 2007
Revenues					
Contributions	$ 988	$ 97,264	$ 33,682	$ 131,934	$ 134,758
Investment income, net	8,084	6,183	395	14,662	16,007
Net realized and unrealized gains (losses) on investments	(3,663)	(38,040)	(123)	(41,826)	181,516
Change in value of trusts	(173)	(4,009)	(2,998)	(7,180)	11,119
Support services revenue	2,725			2,725	2,725
Other revenue	626			626	834
Net assets released from restriction	98,101	(98,101)		–	–
Total revenues	106,688	(36,703)	30,956	100,941	346,959
Expenses					
Program services					
Distributions for educational purposes	96,657			96,657	80,456
Support services					
Management and general	8,114			8,114	7,670
Fund-raising	13,338			13,338	12,023
Total expenses	118,109	–	–	118,109	100,149
Increase (decrease) in net assets	(11,421)	(36,703)	30,956	(17,168)	246,810
Net assets at beginning of year	84,453	960,070	473,523	1,518,046	1,271,236
Net assets at end of year	$ 73,032	$923,367	$504,479	$1,500,878	$1,518,046

See notes to consolidated financial statements.

Component Units—Statements of Activities

Year ended June 30, 2008
(with summarized information for the year ended June 30, 2007) (in thousands)

Minnesota Medical Foundation

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2008	Total 2007
Revenues					
Contributions	$ 1,884	$ 90,274	$ 11,391	$103,549	$ 51,296
Investment income, net	59	927	(18,707)	(17,721)	40,829
Change in value of split-interest agreements		(207)	(792)	(999)	6,566
Service charges	7,450	(6,068)	(1,274)	108	125
Receipts from affiliated parties	2,250	(57)		2,193	370
Change in donor restrictions		(1,187)	1,187	–	–
Net assets released from restriction	41,034	(41,034)		–	–
Total revenues	52,677	42,648	(8,195)	87,130	99,186
Expenses					
Program services					
Research and education grants	36,732			36,732	42,006
Communications	393			393	401
Student aid and scholarships	2,024			2,024	2,047
Honor and award grants	550			550	700
Alumni and sponsored events	851			851	878
Support services					
Management and general	3,572			3,572	3,351
Fund-raising	6,966			6,966	6,261
Total expenses	51,088	–	–	51,088	55,644
Increase (decrease) in net assets	1,589	42,648	(8,195)	36,042	43,542
Net assets at beginning of year	9,572	148,495	210,982	369,049	325,507
Net assets at end of year	$11,161	$191,143	$202,787	$405,091	$369,049

See notes to consolidated financial statements.

Component Units—Statements of Activities

Year ended June 30, 2008

(with summarized information for the year ended June 30, 2007) (in thousands)

	Minnesota Landscape Arboretum Foundation				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2008	Total 2007
Revenues					
Contributions	$1,591	$ 1,191	$ 1,314	$ 4,096	$ 3,985
Membership dues and fees	811			811	787
Investment income, net	3	82		85	141
Net realized and unrealized gains (losses) on investments	(20)	(906)		(926)	4,562
Change in value of annuity trust			22	22	24
Other revenue	306			306	301
Net assets released from restriction	3,372	(3,401)	29	–	–
Total revenues	6,063	(3,034)	1,365	4,394	9,800
Expenses					
Program services	6,125			6,125	5,750
Support services					
Management and general	55			55	283
Fund-raising	908			908	754
Total expenses	7,088	–	–	7,088	6,787
Increase (decrease) in net assets	(1,025)	(3,034)	1,365	(2,694)	3,013
Net assets at beginning of year	4,377	13,860	13,427	31,664	28,651
Net assets at end of year	$3,352	$10,826	$14,792	$28,970	$31,664

See notes to consolidated financial statements.

Component Units—Statements of Activities

Year ended June 30, 2008

(with summarized information for the year ended June 30, 2007) (in thousands)

	Minnesota 4-H Foundation				
		Temporarily	Permanently	Total	
	Unrestricted	Restricted	Restricted	2008	2007
Revenues					
Contributions	$ 115	$ 70	$ 22	$ 207	$ 241
Investment income, net	(11)	(82)	(83)	(176)	961
Change in value of annuity trust		4	(2)	2	7
Other revenue	175	1,858		2,033	522
Net assets released from restriction	1,070	(1,070)		–	–
Total revenues	1,349	780	(63)	2,066	1,731
Expenses					
Program services	1,046			1,046	1,264
Support services					
Management and general	108			108	108
Fund-raising	204			204	220
Total expenses	1,358	–	–	1,358	1,592
Increase (decrease) in net assets	(9)	780	(63)	708	139
Net assets at beginning of year	299	3,929	2,843	7,071	6,932
Net assets at end of year	$ 290	$4,709	$2,780	$7,779	$7,071

See notes to consolidated financial statements.

Component Units—Statements of Activities

Year ended June 30, 2008

(with summarized information for the year ended June 30, 2007) (in thousands)

University of Minnesota Physicians

	Total 2008	Total 2007
Revenues		
Net patient service revenue	$176,365	$162,995
Investment income, net	1,580	1,807
Other revenue	109,344	88,858
Total revenues	287,289	253,660
Expenses		
Program services		
Health care services	252,840	220,490
Support services		
Management and general	28,138	28,135
Total expenses	280,978	248,625
Increase in net assets	6,311	5,035
Net assets at beginning of year	49,614	44,579
Net assets at end of year	$ 55,925	$ 49,614

See notes to consolidated financial statements.

Component Units—Statements of Activities

Year ended June 30, 2008

(with summarized information for the year ended June 30, 2007) (in thousands)

University of Minnesota Alumni Association

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2008	Total 2007
Revenues					
Contributions	$ 90	$ 1		$ 91	$ 245
Membership dues and fees	859			859	861
Investment income, net	85	3		88	131
Change in value of investments	(678)	33	$ (69)	(714)	4,164
Other revenue	2,816			2,816	2,837
Net assets released from restriction	63	(63)		–	–
Total revenues	3,235	(26)	(69)	3,140	8,238
Expenses					
Program services	4,362			4,362	4,419
Support services					
Management and general	512			512	511
Fund-raising	64			64	24
Total expenses	4,938	–	–	4,938	4,954
Increase (decrease) in net assets	(1,703)	(26)	(69)	(1,798)	3,284
Net assets at beginning of year	24,760	232	829	25,821	22,537
Net assets at end of year	$23,057	$206	$760	$24,023	$25,821

See notes to consolidated financial statements.

Component Units—Statements of Activities

Year ended June 30, 2008

(in thousands)

	University Gateway Corporation		
	Unrestricted	Temporarily Restricted	Total 2008
Revenues			
Investment income, net	$ 523		$ 523
Direct financing lease revenue	3,281		3,281
Change in derivative financial instruments	(54)		(54)
Change in the interest in net assets of related parties	(714)	$ 16	(698)
Other revenue	2,694		2,694
Net assets released from restriction	322	(322)	–
Total revenues	6,052	(306)	5,746
Expenses			
Program services	5,722		5,722
Support services			
Management and general	39		39
Payment to affiliated parties	391		391
Total expenses	6,152	–	6,152
Decrease in net assets	(100)	(306)	(406)
Net assets at beginning of year	18,834	332	19,166
Net assets at end of year	$18,734	$ 26	$18,760

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows (Excluding Component Units)

Years ended June 30, 2008 and 2007 (in thousands)

	2008	2007
Cash Flows From Operating Activities		
Student tuition and fees	$ 550,600	$ 520,869
Federal appropriations	10,266	16,728
Grants and contracts (federal, state, nongovernmental, other)	684,294	651,399
Sales and services of educational activities	156,913	137,397
Auxiliary enterprises	298,458	292,486
Other operating revenues	2,887	1,354
Payments to employees for services	(1,330,190)	(1,256,107)
Payments for fringe benefits	(411,971)	(384,769)
Payments to suppliers for goods and services	(769,983)	(665,298)
Payments for scholarships and fellowships	(78,993)	(72,570)
Loans issued to students	(12,219)	(13,626)
Collection of loans to students	10,125	13,318
Net cash used by operating activities	(889,813)	(758,819)
Cash Flows From Noncapital Financing Activities		
State appropriations	850,055	644,788
Grants for other than capital purposes	129,722	123,047
Gifts for other than capital purposes	118,371	117,133
Private gifts for endowment purposes	12,468	5,867
Other nonoperating expenses, net	(5,190)	(611)
Direct lending receipts	246,145	231,362
Direct lending disbursements	(245,738)	(231,631)
Agency transactions	(757)	(386)
Net cash provided by noncapital financing activities	1,105,076	889,569
Cash Flows From Capital and Related Financing Activities		
Capital appropriations	73,594	118,443
Capital grants and gifts	20,491	9,079
Proceeds from capital debt	73,180	208,970
Proceeds from sale of capital assets	1,402	742
Purchases of capital assets	(344,037)	(264,203)
Principal paid on capital debt	(45,934)	(47,001)
Interest paid on capital debt	(33,957)	(30,064)
Net cash used by capital and related financing activities	(255,261)	(4,034)
Cash Flows From Investing Activities		
Investment income, net	72,657	64,722
Proceeds from sales and maturities of investments	2,634,595	596,091
Purchase of investments	(2,561,712)	(673,416)
Net cash provided (used) by investing activities	145,540	(12,603)
Net Increase in Cash and Cash Equivalents	105,542	114,113
Cash and Cash Equivalents at Beginning of Year	233,896	119,783
Cash and Cash Equivalents at End of Year* *(See next page.)*	$ 339,438	$ 233,896

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows (Excluding Component Units) (Concluded)

Years Ended June 30, 2008 and 2007 (in thousands)

	2008	2007
Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities		
Operating loss	$(1,010,617)	$(899,054)
Adjustments to reconcile net operating loss to net cash used by operating activities		
Depreciation expense	145,251	137,943
Changes in assets and liabilities		
Receivables, net	(2,777)	(18,806)
Inventories	(1,137)	15
Prepaid and other items	(2,462)	1,581
Accounts payable	(26,198)	10,112
Accrued liabilities	33,655	3,302
Deferred revenue	(25,528)	6,088
Net cash used by operating activities	$ (889,813)	$(758,819)
Noncash Investing, Capital, and Financing Activities		
Unrealized gains (losses) on investments	$ (195,887)	$ 116,392
Capital assets on account	32,736	26,091
Contribution of capital assets	7,660	1,269
Capital assets borrowed under capital lease	2,036	1,795
***Cash and Cash Equivalents at End of Year**		
Cash and cash equivalents	$ 270,632	$ 70,089
Restricted cash and cash equivalents	68,806	163,807
Total cash and cash equivalents at end of year	$ 339,438	$ 233,896

See notes to consolidated financial statements.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies

Organization

The University of Minnesota (the University) is both a state land-grant university, with a strong tradition of education and public service, and a major research institution serving the State of Minnesota through five campuses: Crookston, Duluth, Morris, Rochester, and Twin Cities.

The University is considered a constitutional corporation and an agency of the State of Minnesota. As a result of this unique status, authority to govern the University is reserved to the Board of Regents rather than state law. The University complies with state law when specifically included by statute or when compliance does not conflict with the University's ability to accomplish its mission and purpose as established by the constitution of the State of Minnesota.

Reporting Entity

The financial reporting entity for the University of Minnesota includes the financial results of the five campuses and, as required under GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—An Amendment of GASB Statement No. 14* (GASB 39), its legally separate component units. The component units are included in the University's reporting entity because of the significance of their operational or financial relationships with the University or its other component units.

Blended Component Unit—RUMINCO, Ltd. is a wholly owned single parent captive insurance company. Although it is legally separate from the University, RUMINCO, Ltd. is reported as if it were part of the University because its sole purpose is to handle medical malpractice, general liability, directors' and officers' liability, and automobile liability on behalf of the University.

Discretely Presented Component Units—The University's financial statements include the financial data of several tax-exempt component units. They are reported in separate columns on separate pages. GASB 39 requires discrete presentation of component units when either the resources held by these entities can only be used by, or for the benefit of, the University or its component units; or the component units are closely related to, or financially integrated with the University.

University of Minnesota Foundation

The University of Minnesota Foundation (UMF) is a legally separate, tax-exempt organization dedicated to raising and managing private gifts to benefit the University of Minnesota. The Board of Trustees of the UMF consists of between 30 and 45 members and includes the president of the University of Minnesota. One fourth of the members of the Board of Trustees are appointed by the University. Although the UMF is an independent organization, the majority of resources that it holds and invests, including income from its investments, is restricted by donors to the activities of the University.

During fiscal years 2008 and 2007, the UMF distributed $110,230 and $91,452, respectively, to the University. Complete financial statements for the University of Minnesota Foundation can be obtained from the UMF office, McNamara Alumni Center, 200 Oak Street S.E., Suite 500, Minneapolis, MN 55455.

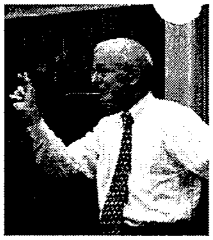
Minnesota Medical Foundation

The Minnesota Medical Foundation (MMF) is a legally separate, tax-exempt organization dedicated to raising and managing private gifts in support of the advancement of health-related education, research, and service at the University of Minnesota. The Board of Trustees of the MMF consists of not fewer than 24 elected members, one third of whom must be physicians. Although the MMF is an independent organization, the majority of resources that the MMF holds and invests, including income from its investments, is restricted by donors to the activities of the University.

During fiscal years 2008 and 2007, the MMF distributed $46,092 and $49,209, respectively, to the University. Complete financial statements for the Minnesota Medical Foundation can be obtained from the MMF office, McNamara Alumni Center, 200 Oak St S.E., Suite 300, Minneapolis, MN 55455.

Minnesota Landscape Arboretum Foundation

The Minnesota Landscape Arboretum Foundation (Foundation) is a legally separate, tax-exempt organization dedicated to raising and managing private gifts for the benefit of the Minnesota Landscape Arboretum of the University of Minnesota. The Board of Trustees of the Foundation consists of between 8 and 36 trustees, and the


number of trustees must be divisible by four. One fourth of the trustees are appointed by the University of Minnesota. Although the Foundation is an independent organization, the majority of resources that the Foundation holds and invests, including income from its investments, is restricted by donors to the activities of the University.

During fiscal years 2008 and 2007, the Minnesota Landscape Arboretum Foundation distributed $6,214 and $5,208, respectively, to the University. Complete financial statements for the Minnesota Landscape Arboretum Foundation can be obtained from the Foundation office, 3675 Arboretum Drive, Chaska, MN 55318.

Minnesota 4-H Foundation

The Minnesota 4-H Foundation is a legally separate, tax-exempt organization, organized to receive, hold, invest, and administer assets and to make expenditures to or for the benefit of the programs of the Center for 4-H Youth Development, including support of the University of Minnesota Extension Service. The Board of Trustees consists of not fewer than 18 and not more than 21 persons elected from a slate of candidates prepared by the Board of Trustees.

During fiscal years 2008 and 2007, the Minnesota 4-H Foundation distributed $1,085 and $1,259, respectively, to the University. Complete financial statements for the Minnesota 4-H Foundation can be obtained from the Minnesota 4-H Foundation office, McNamara Alumni Center, 200 Oak Street S.E., Suite 270B, Minneapolis, MN 55455.

University of Minnesota Alumni Association

The University of Minnesota Alumni Association (Association) is a legally separate, tax-exempt organization that serves alumni and the University of Minnesota with a mission to connect alumni to the University, advocate and support excellence in education, and build pride, spirit, and community. A volunteer board of 46 directors governs the Association. Members of the board are elected as follows: officers (9) and an honorary director (1) by the Board of Directors; at-large and geographic representatives (18) by the Association's general membership; and collegiate/professional representatives (18) by their respective societies.

During fiscal years 2008 and 2007, the Association distributed $1,482 and $1,735, respectively, to the University. Complete financial statements for the Association can be obtained from the University of Minnesota Alumni Association, McNamara Alumni Center, 200 Oak Street S.E., Suite 200, Minneapolis, MN 55455.

University Gateway Corporation

The University Gateway Corporation (Gateway) is a legally separate, tax-exempt entity that owns and operates a facility used to support three beneficiary organizations and the University of Minnesota in student recruiting, alumni relations, fund-raising activities, and general operations. The beneficiary organizations include the University of Minnesota Foundation, the University of Minnesota Alumni Association, and the Minnesota Medical Foundation. Gateway's six-member Board of Directors consists of three members from the University of Minnesota Foundation, two members from the University of Minnesota Alumni Association, and one member from the Minnesota Medical Foundation.

During fiscal year 2008, Gateway distributed $648 to the University. Complete financial statements for the University Gateway Corporation can be obtained from the McNamara Alumni Center Management Office, 200 Oak Street S.E., Suite 35, Minneapolis, MN 55455.

University of Minnesota Physicians

University of Minnesota Physicians (UMPhysicians) is a legally separate, tax-exempt clinical practice organization for the faculty of the University of Minnesota School of Medicine. The Board of UMPhysicians consists of 24 voting directors, including the UMPhysicians chief executive officer, the dean of the University of Minnesota Medical School, faculty and department heads of the University Medical School (18 members), individuals from the community at-large (4 members), and 2 nonvoting directors.

During fiscal years 2008 and 2007, UMPhysicians distributed $42,463 and $38,000, respectively, to the University. Complete financial statements for University of Minnesota Physicians can be obtained from the Chief Financial Officer, 720 Washington Ave S.E., Suite 200, Minneapolis, MN 55414.

Tax Status—The Internal Revenue Service (IRS) has ruled that the University is an integral part of the State of Minnesota. Therefore, the University is generally exempt from federal income taxes, although certain activities are subject to federal unrelated business income tax.

Component Units

The University's component units are nonprofit organizations, organized under IRS Code Section 501(c)(3). These units report under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the component units' financial information in the University's financial report for these differences. The component units' financial data has, however, been aggregated into like categories for presentation purposes and is shown in these statements in thousands, although in all cases except the University of Minnesota Physicians, the separately issued component units' financial statements are not rounded.

Financial Statement Presentation

The financial statements have been prepared in accordance with accounting principles prescribed by GASB. These statements are prepared on a consolidated, entity-wide basis. All significant inter-fund balances have been eliminated upon consolidation.

Basis of Accounting

The University is considered to be a special purpose government engaged primarily in business type activities (BTA). As a BTA, the University prepares its financial statements using the accrual basis of accounting and the economic-resources-measurement focus. Under the accrual basis of accounting, revenues and expenses are recognized when earned or incurred.

As a GASB institution, the University has the option of applying pronouncements issued by the FASB after November 30, 1989, unless FASB conflicts with GASB. The University has elected not to adopt FASB pronouncements issued after the applicable date.

Significant Accounting Policies

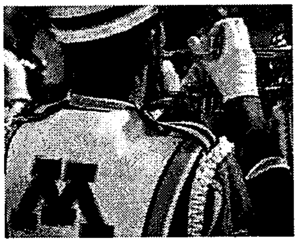
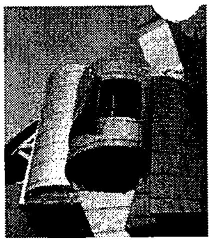
Cash and Cash Equivalents—For purposes of the statement of cash flows, the University defines cash and cash equivalents as highly liquid, short-term (90 days or less) investments that bear little or no market risk. Cash equivalents held in the Consolidated Endowment Fund (CEF), the Group Income Pool (GIP), and the Separately Invested Funds (SIF) are included in investments because the intent of these pools is long-term appreciation. Any cash balances held at the date of the statements are due to the timing of reinvesting the proceeds within the funds.

Investments—Investments in securities are reported at market value as determined by the major securities markets. Alternative investment strategies involving thinly traded securities are determined by the most recent purchase or sale price publicly available for that security. Private investments including real estate, timber, and venture capital are independently appraised annually and reported by investment managers as an updated estimate to that appraisal. As a result, these investments bear a greater risk that the reported value may be materially different than actual value. Certain alternative investments are reported on a cost basis. Purchases and sales of investments are recorded on a settlement-date basis. Investment income is reported on the accrual basis and includes interest income and endowment income (interest earned on endowments but allocated to other funds). Realized and unrealized gains and losses are reported as a net increase (decrease) in the fair market value of investments.

The University uses derivative instruments for a variety of purposes. Financial futures are used to maintain investment portfolio asset allocations in accordance with institutional policy and to enhance the investment returns of certain asset classes. Forward foreign exchange contracts are used to hedge foreign currency exposure while interest rate swaps are used to manage the cost of debt. Financial futures and forward foreign exchange contracts are recorded on the contract date and are carried at fair value using listed price quotations or amounts that approximate fair value. The University is required to post collateral, typically U.S. Treasury bills, for derivative contracts held. Collateral required by these contracts is monitored daily and required deposits or withdrawals are made as necessary.

The Board of Regents determines the prudent amount of realized and unrealized endowment appreciation to be allocated to fund current operations. Investment of the realized or unrealized appreciation in excess of the annual spending limits is discussed in Note 2.

Inventories—Inventories held for resale are carried at the lower of cost (first-in, first-out) or market value. Other inventories are carried primarily at cost, which approximates market value.

Receivables and Student Loan Receivables, Net—Receivables and student loan receivables are shown net of estimated allowance for uncollectible accounts.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent unspent bond proceeds, which are externally restricted for the construction or purchase of buildings or other capital assets. Although these funds meet the University's definition of cash and cash equivalents, they are recorded as long-term assets, as these funds are required to be used for long-term capital projects.

Capital Assets—Land, buildings, and other property are recorded at cost, if purchased or constructed, or at market value on the date of gift, if received by gift or bequest. Depreciation is determined using the straight-line method, based on the estimated useful lives of the assets. Interest that qualified for interest capitalization is $503 and $132 for fiscal years 2008 and 2007, respectively.

The following schedule summarizes the useful lives and capitalization threshold for capitalized, depreciable assets.

Asset category	Useful life (in years)	Capitalization threshold
Buildings and improvements	10–40	$50,000
Leasehold improvements	Lease term	50,000
Infrastructure	10–40	50,000
Equipment	3–20	2,500
Library and reference books	10	N/A
Capitalized software	5	50,000

The University maintains certain collections (works of art or historical treasures) for public exhibition, education, or research in furtherance of public service. These collections are preserved, unencumbered, and cannot be disposed of for financial gain (proceeds from sales of collection items must be used to acquire other items for the collections). As such, certain collections are not capitalized for financial statement reporting purposes.

Unearned Income—Unearned income represents amounts received from tuition, auxiliary services, and grants and contracts prior to fiscal year-end but not yet earned.

Noncurrent Liabilities—Noncurrent liabilities represent the principal portion of bonds, notes, and capital lease obligations as well as estimated amounts of accrued compensated absences, other postemployment benefits, and other liabilities that will not be paid within the next fiscal year.

Net Assets—Net assets are reported in three components based upon the type of external restriction imposed.

- **Unrestricted:** Net assets that have no external restriction imposed. Unrestricted net assets may be designated for specific purposes by the Board of Regents or subject to contractual limitations, but generally are designated to fund the academic, research, and public service mission of the University.
- **Restricted:**

  Expendable—Net assets that are restricted for specific purposes by grantors, donors, or law. Restrictions on these assets are released when the University complies with the stipulations required by the grantor, donor, or legislative act.

  Nonexpendable—Net assets that are required to be retained permanently by the University. These assets represent the principal portion (historical value) of gifts to the University's true and life endowment funds, and institutional contributions to refundable loan programs.
- **Invested in capital assets, net of related debt:** Capital assets, net of accumulated depreciation and outstanding debt used to purchase, construct, or improve such assets. If debt has been incurred but not yet expended for capital assets, these unspent proceeds are classified as restricted-expendable net assets.

If both restricted and unrestricted resources are to be used for the same purpose, the resources are used in accordance with applicable instructions of the grantor, donor, or law.

Revenue and Expense Classifications—The University has classified revenues and expenses as operating or nonoperating based upon the following criteria:

- **Operating revenues:** Revenues that result from exchange activities. Exchange activities are transactions where the amount received approximates the fair market value of the goods or services given up. The University considers student tuition and fees (net of scholarship allowances), federal appropriations, most grants and contracts, interest on student loans, and sales and services of auxiliary and educational activities to be exchange transactions.
- **Nonoperating revenues:** Revenues that represent nonexchange activities. The primary sources of these

revenues are state appropriations, gifts, capital grants, federal and state financial aid grants (such as Pell and Supplemental Educational Opportunity Grants), and other nonexchange grants and contracts. Although the University relies upon these revenue sources to fund the cost of operations, the grantor or donor is not the direct recipient of the goods or services delivered under the grant or gift terms.

- **Operating expenses:** Expenses that are paid to acquire or produce goods and services in return for operating revenues. The University has classified operating expenses based upon their functional classification. Operating expenses by natural classification are presented in Note 12.

  During fiscal years 2008 and 2007, departmental research in nonsponsored accounts of $150,858 and $137,257, respectively, was recorded as research expense.

- **Nonoperating expenses:** Expenses incurred in the performance of activities that are not directly related to generating University operating revenues, such as interest on capital asset-related debt.

Use of Estimates—To prepare the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates and assumptions. These estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas that require the use of management's estimates relate to accounts payable, allowances for uncollectible accounts, self-insurance reserves, scholarship discounts and allowances, arbitrage rebates, and vacation pay and pension accruals.

Reclassifications—Certain prior-year amounts have been reclassified to conform to the presentation used in the current year. These reclassifications had no impact on net assets as previously reported.

New Accounting Pronouncements

In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (GASB 49), which addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations addressing the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution prevention or control obligations with respect to current operations and future pollution and remediation activities that are required upon retirement of an asset. Under GASB 49, the University is required to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired once any one of five specified obligating events occurs. GASB 49 is effective for the fiscal year ending June 30, 2009. Management is in the process of evaluating the impact this statement will have on the University.

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* (GASB 51), which addresses the recognition of intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. Additionally, it establishes a specified-conditions approach to recognizing intangible assets that are internally generated. GASB 51 provides guidance on determining the useful life of intangible assets when contractual or legal provisions limit the length of their life. This statement is effective for the fiscal year ending June 30, 2010, and the provisions of this statement are generally required to be applied retroactively for fiscal years ending after June 30, 1980. Management is in the process of evaluating the impact this statement will have on the University.

In November 2007, the GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments* (GASB 52), which establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. This statement is effective for the fiscal year ending June 30, 2009. Management is in the process of evaluating the impact this statement will have on the University.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), which addresses the recognition, measurement, and disclosure of information regarding derivative instruments. It will require the University to measure derivative instruments, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully

benefit-responsive, at fair value. In addition, disclosure requirements will provide a summary of the University's derivative instrument activity and the information necessary to assess the University's objectives for derivative instruments, their significant terms, and the risks associated with the derivative instruments. This statement is effective for the fiscal year ending June 30, 2010. Management is in the process of evaluating the impact this statement will have on the University.

2. Cash and Investments

Summary

The University maintains centralized management for substantially all of its cash and investments. With the exception of insurance reserves maintained by RUMINCO, Ltd.—the wholly owned insurance subsidiary (Note 9)—and other funds whose terms require separate management, the invested assets of the University are managed through several investment pools. Each investment pool has a different set of objectives designed to maximize investment return within established risk parameters established for that pool.

In general, investment securities are exposed to various risks, such as credit, concentration of credit, custodial credit, interest rate, and foreign currency. Although the objective of each investment pool is to control risk and preserve capital, it is likely that changes in the values of investment securities will occur in the near term, and possible that such changes could materially affect the amounts reported in the consolidated financial statements.

Authorizations

The Board of Regents establishes the University's investment policies and objectives. The internal investment pools created under these guidelines to manage the invested assets of the University are described below.

Temporary Investment Pool (TIP)—Short-Term Reserves—The Temporary Investment Pool (TIP) is invested to meet the current obligations of the University. The investment objective for the TIP is to maximize current income while preserving principal and maintaining liquidity. The pool is invested primarily in commercial paper, money market funds, corporate obligations, and U.S. government and agency securities within the credit quality and term constraints of the portfolio. In June 2006, the Board of Regents established a policy that allows for up to 30 percent of the pool to be invested in the Consolidated Endowment Fund (CEF)–a fund of predominantly equity investments managed by outside investment managers and whose investments may have limited liquidity. As of June 30, 2008 and 2007, the market value of TIP assets invested in CEF was $119,251 and $107,119, which included investment earnings of $4,191 and $7,119, respectively.

The TIP investments are guided by the following: average duration of three years or less for the entire portfolio and maximum duration of seven years for any individual holding; average credit quality of A1/A- or better; no use of leverage; and security ratings of investment grade (defined as Baa3/BBB- rating or better by Moody's or Standard & Poor's) unless the president or delegate specifically approves retention of a lower rated security. The TIP's average credit rating per Standard & Poor's Corporation is AA and is further broken down as follows:

Standard & Poor's quality rating	Market value 2008	Market value 2007
AAA	$141,315	$368,313
AA	33,801	
AA-	2,499	4,855
A+	4,926	3,418
A	7,403	26,895
A-	32,675	9,955
A1		10,000
A2		62,956
BBB+	28,305	10,097
BBB	40,688	12,285
BBB-	17,978	22,213
BB+		9,967
N/A*	299,570	1,110
Total	$609,160	$542,064

**Includes Common Fund cash and cash equivalents, Goldman Sachs, and Carlson School of Management.*

Consolidated Endowment Fund (CEF)—The Consolidated Endowment Fund (CEF) represents the pooling of funds from both public and private sources for which donor intent, law, or institutional decree determines the principal amount that must be invested either in perpetuity or other specified time frames. The funds are invested to achieve a return of at least 5 percent above inflation over a three- to five-year period. The allocation policy for this fund targets a 40 percent investment in public equities, 20 percent in fixed-income related investments, 20 percent investment in private capital (such as private equity, venture capital, and distressed debt), and 20 percent invested in real assets (such as real estate partnerships, timberlands, oil and gas partnerships, and other investable commodities).

The University's investments in private capital and real assets are generally structured as a limited partner (LP) interest pool of equity investments. The University invests in these partnerships as a means of achieving different return characteristics from those of public stocks, over the life of the investment. LP interests are privately negotiated transactions and not actively exchanged. Purchases and sales of LP interests are typically negotiated directly with a counter party and sometimes at a discount. The University receives liquidity from these investments through distributions from the general partners. Since the general partners maintain discretion over the timing of these distributions, the University is exposed to somewhat higher liquidity risk with respect to partnership interests. The underlying investments of these partnerships are valued at fair value as of June 30 of each fiscal year, based on quoted prices on national securities exchanges, if available; independent appraisals; recent purchases and sales, if quoted prices or appraisals are not available; or at cost in the absence of an observable event. As of June 30, 2008 and 2007, the University had outstanding commitments of $531,728 and $482,003, respectively, to private capital and real asset partnership investments that had not yet been drawn down by the general partners of these funds. Typically, committed capital is drawn down and invested over a several-year period. In the past, drawdowns on outstanding commitments have been funded by distributions from the private capital or real asset portfolios or by liquidating other assets in CEF.

The CEF's ratable credit risk, which was 3.2 percent of the pool in fiscal year 2008 compared to 5.9 percent in fiscal year 2007, consisted of debt securities that had an average Standard & Poor's rating of AA.

The University distributes funds from the CEF to activities targeted by the endowment purpose. The distribution rate for fiscal year 2008 was 4.7 percent of a five-year moving average of the unit value of the fund. The distribution rate will decrease 10 basis points each year until the annual rate reaches 4.5 percent. When investment income is less than the distribution rate, accumulated capital gains are used to supplement investment income to meet the spending policy. If investment income exceeds the amount needed for distribution, the excess remains in the respective endowment funds.

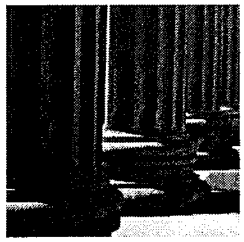
Group Income Pool (GIP)—Long-Term Reserves—
The Group Income Pool (GIP) represents assets invested for the purpose of various auxiliary and support-service units as well as long-term capital purposes. The investment objective of the GIP is to maximize the total investment return while preserving capital balances until such time as the principal is required to fund the intended use; therefore, the GIP is invested in global, fixed-income securities through institutional mutual funds, and up to 50 percent of the pool can be invested in CEF. As of June 30, 2008 and 2007, $18,604 and $19,829 of GIP assets were invested in CEF.

Separately Invested Funds—Separately invested funds represent other restricted assets that, by the terms of the gift or by administrative decision, cannot be combined with the major investment pools.

Invested Assets Related to Indebtedness—Included in investments are the invested assets related to indebtedness that are held by the bond trustee primarily in the debt-service reserve funds of the outstanding University bond issuances. In addition, unspent bond proceeds held by the University are invested for short-term income until needed for the capital projects for which the bonds were issued. The market value of debt-related investments held by the bond trustee and internally managed was $75,632 and $171,200 on June 30, 2008 and 2007, respectively.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the University of Minnesota's investment in a single issuer. The University has an established policy for CEF that limits the amount of funds that may be invested by any one investment management firm to 25 percent of the total endowment. A further policy limits any investment manager to holding no more than 5 to 7 percent of the portfolio in a single issuer. As a result of these policies, the largest holdings with a single issuer as of June 30, 2008 and 2007, were less than 1 percent. The TIP's policy is to limit single issuer concentration to 7 percent. As of June 30, 2008 and 2007, no single issuer was above the 5 percent concentration threshold.



Custodial Credit Risk

Deposits—Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to the University. The University does not have a deposit policy for custodial credit risk. As of June 30, 2008, $10,460 of the University's bank balance of $10,560 was uninsured and uncollateralized compared with the fiscal year ending June 30, 2007, when $13,575 of the balance of $13,675 was uninsured and uncollateralized.

Investments—For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University's policy is to register investment securities in the name of the Board of Regents of the University of Minnesota.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the market value of the University's investments. The University's TIP policy limits investment duration as a means of managing its exposure to market value losses arising from increasing interest rates.

The University's investment in securities subject to this risk as of June 30, 2008, was as follows:

Investment type	Market value 2008	Average duration (years)
Corporate bonds	$168,274	0.81
Government issues—agencies	94,167	1.22
Mortgage backed securities	47,148	4.27
Other (primarily mutual funds)	19,959	.63
Cash and cash equivalents	279,612	0.003
Total	$609,160	

The University's investment in securities subject to this risk as of June 30, 2007, was as follows:

Investment type	Market value 2007	Average duration (years)
Government issues—agencies	$277,944	2.12
Corporate bonds	88,741	0.72
Mortgage backed securities	55,361	4.27
Other (primarily mutual funds)	40,004	2.43
Cash and cash equivalents	80,014	0.010
Total	$542,064	

Foreign Currency Risk

The University's exposure to foreign currency risk derives from its positions in foreign currency denominated investments. Changes in exchange rates can adversely affect the fair value of an investment. The University's investment policy permits it to target allocations for international securities at 40 percent, with a range around this target of 10–20 percent. The University's exposure to foreign currency risk, stated in U.S. dollar equivalents, was as follows:

Investment type	Currency	Market value 2008	Market value 2007
Equity	Euro	$ 39,419	$ 69,424
Equity	Japanese yen	23,255	41,701
Equity	Great British pound sterling	16,074	37,328
Equity	Australian dollar	5,586	9,435
Equity	Canadian dollar	3,439	2,534
Equity	Swiss franc	2,730	4,412
Equity	Norwegian krone	2,493	577
Equity	Swedish krona	1,982	1,561
Equity	Hong Kong dollar	1,406	2,914
Equity	Danish krone	1,223	855
Equity	Singapore dollar	1,112	1,655
Equity	Mexican peso	469	58
Equity	South Korean won	368	1,308
Equity	Thailand baht	318	488
Equity	New Zealand dollar	284	568
Equity	Malaysian ringgit	90	
Equity	Taiwan dollar	48	223
Equity	Polish zloty	23	
Equity	South African rand	7	
Equity	Turkish lira		87
Total		$100,326	$175,128

As of June 30, 2008, the University had $6,901 in open foreign currency purchase contracts and $7,724 in open foreign currency sales contracts with a negligible net market value. This compares to $5,896 in open foreign currency purchase contracts and $5,891 in open foreign currency sales contracts with a net market value of $152 as of June 30, 2007.

Years ended June 30, 2008 and 2007 (in thousands)

The following summarizes cash, securities lending collateral, and investments, including the University's insurance subsidiary on June 30, 2008.

	Temporary investment pool*	Invested assets related to indebtedness	Securities lending program	Consolidated endowment fund	Group income pool	Separately invested funds	Insurance subsidiary	Total
Cash and cash equivalents	$248,452	$ 6,174		$ 11,443	$ (1,111)		$ 5,674	$ 270,632
Securities lending collateral			$118,956					118,956
Short-term investments	70,586							70,586
Total current assets	319,038	6,174	118,956	11,443	(1,111)	–	5,674	460,174
Restricted cash and cash equivalents		68,806						68,806
Investments—securities	257,961	1,020		301,330	32,910	$40	22,073	615,334
Investments—other				815,536			4,714	820,250
Total noncurrent assets	257,961	69,826	–	1,116,866	32,910	40	26,787	1,504,390
	$576,999	$76,000	$118,956	$1,128,309	$31,799	$40	$32,461	$1,964,564
Unrestricted amounts included above	$280,612	$ –	$ 23,388	$ –	$ 8,742	$ –	$32,461	$ 345,203

The following summarizes cash, securities lending collateral, and investments, including the University's insurance subsidiary on June 30, 2007.

	Temporary investment pool*	Invested assets related to indebtedness	Securities lending program	Consolidated endowment fund	Group income pool	Separately invested funds	Insurance subsidiary	Total
Cash and cash equivalents	$ 53,077	$ 204		$ 8,247	$ (41)		$ 8,602	$ 70,089
Securities lending collateral			$100,300					100,300
Short-term investments	11,207	1,015						12,222
Total current assets	64,284	1,219	100,300	8,247	(41)	–	8,602	182,611
Restricted cash and cash equivalents		163,807						163,807
Investments—securities	450,954	6,030		624,176	31,234	$40	26,297	1,138,731
Investments—other				536,965			4,317	541,282
Total noncurrent assets	450,954	169,837	–	1,161,141	31,234	40	30,614	1,843,820
	$515,238	$171,056	$100,300	$1,169,388	$31,193	$40	$39,216	$2,026,431
Unrestricted amounts included above	$ 79,904	$ –	$ 16,163	$ –	$13,373	$ –	$39,216	$ 148,656

**Temporary investment pool includes cash-in-transit of $(32,159) and $(26,827) on June 30, 2008 and 2007, respectively.*

Unrestricted cash and investments include amounts that have not been restricted for specific purposes by grantors, donors, or law.



Securities Lending

To enhance the return on investments, the Board of Regents of the University has authorized participation in a global securities lending program. The program is managed by the University's custodial bank, which lends securities to approved broker-dealers in return for cash or other acceptable collateral. By contractual agreement, the level of collateralization must be at least 102 percent of the market value of the securities loaned. The types of securities lent include domestic and foreign equities and domestic government, agency, and corporate bonds, as well as foreign, sovereign, fixed-income securities. Collateral received is generally in the form of cash, although U.S. government or agency securities, sovereign debt (rated A or better), convertible bonds, and irrevocable bank letters of credit are also acceptable forms of collateral. The University retains all rights to ownership of the loaned securities and receives all dividend and interest income. The securities lending agent has the ability to sell collateral securities in the event a borrower defaults.

In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions* (GASB 28), the University records the market value of the collateral as an asset in the balance sheet along with a corresponding liability. The University had loaned securities with market values of approximately $115,559 and $89,642 on June 30, 2008 and 2007, respectively. These loaned securities were supported by collateral of approximately $118,956 and $100,300 (which is included as securities lending collateral in the consolidated statements of net assets) on June 30, 2008 and 2007, respectively. Of this collateral amount, approximately $31,760 and $86,913 was cash and approximately $87,196 and $13,387 was acceptable noncash collateral on June 30, 2008 and 2007, respectively.

In general, since the value of collateral received exceeded the market value of the securities on loan, the University's credit risk was minimal. The University and the borrowers of its securities maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loaned security is invested in a collective investment pool, together with the cash collateral of other participants in the securities lending program. The average duration of the pool was 40 and 64 days as of June 2008 and 2007, respectively. Since the security loans are terminable at will by either the borrower or the lender, the maturity of the loan does not generally match the duration of the investments made with the cash collateral. If the University elects to terminate a security loan, the lending agent has the ability to substitute the same security from a different client while returning the University's security.

Income and cost from its participation in this securities lending program were $3,005 and $2,572, respectively, for the year ended June 30, 2008, and $4,007 and $3,798 for the year ended June 30, 2007.

Years ended June 30, 2008 and 2007 (in thousands)

3. Other Asset and Liability Information

Receivables, net, and student loans receivable as of June 30, 2008, consisted of the following:

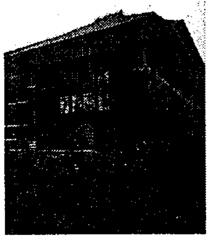
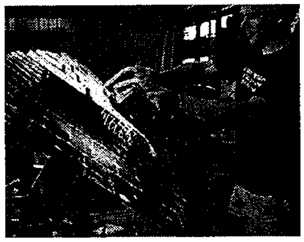
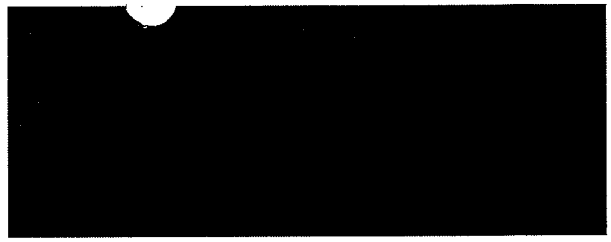
	Current	Noncurrent	Total
State and federal appropriation	$ 5,902		$ 5,902
Sponsored grants and contracts	79,421		79,421
Notes receivable	156	$ 691	847
Student receivables	39,620		39,620
Trade receivables	85,757		85,757
Accrued interest	3,660		3,660
Other	8,347		8,347
Allowance for uncollectible accounts	(9,086)		(9,086)
Total receivables, net	$213,777	$ 691	$214,468
Student loans receivable	10,660	65,432	76,092
Allowance for uncollectible accounts	(2,237)	(654)	(2,891)
Student loans receivable, net	$ 8,423	$64,778	$ 73,201

Accrued liabilities as of June 30, 2008, consisted of the following:

	Current	Noncurrent	Total
Trade liabilities	$ 9,100		$ 9,100
Compensation and benefits	178,656	$30,002	208,658
Self-insurance reserves	20,663	12,630	33,293
Accrued interest	5,304		5,304
Refundable advances		55,323	55,323
Other	24,428		24,428
Total accrued liabilities	$238,151	$97,955	$336,106

Activity for certain liabilities consisted of the following as of June 30, 2008:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Compensated balances (excluding pensions, OPEB, termination benefits, see Notes 6, 10, 11)	$160,759	$181,655	$(160,466)	$181,948	$167,797
Self-insurance reserves (see Note 9)	28,196	206,690	(201,593)	33,293	20,663
Refundable advances	56,157		(834)	55,323	
Other	23,747	24,428	(23,747)	24,428	24,428

Receivables, net, and student loans receivable as of June 30, 2007, consisted of the following:

	Current	Noncurrent	Total
State and federal appropriations	$126,953		$126,953
Sponsored grants and contracts	50,222		50,222
Notes receivable	84	$ 916	1,000
Student receivables	36,077		36,077
Trade receivables	73,999		73,999
Accrued interest	7,928		7,928
Other	15,888		15,888
Allowance for uncollectible accounts	(9,040)		(9,040)
Total receivables, net	$302,111	$ 916	$303,027
Student loans receivable	15,051	57,752	72,803
Allowance for uncollectible accounts	(2,074)	(577)	(2,651)
Student loans receivable, net	$ 12,977	$57,175	$ 70,152

Accrued liabilities as of June 30, 2007, consisted of the following:

	Current	Noncurrent	Total
Trade liabilities	$ 13,414		$ 13,414
Compensation and benefits	151,519	$20,156	171,675
Self-insurance reserves	16,680	11,516	28,196
Accrued interest	6,676		6,676
Refundable advances		56,157	56,157
Other	23,747		23,747
Total accrued liabilities	$212,036	$87,829	$299,865

Activity for certain liabilities consisted of the following as of June 30, 2007:

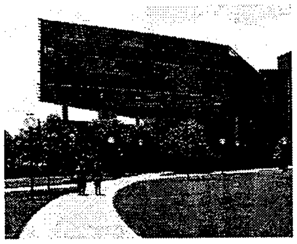
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Compensated balances (excluding pensions, OPEB, termination benefits, see Notes 6, 10, 11)	$155,074	$160,671	$(154,986)	$160,759	$148,619
Self-insurance reserves (see Note 9)	29,577	186,210	(187,591)	28,196	16,680
Refundable advances	56,807		(650)	56,157	
Other	26,359	23,747	(26,359)	23,747	23,747

Years ended June 30, 2008 and 2007 (in thousands)

4. Capital Assets

Capital assets, net, on June 30, 2008, consisted of the following:

	Beginning balance	Additions	Transfers	Retirements	Ending balance
Depreciable capital assets					
Buildings and improvements	$ 2,452,208		$ 170,468	$ (4,706)	$ 2,617,970
Leasehold improvements	2,036		395		2,431
Equipment	579,564	$ 62,734	(1,842)	(44,839)	595,617
Infrastructure	336,774		13,774		350,548
Library and reference books	110,688	13,943		(9,518)	115,113
Capitalized software	16,188	24,505			40,693
Total depreciable capital assets	3,497,458	101,182	182,795	(59,063)	3,722,372
Nondepreciable capital assets					
Land	64,028	5,358	756	(27)	70,115
Museums and collections	40,487	3,487			43,974
Construction in progress	161,271	243,229	(183,551)	(371)	220,578
Total nondepreciable capital assets	265,786	252,074	(182,795)	(398)	334,667
Less accumulated depreciation					
Buildings and improvements	(1,104,617)	(71,271)		4,705	(1,171,183)
Leasehold improvements	(928)	(323)			(1,251)
Equipment	(391,181)	(51,191)		40,377	(401,995)
Infrastructure	(153,077)	(11,176)			(164,253)
Library and reference books	(52,795)	(11,290)		9,518	(54,567)
Total accumulated depreciation	(1,702,598)	(145,251)	–	54,600	(1,793,249)
Capital assets, net	$ 2,060,646	$ 208,005	$ –	$ (4,861)	$ 2,263,790
Summary					
Depreciable capital assets	$ 3,497,458	$ 101,182	$ 182,795	$(59,063)	$ 3,722,372
Nondepreciable capital assets	265,786	252,074	(182,795)	(398)	334,667
Total capital assets	3,763,244	353,256	–	(59,461)	4,057,039
Less accumulated depreciation	(1,702,598)	(145,251)	–	54,600	(1,793,249)
Capital assets, net	$ 2,060,646	$ 208,005	$ –	$ (4,861)	$ 2,263,790

Capital assets, net, on June 30, 2007, consisted of the following:

	Beginning balance	Additions	Transfers	Retirements	Ending balance
Depreciable capital assets					
Buildings and improvements	$ 2,402,631		$ 66,438	$(16,861)	$ 2,452,208
Leasehold improvements	1,420		616		2,036
Equipment	558,947	$ 53,475	(54)	(32,804)	579,564
Infrastructure	326,814		9,960		336,774
Library and reference books	107,004	13,430		(9,746)	110,688
Capitalized software		16,188			16,188
Total depreciable capital assets	3,396,816	83,093	76,960	(59,411)	3,497,458
Nondepreciable capital assets					
Land	57,955	3,053	3,020		64,028
Museums and collections	38,427	2,060			40,487
Construction in progress	33,576	207,965	(79,980)	(290)	161,271
Total nondepreciable capital assets	129,958	213,078	(76,960)	(290)	265,786
Less accumulated depreciation					
Buildings and improvements	(1,053,396)	(67,139)		15,918	(1,104,617)
Leasehold improvements	(700)	(228)			(928)
Equipment	(372,131)	(49,142)		30,092	(391,181)
Infrastructure	(142,528)	(10,549)			(153,077)
Library and reference books	(51,656)	(10,885)		9,746	(52,795)
Total accumulated depreciation	(1,620,411)	(137,943)	–	55,756	(1,702,598)
Capital assets, net	$ 1,906,363	$158,228	$ –	$ (3,945)	$ 2,060,646
Summary					
Depreciable capital assets	$ 3,396,816	$ 83,093	$ 76,960	$(59,411)	$ 3,497,458
Nondepreciable capital assets	129,958	213,078	(76,960)	(290)	265,786
Total capital assets	3,526,774	296,171	–	(59,701)	3,763,244
Less accumulated depreciation	(1,620,411)	(137,943)	–	55,756	(1,702,598)
Capital assets, net	$ 1,906,363	$158,228	$ –	$ (3,945)	$ 2,060,646

Years ended June 30, 2008 and 2007 (in thousands)

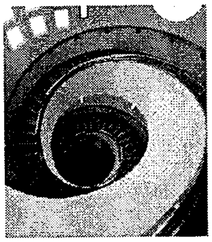
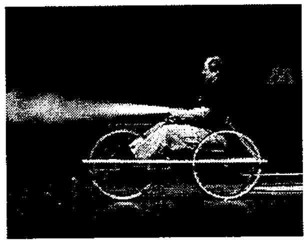
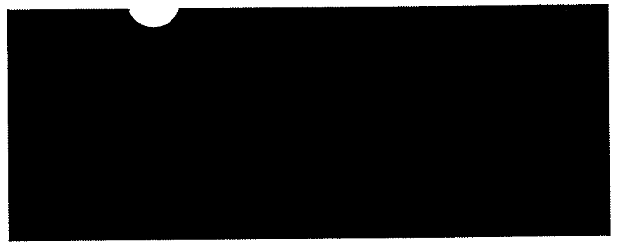
5. Long-Term Debt

Long-term debt on June 30, 2008, consisted of the following:

	Interest rate	Due at various dates through	Beginning balance	Additions	Reductions	Ending balance	Current portion
General obligation bonds							
Series 2004A	4.86%	2010	$ 15,333		$ 3,635	$ 11,698	$ 3,804
Series 2003A	4.39%	2031	67,000		1,250	65,750	1,650
Series 2001C	4.40%	2009	139,250		5,600	133,650	133,650
Series 2001B	4.33%	2009	1,980		360	1,620	1,620
Series 2001A	3.08%	2009	5,240		2,570	2,670	2,670
Series 1999A	4.16%	2009	147,150		10,250	136,900	136,900
Commercial paper notes, Series A	3.15%–3.65%	2009	147,100		5,000	142,100	142,100
Commercial paper notes, Series B	3.15%–3.65%	2009	58,000		3,000	55,000	55,000
Commercial paper notes, Series C	3.15%–3.65%	2009		$70,000	3,500	66,500	66,500
Obligations to the State of Minnesota pursuant to infrastructure development bonds	3.55%–6.90%	2025	57,267		5,751	51,516	5,406
Auxiliary revenue bonds	3.00%	2013	6,545		1,015	5,530	1,080
Special purpose revenue bonds	4.00%–5.00%	2029	147,714		3,189	144,525	4,214
Capital leases and other	1.72%–8.00%	2015	3,621	5,215	1,542	7,294	1,628
Total			$796,200	$75,215	$46,662	$824,753	$556,222

Long-term debt on June 30, 2007, consisted of the following:

	Interest rate	Due at various dates through	Beginning balance	Additions	Reductions	Ending balance	Current portion
General obligation bonds							
Series 2004A	4.86%	2010	$ 18,807		$ 3,474	$ 15,333	$ 3,634
Series 2003A	4.39%	2031	68,500		1,500	67,000	1,250
Series 2001C	4.40%	2008	144,750		5,500	139,250	27,850
Series 2001B	4.33%	2008	2,320		340	1,980	1,980
Series 2001A	3.08%	2008	7,710		2,470	5,240	5,240
Series 1999A	4.16%	2009	156,950		9,800	147,150	73,575
Commercial paper notes, Series A	3.15%–3.65%	2008	159,100		12,000	147,100	147,100
Commercial paper notes, Series B	3.15%–3.65%	2008		$ 61,000	3,000	58,000	58,000
Obligations to the State of Minnesota pursuant to infrastructure development bonds	3.55%–6.90%	2025	63,208		5,941	57,267	5,437
Auxiliary revenue bonds	3.00%	2013	7,500		955	6,545	1,015
Special purpose revenue bonds	4.00%–5.00%	2029		147,971	257	147,714	3,189
Capital leases and other	1.72%–8.00%	2015	4,102	1,795	2,276	3,621	565
Total			$632,947	$210,766	$47,513	$796,200	$328,835

General Obligation Bonds

In November 2001, the Board of Regents of the University of Minnesota (Board of Regents) authorized the issuance of new general obligation debt securities to provide funds for certain approved capital projects, costs of issuance, and refunding of the Series 1993A bonds. Of the $501,000 of debt authorized under the February 2001 and November 2001 resolutions, $380,600 was issued for the Series 1999A and 2001 bonds, $71,000 was issued for the 2003A bonds for the refunding of the Series 1993A bonds, and $20,720 was issued for the Series 2004A bonds, with $28,680 remaining unissued.

Under generally accepted accounting principles, the Series 2001A, 2001B, 2001C, and 1999A bonds are defined as demand bonds because bondholders have the option to put the bonds back to (demand repayment from) the University at any time. As of June 30, 2008, any bonds exercised by bondholders to date under the put option had been successfully remarketed. In the absence of standby bond purchase agreements, the University has classified the entire obligation of the Series 2001A and 2001B bonds as current liabilities. In addition, since standby bond purchase agreements related to Series 1999A and Series 2001C expire within the next fiscal year, the University has classified the entire obligation of those series as current liabilities.

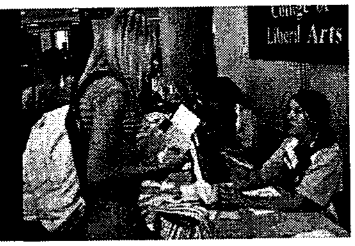
In December 2003, the University entered into a standby bond purchase agreement to provide liquidity support for the Series 2001C bonds. The University pays a nonrefundable facility fee of .1775 percent per annum under this agreement that requires the bank to provide funds for the purchase of Series 2001C bonds that have been tendered or deemed tendered and not remarketed subject to certain conditions. At the beginning of fiscal year 2008, the available principal commitment was the aggregate principal amount of the Series 2001C bonds outstanding of $139,250, but is reduced annually in the same amount as the annual principal reduction on the bonds. The agreement, which expires on December 16, 2008, provides for 10 equal semiannual installments, at six-month intervals, of the bonds put back to the banks holding the agreement. No amounts had been drawn under this agreement through June 30, 2008.

In June 2004, the University entered into a standby bond purchase agreement to provide liquidity support for the Series 1999A bonds. The University pays a nonrefundable facility fee of .0975 percent per annum under this agreement. At the beginning of fiscal year 2008, the available principal commitment was the aggregate principal amount of the Series 1999A bonds outstanding of $147,150, but is reduced annually in the same amount as the annual principal reduction on the bonds. The agreement, which expires on June 12, 2009, provides for four equal semiannual installment payments on June 1 and December 1, of the bonds put back to the bank holding the agreement. No amounts had been drawn under this agreement through June 30, 2008.

Subsequent to fiscal year-end 2008, approximately $26,000 of Series 1999A, 2001B, and 2001C bonds were tendered to the University and not remarketed; thus the University drew on its respective standby bond purchase agreements and its self-liquidity for payment of principal and accrued interest on the tendered bonds. Three days after the applicable draws, the tendered bonds and those purchased by the University were once again successfully remarketed by the University's remarketing agent. Management believes that the tenders' being unremarketed was an extraordinary event due to current market turmoil and such an event is unlikely to occur on a regular basis. Thus, management believes that the bond obligations will continue to be met in accordance with the longer term payment schedules provided within the bond prospectuses.

All general obligation bonds are secured by the full faith and credit of the University and subject to mandatory sinking fund requirements set forth in the prospectuses. In addition, the bonds are tax-exempt with the exception of the Series 2001B bonds.

On October 2, 2008, the University converted the outstanding balance of $64,100 of the Series 2003A from auction rate securities to variable rate demand bonds. Under generally accepted accounting principles, the Series 2003A bonds are now defined as demand bonds because bondholders have the option to put the bonds back to (demand repayment from) the University at any time. The bonds are backed by the University's self-liquidity, which is supported by a $130,000 line of credit with a major commercial bank. The credit agreement was entered into on October 2, 2008, and expires on October 1, 2009. No amounts have been drawn under the line of credit.



In September 2008, the Board of Regents authorized the issuance of new debt securities of up to $20,000 to finance a portion of the cost of the TCF Bank Stadium and to pay costs of issuance. These bonds are likely to be issued as general obligations of the University and are expected to be issued in November 2008.

Special Purpose Revenue Bonds

On December 14, 2006, the University issued $137,250 in Special Purpose Revenue Bonds, Series 2006. The proceeds of the bonds are to be used to finance a portion of the cost of the TCF Bank Stadium on the Twin Cities campus and to pay costs of issuance. State funding of up to $10,250 per year for no more than 25 years is to be provided to reimburse the University for the annual debt service on these bonds. The bonds were issued at coupon rates of 4–5 percent with a premium of $10,721.

University debt issuances issued after the Federal Tax Reform Act of 1986 are subject to federal arbitrage regulations. This results when earnings on investments purchased from the gross proceeds of a bond issue exceed the issuer's tax-exempt borrowing rates. The University continues to monitor and report any arbitrage in accordance with the Internal Revenue Code. At June 30, 2008, the University recorded an arbitrage liability of $467 related to the Special Purpose Revenue Bonds, Series 2006.

Commercial Paper Notes

On October 4, 2005, the University issued $159,100 in tax-exempt Commercial Paper Notes, Series A, to refund the General Obligation Bonds, Series 1996A, and to pay costs of issuance. The proceeds were used to defease the remaining outstanding Series 1996A bonds as required under the terms of a put option exercised by Goldman Sachs & Company. In addition, the integrated fixed to floating interest-rate swap agreement on these bonds was also terminated.

On March 1, 2007, the University issued $61,000 in tax-exempt Commercial Paper Notes, Series B, to finance purchases of land, buildings, construction, and remodeling projects to be undertaken by the University; the acquisition and installation of equipment by the University; and to pay costs of issuance.

In October 2007, the Board of Regents authorized the issuance of additional commercial paper in the principal amount of up to $135,000 to provide funds to finance and/or reimburse the University for purchases of land, building, construction, and remodeling projects to be undertaken by the University; and the acquisition and installation of equipment by the University. On November 28, 2007, the University issued $70,000 in tax-exempt Commercial Paper Notes, Series C, under this authorization, with $65,000 remaining unissued.

Although commercial paper is short-term in nature and classified as current liabilities in the financial statements, the University intends to hold the commercial paper notes as a long-term financing vehicle.

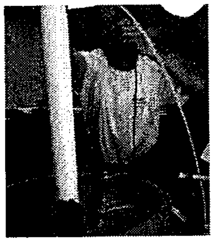
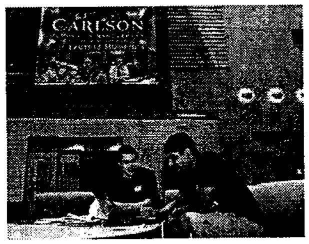
Auxiliary Bonds

The University's auxiliary bonds are secured by the net revenues of the auxiliary activity to which they relate, debt-service subsidy grants provided by the U.S. Department of Housing and Urban Development, and the full faith and credit of the University. Auxiliary enterprise revenues from student housing and food services of $2,703 and $2,988 were pledged as security to pay total principal and interest payments of $1,404 and $1,403 for auxiliary revenue bonds in fiscal years 2008 and 2007, respectively. Revenues are pledged until 2014, at which time the debt obligation on these auxiliary revenue bonds will be satisfied.

The auxiliary bond agreements require minimum mandatory reserves sufficient to cover the principal and interest due in any future fiscal year. To comply with this requirement, the University set aside $1,264 on June 30, 2008, and $1,355 on June 30, 2007, for future debt service. An additional $5,580 and $5,894 was set aside for building replacement reserves for June 30, 2008 and 2007, respectively. These mandatory reserves are included in restricted expendable net assets in the financial statements.

Infrastructure Development Bond Obligations

Pursuant to Minnesota law, the University is obligated to pay the state one third of the debt services of infrastructure development bonds issued by the state for University capital projects. Debt was issued between July 1990 and October 2005, with the University's one third portion of debt obligation totaling $109,391. The total amount of outstanding debt issued by the state on behalf of the University was $154,547 as of June 30, 2008, and $171,801 as of June 30, 2007.

Capital Leases and Other Debt

Capital lease and other commitments consist of capital leases and notes payable for fleet vehicle and a real estate contract for deed. Equipment acquired through capital leases totals $11,861, net of related accumulated depreciation totaling $6,554. The leases bear interest rates between 1.72 percent and 8 percent, with none extending beyond 2014. The real estate contract for deed bears interest at 8 percent and is due in 2011. The note payable bears interest at 2.25 percent and does not extend beyond 2016.

Interest Rate Swaps

In order to protect against future interest rate fluctuations on the University's general obligation bonds and for budgeting purposes, the University has entered into eight separate interest rate swaps. All of these are pay fixed and receive variable interest rate swaps, which effectively change the University's variable interest rate bonds to synthetic fixed-rate bonds.

The University treats the integrated swaps associated with the issuance of the 2001A, 2001C, and 2003A variable-rate bonds as qualified hedges with respect to these bonds.

The notional amounts of the swaps match the principal amounts of the associated bond issuance. The University's swap agreements contain scheduled reductions to outstanding notional amounts that match scheduled reductions in the associated bond issuance. The fair value was provided by the swap counterparties.

The terms, fair values, and credit rating of the outstanding swaps as of June 30, 2008, are as follows:

Associated bond issue	Nature of association	Notional amounts	Effective date	Fixed rate	Variable rate	Swap type	Fair value	Swap termination date
2003A	Integrated	$ 65,750	12/04/2002	4.39%	SIFMA Index**	Pay fixed and receive variable	$ (7,091)	08/15/2031
2001C	Integrated	133,650	01/09/2002	4.40%	WAR*	Pay fixed and receive variable	(12,696)	12/01/2036
2001B	Nonintegrated	1,620	11/13/2001	4.33%	WAR*	Pay fixed and receive variable	(21)	07/01/2011
2001A	Integrated	2,670	11/13/2001	3.08%	WAR*	Pay fixed and receive variable	(4)	07/01/2008
1999A	Nonintegrated	136,900	02/17/1999	4.16%	WAR*	Pay fixed and receive variable	(8,966)	01/01/2034
		$340,590					$(28,778)	
Other hedging activities								
	Freestanding	70,000	08/27/1997	4.98%	SIFMA Index**	Pay fixed and receive variable	(9,088)	08/27/2017
	Freestanding	37,500	08/28/1997	4.88%	LIBOR Index***	Pay fixed and receive variable	(3,336)	08/28/2012
	Freestanding	37,500	09/01/1997	4.90%	LIBOR Index***	Pay fixed and receive variable	(3,454)	07/01/2012
		$145,000					$(15,878)	

* *WAR refers to the weighted average rate paid on the associated bond issue.*

** *SIFMA Index refers to the Securities Industry Financial Markets Association Index, previously known as the BMA (Bond Market Association) Index.*

*** *LIBOR Index refers to London Interbank Offered Rate Index.*

Years ended June 30, 2008 and 2007 (in thousands)

The University has swap transactions with three separate counterparties. The percentage of the notional amount of swaps outstanding on June 30, 2008, for each counterparty is 70, 22, and 8 percent, while these counterparties are rated B3, Aa2, and Aa3, respectively, by Moody's Investors Service.

The University or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. If any of the swaps were terminated, the associated variable-rate bonds would no longer carry synthetic interest rates. Also, if at the time of termination the swap had a negative fair value, the University would be liable to the counterparty for a payment equal to the fair value of the swap.

On September 16, 2008, Lehman Brothers Inc. (LBI) and Lehman Brothers Holdings Inc. (LBHI), its parent, filed a bankruptcy petition under Chapter 11 of the Bankruptcy Code. Lehman Brothers Commercial Bank (LBCB), an affiliate of LBHI which is not a debtor in the current bankruptcy proceedings, is the counterparty to certain interest rate swaps related to the Series 1999A, 2001A (expired July 1, 2008), 2001B, 2001C, and 2003A Bonds. Because LBHI is the guarantor and is identified as the credit support provider in all of the swaps, the University has a right to terminate them because of the bankruptcy of LBHI. No termination action has been taken to date.

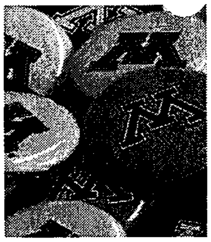
Swap contracts with positive fair values are exposed to credit risk. The University faces maximum possible losses equivalent to the amount of the derivatives' fair value should the counterparty not perform under the terms of the swap agreements. The swap contracts with negative fair values are not exposed to credit risk. As of June 30, 2008, the University was not exposed to credit risk should the counterparty not perform under the terms of the swap agreements.

In addition, the University is exposed to termination risk on one of the freestanding swaps. The freestanding swap with a notional amount of $70,000 allows the counterparty to terminate the swap agreement if the variable rate paid by the counterparty to the University averages above 7 percent for any rolling consecutive 90-day period.

Variable-rate bond interest payments and net swap payments will vary depending on current market conditions from week to week. Using rates as of June 30, 2008, debt service requirements of the University's outstanding long-term debt obligations and net swap payments are as follows.

Long-term debt obligations for the next five years and in subsequent five-year periods:

	Bonds and obligations	Commercial paper notes	Capital lease and other	Total principal	Interest	Net interest rate swaps	Total obligations
Fiscal year ending June 30							
2009	$290,994	$263,600	$1,628	$556,222	$ 72,656	$10,247	$ 639,125
2010	15,931		1,369	17,300	12,205	6,638	36,143
2011	16,697		1,189	17,886	11,384	6,581	35,851
2012	12,048		1,040	13,088	10,603	6,528	30,219
2013	12,556		798	13,354	10,016	4,242	27,612
2014–2018	56,510		1,270	57,780	41,541	17,307	116,628
2019–2023	57,151			57,151	28,248	5,614	91,013
2024–2028	62,448			62,448	14,591	3,439	80,478
2029–2032	29,524			29,524	2,307	801	32,632
	$553,859	$263,600	$7,294	$824,753	$203,551	$61,397	$1,089,701


Defeased Bonds

In previous years, the University defeased various bonds by placing the proceeds from new bond issuances into an irrevocable trust to provide for all future debt-service payments on the old bonds. The defeased bonds are as follows:

Associated bond issue	Refunding date	Amount defeased	Refunded amount	Amount outstanding on June 30, 2008	Bond call date
General obligation bonds 1982 Series A	4/23/1985	$112,635	$ 65,000	$ 29,600	12/1/2016
General obligation bonds 1996 Series A	10/2/2005	159,000	159,000	147,000	7/1/2021

The 1982 Series A bonds were issued December 1, 1982, to finance the construction and equipment for the University Hospital and Clinics. They were defeased in fiscal year 1985, resulting in a recognized loss of $13,945. The 1996 Series A bonds were issued to provide funds for capital projects and to refund the general obligation variable rate demand bonds Series 1985F, 1985G, 1985H, and 1985I and the 1991 Series A and Series B Commercial Paper. A put option was exercised July 5, 2005, requiring the University to defease the 1996A bonds. There was no gain or loss incurred with the defeasance of the 1996 Series A bonds.

Neither the outstanding indebtedness nor the related trust account assets for the defeased bonds are included in the University's financial statements.

6. Pension Plans

The University and its employees contribute to pension plans characterized as either a defined benefit (specifies the amount of pension benefits to be provided at a future date) or defined contribution (specifies how contributions are to be determined, rather than an amount) plan.

Defined Benefit Plans

Cost-sharing plans, multiple-employer plans

United States Government (Federal) Retirement Plans

All University employees with federal benefits work for the University of Minnesota Extension (Extension) or its partner colleges; College of Food, Agricultural and Natural Resources Science (CFANS), College of Design, and College of Education and Human Development. These employees were grandfathered in, allowing them to keep their federal benefits, which were formerly offered exclusively to Extension staff. No new participants are being accepted into the federal retirement plans listed below. An exception would be granted to allow for a new participant when an appoint-ment transfers from another Extension service. Questions regarding the federal plans listed below, including requests for financial statements and required supplementary information can be directed to the United States Office of Personnel Management (OPM) Office, 1900 E Street N.W., Washington, DC 20415.

Civil Service Retirement System (CSRS)

The Civil Service Retirement System (CSRS) is a federal program that provides retirement benefits for approximately 55 employees who work for the University. Participation is limited to those who initially entered federal service prior to January 1, 1984, and have been continuously employed since December 31, 1983, or before, or have had a break in federal service of one year or less since 1984. It is closed to new members. Retirement benefits are based on years and months of service. CSRS provides full retirement benefits at age 55 with 30 years of service, age 60 with 20 years of service, or age 62 with 5 years of service. Deferred benefits are payable at age 62 with 5 years of service. The annuity formula provides 1.5 percent of average salary for the first five years of service, 1.75 percent for the next five years, and 2 percent for any remaining service, up to a maximum of 80 percent of average salary (based on the highest three consecutive years of salary).

Civil Service Retirement System Offset Retirement (CSRS Offset)

The Civil Service Retirement System Offset Retirement (CSRS Offset) is administered in conjunction with the standard CSRS by the OPM. It provides retirement benefits for eight employees who work for the University. Participation is limited to federal employees who had at least five years of creditable civilian federal service prior to January 1, 1987, and had rejoined federal service since January 1, 1984, after a break of CSRS coverage of more than one year; or was hired before January, 1, 1984, and acquired CSRS interim coverage (precursor to CSRS Offset coverage) between 1984 and 1987.

Federal Employees Retirement System (FERS)

The Federal Employees Retirement System (FERS) is a federal program that provides retirement benefits for approximately 141 employees who work for the University. In general, all civilian service employees newly hired on or after January 1, 1984, are mandatorily covered by FERS. In addition, employees rehired after January 1, 1984, who had less than five years of prior civilian service as of December 31, 1986, are mandatorily covered by FERS. Using Social Security as a base, FERS provides an additional defined benefit and a voluntary thrift savings plan. An employee who receives a new appointment can often elect FERS coverage voluntarily during the first six months of the appointment. FERS provides full retirement benefits at the "Minimum Retirement Age" (MRA) with 30 years of service at age 60 with 20 years of service, or at age 62 with 5 years of service. The MRA is 55 for those born before 1948, and incrementally increases to 57 for those born in or after 1970. Deferred retirement benefits are available at or after the MRA with 10 years of service at reduced benefit levels. The annuity formula generally provides 1 percent of the employee's average salary (based on the highest three consecutive years of salary) multiplied by the number of years of creditable service. If retirement is at age 62 or later with at least 20 years of service, a factor of 1.1 percent is used rather than 1 percent.

State of Minnesota Retirement Plans

Public Employee Police and Fire Fund (PEPFF)

The Public Employee Police and Fire Fund (PEPFF) covers approximately 58 active law enforcement staff; participation is mandatory and begins from the first day of employment. PEPFF, in total, provides coverage to approximately 500 local governmental subdivisions within the state of Minnesota. Each participant earns service credit for each month retirement deductions are withheld from the employee's salary. Retirement benefits are based on years and months of service. Normal retirement age is 55. The annuity formula for each member is 3 percent of average salary for each year of service in that plan. The fund covers all those hired since 1980. The University is liable for a portion of any unfunded accrued liability of this fund for its participants. A publicly available financial report, which includes financial statements and required supplementary information for this plan, can be obtained from the Public Employees Retirement Association (PERA) Office, 60 Empire Drive, Suite 200, St. Paul, MN 55103.

State Employees' Retirement Fund (SERF)

The State Employees' Retirement Fund (SERF) covers over 9,400 active Civil Service and non-faculty bargaining unit employees. SERF, in total, provides coverage to approximately thirty-three employers within the state of Minnesota. Participation is mandatory and begins from the first day of employment. Each participant earns service credit for each month retirement deductions are withheld from the employee's salary. Retirement benefits are based on years and months of service. Normal retirement age is 65. The annuity formula is the greater of a step rate with a flat rate reduction for each month of early retirement or a level rate (the higher step rate) with an actuarial reduction for early retirement. Applicable rates for each year of allowable service are 1.2 percent and 1.7 percent of a member's average salary, which is defined as the highest salary paid in five successive years of service. The University is liable for a portion of any unfunded accrued liability of this fund for its participants. A publicly available financial report, which includes financial statements and required supplementary information for this plan, can be obtained from the Minnesota State Retirement System (MSRS) Office, 60 Empire Drive, Suite 300, St. Paul, MN 55103.




Funding Policy

	CSRS	CSRS Offset	FERS	PEPFF	SERF
Statutory authority					
Minnesota chapter	N/A	N/A	N/A	353	352
United States code	Title 5, Chapter 83	Title 5, Chapter 83	Title 5, Chapter 84	N/A	N/A
Required contribution rates (%)					
Active plan members	7.00%	1.20%	.80%	8.60%	4.25%
University	7.00%	8.51%	11.20%	12.90%	4.25%
Required contributions ($)					
Employee					
2008	$315	$ 9	$ 77	$349	$17,621
2007	322	9	75	300	15,799
2006	322	8	79	241	14,868
University					
2008	$315	$52	$1,078	$524	$17,636
2007	322	51	1,096	450	15,799
2006	322	47	1,055	362	14,868

In the 2006 Legislative Session, a bill was passed to build up MSRS (affecting SERF) funding levels. As a result, the rates for employee and employer contributions will increase from 4 percent to 5 percent over four years beginning July 1, 2007. The PEPFF contributions rates are set to increase on January 1, 2009, to 9.4 percent for the employee and 14.1 percent for the employer. Any rate adjustments after 2010 will depend upon actuarial valuations for two consecutive years.

Single-employer plan

Supplemental Benefits Plan (SBP)

The Supplemental Benefits Plan (SBP) is a plan sponsored by the University pursuant to the Board of Regents governing authority. This plan is in addition to the FRP, where faculty members employed prior to 1963 and female participants employed prior to July 1, 1982, may be eligible to receive additional benefits. SBP is designed to provide additional retirement benefits for certain groups of individuals who participated in the FRP, but who, due to plan design, have retirement income levels that are significantly lower than those of current participants. It accounts for 282 eligible participants. SBP is funded in an amount equal to or greater than the amount required under statute. Each plan provides retirement, disability, and death benefits to plan members and beneficiaries. The eligible population under the plan is a closed group. An internal faculty and staff retirement programs report is prepared on a fiscal year basis. Questions regarding the SBP may be directed to Employee Benefits, 100 Donhowe Building, 319 15th Avenue S.E., Minneapolis, MN 55455.

Funding Policy

Statutory authority	
Minnesota chapter	356
Required contribution rates (%)	
Active plan members	N/A
University	N/A

Due to the plan being closed, required contribution rates do not apply. Contribution amounts are determined by funding status and actuarial value in compliance with state statutes. The University makes all contributions to the SBP using a variable rate.

Years ended June 30, 2008 and 2007 (in thousands)

Annual Pension Cost and Net Pension Obligation

Annual required contribution (ARC)	$ 391
Interest on net pension obligation (NPO)	105
Adjustment to ARC	(210)
Annual pension cost (expense)	286
Less contributions made— fiscal year ended June 30, 2007*	(440)
Decrease in NPO	(154)
NPO—June 30, 2006	4,054
NPO—June 30, 2007*	$3,900

**Actuarial data for 2008 not available at the time of this report.*

Three-Year Trend Information

Fiscal year ended	Annual pension cost	Employer contribution	Percentage of annual pension cost contributed	Net pension obligation
6/30/2007	$ 286	$440	153.85%	$3,900
6/30/2006	(512)	440	(85.94)%	4,054
6/30/2005	(168)	416	(247.62)%	5,006

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2007, is as follows:

Actuarial value of assets (a)	Actuarial accrued liability (AAL)– entry age (b)	Unfunded AAl (UAAL) (b-a)	Fund ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
$4,597	$8,497	$3,900	54.10%	$1,096	355.84%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Valuation date	7/1/2007
Actuarial cost method	Entry age
Amortization method	Level of dollar by 6/30/2021, closed
Remaining amortization period	30 years
Asset valuation method	Fair market value, smoothed over 4 years
Actuarial assumptions	
Investment rate of return	2.65%
Projected salary increase	3.50%
Cost of living adjustment	2.50%

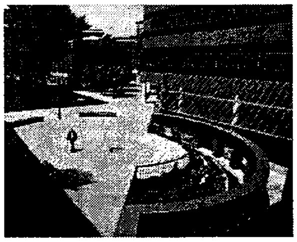
Defined Contribution Plans

The University's defined contribution plans represent benefits to be received. They are limited to the value of the participant's account balance, depending on the plan. Accordingly, there is no unfunded actuarial accrued liability (UAAL), or actuarial accrued liability (AAL), associated with the following plans.

Description of Plans and Contribution Information

Faculty Retirement Plan (FRP)

The Faculty Retirement Plan (FRP) is a mandatory retirement savings/investment plan contingent on meeting certain prescribed eligibility requirements. Pursuant to the University's Board of Regents governing authority, in compliance with the Section 401(a) of the Internal Revenue Code, it authorizes the University to contribute to the plan and governs the requirements of this plan. Eligibility requirements involve an employee appointment of at least nine months; employee appointments between 67 to 99 percent time are granted prorated participation. Other eligibility requirements may involve a waiting period, or based on salary class. The plan is funded through employee pre-tax contributions of 2.5 percent of covered salary, and the University contributes 13 percent. The FRP covers over 7,000 active faculty and professional and administrative (P&A) staff.



University of Minnesota Optional Retirement Plan (ORP)

The Optional Retirement Plan (ORP) is a voluntary retirement savings/investment plan covered under Section 403(b) of the Internal Revenue Code. All faculty and staff members who are paid on a continuous basis are eligible to participate in this plan. The plan is funded mainly through employee pre-tax contributions. However, the University may make discretionary contributions for select staff based on employment contracts. Approximately 4,900 full- and part-time employees contribute to this plan.

University of Minnesota Section 457 Deferred Compensation Plan

The 457 Deferred Compensation Plan is a voluntary retirement savings plan authorized under Section 457 of the Internal Revenue Code. This plan is funded exclusively through employee pre-tax contributions. All faculty and staff members who are paid on a continuous basis are eligible to participate in this plan. Approximately 830 full- and part-time employees contribute to this plan.

University of Minnesota 415(m) Retirement Plan

The 415(m) Retirement Plan is a qualified excess benefit plan authorized under Section 415(m) of the Internal Revenue Code. This plan is provided to select staff based on individual employment contracts negotiated. All contributions provided by the University are negotiated on an individual employee basis and are contingent on vesting requirements being satisfied. Eleven University employees are part of this plan.

Contributions Made for Fiscal Year 2008

	FRP	ORP	457	415(m)
Employee	$15,826	$41,774	$10,492	N/A
University	82,463	252	N/A	575

7. Related Organization

The University is responsible for appointing nine members of the 15-member Board of Directors of UCare Minnesota, a licensed nonprofit health maintenance organization (HMO) that provides medical services for its members. The University's accountability for this organization, however, does not extend beyond making board appointments. The dean of the University of Minnesota Medical School and the head of the University's Department of Family Medicine and Community Health appoint six board members; three members are automatically appointed by virtue of the University positions that they hold.

8. Organization and Contingencies

On December 31, 1996, the University of Minnesota Hospital and Clinic (UMHC) operations and certain assets and liabilities were transferred to University of Minnesota Medical Center, Fairview (Fairview). Fairview and the University also agreed to affiliate with each other in support of research, education, and patient care missions of the University's Academic Health Center (AHC). Under this affiliation agreement, the University shares equally with Fairview in any unfunded education costs at the teaching hospital.

The University also provides certain services to Fairview, and Fairview provides certain services to the University, to be reimbursed at negotiated rates. These services include items such as utilities, mailing and addressing services, police protection, printing services, miscellaneous services related to telecommunications, and such other items as are necessary to support the relationship, for which $8,390 and $6,977 were billed to Fairview in fiscal years 2008 and 2007, respectively. Fairview billed the University $116 and $304 in fiscal years 2008 and 2007, respectively, for pharmaceuticals, medical professionals, and transcription services.

Construction projects in progress, principally buildings, approximated $220,578 on June 30, 2008. The estimated cost to complete these facilities is $344,042, which is to be funded from plant fund assets and $92,178 in appropriations available from the State of Minnesota as of June 30, 2008.

Years ended June 30, 2008 and 2007 (in thousands)

The University owns steam production facilities that produce steam for heating and cooling the Twin Cities campus, which by agreement are managed, operated, and maintained by an unaffiliated company. The term of the agreement is for five years and began May 17, 2004. Under the agreement, the University must make minimum fixed payments for certain operating and maintenance costs, as well as contingent payments based upon performance requirements.

The University is obligated under various operating leases for the use of real property and equipment. Included in the leases for real property is an agreement between Gateway and the University of Minnesota for a rent obligation through September 2014. Total operating lease expenditures for the years ended June 30, 2008 and 2007, were $18,712 and $16,093, respectively, of which $16,161 and $13,498 were for real property and $2,551 and $2,595 were for equipment, respectively.

The future steam plant and operating lease commitments as of June 30, 2008, for the next five years and in subsequent five-year periods are as follows:

	Steam plant	Operating leases	Total
Fiscal year ending June 30			
2009	$650	$14,401	$15,051
2010		11,662	11,662
2011		10,498	10,498
2012		9,952	9,952
2013		10,061	10,061
2014–2018		12,346	12,346
Total commitments	$650	$68,920	$69,570

The University is a defendant in cases involving claims of medical malpractice, personal injuries, breach of contract, and other civil matters. While any litigation has an element of uncertainty and the University cannot, therefore, predict how these cases will be finally resolved, management and its general counsel believe the outcomes of the cases, individually and combined, will not have a material adverse effect on the overall financial position of the University.

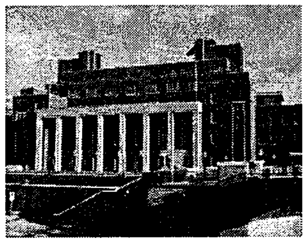
9. Self-Insurance Programs

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 company (see Note 1). Claims are reported to a third-party administrator, which pays expenses and estimates claim liabilities. The total expense of a claim is estimated and booked as a liability when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In addition, an actuarial liability is established for incurred but not reported (IBNR) claims using a discount rate of 6 percent.

The University is also self-insured for workers' compensation through an internally maintained fund, and excess claims insurance is maintained through the Workers' Compensation Reinsurance Association (WCRA). The internal fund for workers' compensation is maintained only to fund the current year's expected payouts. Each year, an actuarial estimate of the University's liability for workers' compensation is compiled and recorded, but the liability is not separately funded.

The University's medical (health) coverage for faculty and staff is a self-insured program (UPlan). Under the medical UPlan, the University pays claims and establishes reserves, and the administration of the program is handled by three independent administrators: Medica and HealthPartners for medical plan administration, and RxAmerica for pharmacy benefit management. Two carriers provide medical conversion policies to the University under which terminated employees are able to convert their UPlan coverage to single coverage once their COBRA rights expire. The University also carries stop-loss coverage, which protects the University against the risk that an individual participant will incur medical expenses greater than $600,000 in a single year. An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded.





The University's dental coverage for faculty and staff is also a self-insured program (UPlan). Under the dental UPlan, the University pays claims and estimates claims liabilities. The administration of the program is handled by two independent administrators, Delta Dental and HealthPartners. An annual actuarial estimate of the University's liability for dental claims, including IBNR, is recorded.

Effective September 1, 2004, the University changed its medical coverage for eligible graduate assistants from a fully insured program to a self-insured program. Under the graduate assistant medical plan, the University pays claims and establishes reserves. The program is administered by Blue Cross and Blue Shield of Minnesota. An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded.

Effective September 1, 2005, the University negotiated a new student health plan for the Academic Health Center. The plan is self-insured and the health carrier is Blue Cross and Blue Shield of Minnesota. An estimated claims liability ensures that funds are available to cover claims up to the point where stop-loss coverage begins.

Changes in reported liabilities since June 30, 2007, are shown below:

	Liability beginning of year	New claims	Claim payments	Other adjustments	Liability end of year
RUMINCO, Ltd.	$ 6,490	$ 4,122	$ (1,986)	$ 1,131	$ 9,757
Workers' compensation	7,953	3,759	(3,759)	(579)	7,374
UPlan medical	11,646	166,295	(164,146)	780	14,575
UPlan dental	514	14,390	(14,312)	(55)	537
Graduate assistant health plan	1,119	16,213	(16,294)	(331)	707
Student health plan	474			(131)	343

Changes in reported liabilities since June 30, 2006, are shown below:

	Liability beginning of year	New claims	Claim payments	Other adjustments	Liability end of year
RUMINCO, Ltd.	$ 6,729	$ 625	$ (1,772)	$ 908	$ 6,490
Workers' compensation	7,000	3,078	(3,642)	1,517	7,953
UPlan medical	13,493	151,170	(150,437)	(2,580)	11,646
UPlan dental	797	13,368	(13,274)	(377)	514
Graduate assistant health plan	751	15,504	(15,176)	40	1,119
Student health plan	807			(333)	474

Other adjustments reflect reserve changes on prior years' claims and changes in estimated IBNR.

10. Termination Benefits

Termination benefits are defined as benefits received for involuntarily or voluntarily terminating employment with the University in accordance with GASB Statement No. 47, *Accounting for Termination Benefits* (GASB 47). University benefits that qualify and meet GASB 47 criteria include contract buyouts, retirement incentives, severance lump-sum payouts and continuing healthcare subsidies, and vacation. Benefits that are otherwise offered in exchange for, or are considered conditional on, future employee services do not qualify under GASB 47; rather they qualify as a pension benefit or other postemployment benefits (OPEB) as referenced in Notes 6 and 11, respectively.

Contract Buyouts

University contract buyouts apply when an employee resigns his or her duty and the University has agreed to pay additional compensation based on the contractual employment agreement. Benefits outstanding as of June 30, 2008 and 2007, are paid in the subsequent fiscal year and affect only the Twin Cities campus. Due to the nature and timing of the payments, the outstanding liability reflected on page 59 is not discounted and reflects current cost level amounts due.

Retirement Incentives

These incentives provide medical and dental benefits to eligible employees as defined in the Retirement Incentive Option (RIO) Program. On May 9, 2008, the Board of Regents approved the reinstatement of the RIO Program, an opportunity for employees to elect voluntary retirement to minimize involuntary workforce reductions. The RIO Program covers Faculty, Professional and Administrative (P&A), Civil Service, and Radio and Television Broadcast Technician employees who were actively employed at 75 percent time or greater; hold an appointment term of nine months or greater on the last day of employment; meet the specific age and years of service requirements; and are currently receiving UPlan benefits. Eligible employees were able to enroll in the program during the time period of May 15 through September 26, 2008, or no later than the effective date of retirement, whichever occurs first. Effective June 2, 2008, represented bargaining unit staff consisting of Minnesota Teamsters Public and Law Enforcement Employees Union, Law Enforcement Labor Services, Inc., and AFSCME Units 4, 6, and 7 may elect to enroll in the RIO Program through September 26, 2008, or no later than the effective date of retirement, whichever occurs first. RIO will provide a maximum of 36 months of medical and dental subsidy following an employee's last day of employment. The subsidy and coverage is the same as if the retiree had remained employed. The University's contribution will be based on the employee's coverage level, work location, and permanent residence as of the last day of employment. The outstanding liability reflected on page 59 is calculated using the discounted present value of expected future benefit payments based on the projection of benefits, a healthcare cost trend rate of 10.5 percent and a discount rate of 4 percent. Benefits provided impact all University campuses.

Severance Lump-Sum Payouts and Continuing Healthcare Subsidies

Eligible Civil Service and represented bargaining unit staff members may fall under the University of Minnesota's Layoff Severance Program. This program is an elected program provided to Civil Service and Represented Bargaining Unit staff members who receive a notice of layoff and who meet the eligibility requirements as described. Benefits are based on years of continuous service with the University in designated types of appointments. Severance payouts may apply to tenured faculty members and academic professionals with continuous federal appointments under the University of Minnesota Federal Terminal Agreement. This program is designed to facilitate change within units by providing remuneration in return for tenure resignation. Due to the nature and timing of the payments, the outstanding liability reflected on page 59 is not discounted and reflects current cost level amounts due. Severance lump-sum payouts and continuing healthcare subsidies impact all University campuses.

Vacation

Vacation payouts apply to employees that have terminated employment prior to the end of the fiscal year and subsequently receive compensation payment in the next fiscal year. Due to the nature and timing of the payments, the outstanding liability reflected on page 59 is not discounted and reflects current cost level amounts due.

Academic Professional and Administrative (P&A) Contracts

Benefits below reflect contract buyouts, retirement incentives, severance lump-sum payouts and continuing healthcare subsidies, and vacation:

University contributions as of June 30	Number of staff members	Liability amount
2008	250	$1,443
2007	77	971

Civil Service Contracts

Benefits below reflect retirement incentives, severance lump-sum payouts and continuing healthcare subsidies, and vacation:

University contributions as of June 30	Number of staff members	Liability amount
2008	220	$1,793
2007	211	1,077

Faculty Contracts

Benefits below reflect severance lump-sum payouts and continuing healthcare subsidies and vacation:

University contributions as of June 30	Number of staff members	Liability amount
2008	222	$1,936
2007	62	806

Graduate Assistant Contracts

Benefits below reflect severance lump-sum payouts and continuing healthcare subsidies and vacation:

University contributions as of June 30	Number of staff members	Liability amount
2008	10	$28
2007	9	19

Represented Bargaining Unit Staff Contracts

Benefits below reflect retirement incentives, severance lump-sum payouts and continuing healthcare subsidies, and vacation:

University contributions as of June 30	Number of staff members	Liability amount
2008	406	$2,773
2007	122	401

11. Other Postemployment Benefits

Description of Plan

The University administers the UPlan—a self-insured, single-employer, defined benefit healthcare plan. It is a partnership between the University and its employees to provide quality, cost-effective health benefits to employees, retirees, and their families. Pursuant to the University's Board of Regents governing authority, non-Medicare retirees and former employees can purchase medical and dental insurance coverage. The University also provides a continuation of pay and benefits beyond active employment under the Academic Disability Plan (ADP) for faculty and academic professional and administrative (P&A) employees after three months of medical leave. The benefit provision process is initiated through the Benefits Advisory Committee (BAC). It comprises representatives from all employee groups who advise the University administration on health program benefit offerings. An internal UPlan financial report is prepared on a calendar year basis. Questions regarding the UPlan may be directed to Employee Benefits, 100 Donhowe Building, 319 15th Avenue S.E., Minneapolis, MN 55455.

Years ended June 30, 2008 and 2007 (in thousands)

Funding Policy

The University has established that a former employee must pay the entire premium for continuation coverage, except as otherwise provided in a collective bargaining agreement or personnel policy. Non-Medicare retirees can purchase medical and dental insurance coverage at the full premium rate applicable to active employees, and COBRA participants can purchase coverage at 102 percent of the full group rate. Eligible participants under the ADP receive full healthcare benefits at no cost to the participant for up to two years and beyond that point disabled participants would pay the full premium as if they were retirees. The self-insured portion of the ADP program also provides disability income and retirement contributions for up to 9 months—months 3 through 12 after disability onset. The following premium rates were in effect for fiscal year 2008:

Beneficiary type	Beneficiary annual rate (Actual amounts, not rounded to thousands)
Non-Medicare retiree	$4,932
COBRA	5,031
Disabilitant	4,932

The UPlan is currently financed on a pay-as-you-go basis. For fiscal year 2008, the University paid $6,393 on behalf of former employees and eligible disabilitants who participate in the UPlan.

Annual OPEB Cost and Net OPEB Obligation

The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). This amount is actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each fiscal year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed 30 years. The University has elected to amortize the unfunded actuarial liability over 20 years.

The components of the University's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation are as follows:

Annual required contribution (ARC)	$17,560
Interest on net OPEB obligation	
Adjustment to annual required contribution	
Annual OPEB cost (expense)	17,560
Less contributions made— fiscal year ended June 30, 2008	(6,393)
Increase in net OPEB obligation	11,167
Net OPEB obligation—June 30, 2007	
Net OPEB obligation—June 30, 2008	$11,167

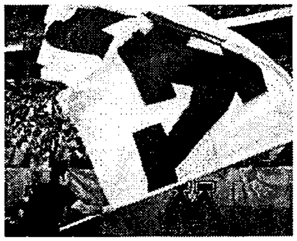
The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation are as follows:

Fiscal year ended	Annual OPEB cost	Employer contribution	Percentage of annual OPEB cost contributed	Net OPEB obligation
6/30/2008	$17,560	$6,393	36.40%	$11,167

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008, is as follows:

Actuarial accrued liability (AAL)	$ 77,408
Actuarial value of plan assets	
Unfunded actuarial accrued liability (UAAL)	77,408
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Increase in net OPEB obligation	$ 11,167
Covered payroll (active plan members)	1,095,615
UAAL as a percentage of covered payroll	7.07%



The actuarial accrued liability (AAL) is the present value of projected future benefits earned by employees to date. Whereas, the unfunded actuarial accrued liability (UAAL) is the AAL less any cash, investments, and other resources the University is holding to specifically fund the AAL. Included in the AAL is a change of $2,770 due to the impact of the RIO Program being reinstated during fiscal year 2008. The change in the liability is a result of eligible retirees electing retirement under the RIO Program and choosing to continue UPlan coverage after the RIO Program benefits are fulfilled.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Some of the specific assumptions that were taken into consideration when calculating the actuarial valuations were participant age, years of service, salary increases, benefit election patterns, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information following the notes to the financial statements, presents the results of the University's OPEB valuation as of June 30, 2008. In subsequent fiscal years, it will provide multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

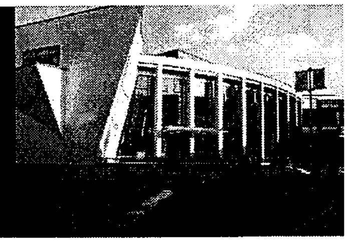
Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan, the plan as understood by the employer and plan members. This includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial methods and assumptions incorporated in the UPlan's valuation are as follows:

Valuation date	7/1/2008
Actuarial cost method	Entry age
Amortization method	Level of percentage of salary, open
Remaining amortization period	20 years
Asset valuation method	N/A
Actuarial assumptions	
Investment rate of return	4.00%
Projected salary increase	4.00%
Benefit increase	N/A
Assumed inflation rate	3.00%
Healthcare cost trend rate	
Initial rate	10.50%
Ultimate rate	5.00%
Year ultimate rate reached	2017

Years ended June 30, 2008 and 2007 (in thousands)



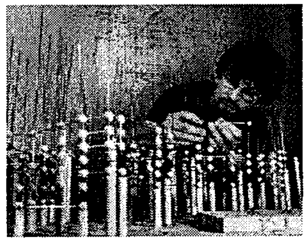
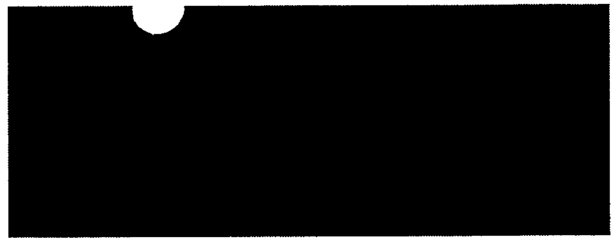
12. Operating Expenses by Natural Classification

Operating expenses by natural classification for June 30, 2008, are summarized as follows:

Function	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation	Total
Instruction	$ 586,613	$ 87,097			$ 673,710
Research	367,442	197,465			564,907
Public service	127,579	65,769			193,348
Academic support	250,541	80,564			331,105
Student services	73,804	15,633			89,437
Institutional support	169,187	27,499			196,686
Operation and maintenance of plant	104,806	143,481			248,287
Scholarships and fellowships	3,706	71	$78,885		82,662
Depreciation				$145,251	145,251
Auxiliary enterprises	91,639	123,578			215,217
Other operating expense		489			489
	$1,775,317	$741,646	$78,885	$145,251	$2,741,099

Operating expenses by natural classification for June 30, 2007, are summarized as follows:

Function	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation	Total
Instruction	$ 559,097	$ 83,190			$ 642,287
Research	342,125	168,255			510,380
Public service	126,303	63,583			189,886
Academic support	243,482	76,940			320,422
Student services	69,989	14,269			84,258
Institutional support	118,285	19,697			137,982
Operation and maintenance of plant	99,137	131,235			230,372
Scholarships and fellowships	2,097	760	$73,230		76,087
Depreciation				$137,943	137,943
Auxiliary enterprises	83,432	119,105			202,537
Other operating expense		22			22
	$1,643,947	$677,056	$73,230	$137,943	$2,532,176

13. Subsequent Events

Among the securities held in the Temporary Investment Pool portfolio is a $10 million face value bond of Washington Mutual Bank. On September 25, 2008, the FDIC placed Washington Mutual Bank in receivership and sold certain assets to JPMorgan Chase Bank. The University is in the process of filing a claim with the bankruptcy court, but the likelihood of recovery of all or a portion of the value of the bond is uncertain. Given the circumstances known to date, it is estimated that there will be little or no recovery of the value of the bond.

The strategic asset allocation for public equity investments in the Consolidated Endowment Fund (CEF) is 40 percent. Broad market indices for those investments declined between July 1, 2008 and October 15, 2008, by a range of approximately 29 to 33 percent. It is expected that the public equity portion of CEF will have declined by a similar amount. Other equity and fixed income investments in CEF may also have declined during the period due to an unprecedented downturn in global economic trends. Broad diversification of assets owned and different investment management styles should help to mitigate the negative performance of these other assets.

For more information related to investments, refer to Note 2.

In September 2008, the Board of Regents authorized the issuance of new debt securities of up to $20,000 to finance a portion of the cost of the TCF Bank Stadium and to pay costs of issuance. These bonds are likely to be issued as general obligations of the University and are expected to be issued in November 2008.

On September 16, 2008, Lehman Brothers, Inc. (LBI) and Lehman Brothers Holdings, Inc. (LBHI), its parent, filed a bankruptcy petition under Chapter 11 of the Bankruptcy Code. LBHI is the guarantor and is identified as the credit support provider in the University's interest rate swaps related to Series 1999A, 2001A, 2001B, 2001C, and 2003A general obligation bonds. The University has a right to terminate the swaps due to the bankruptcy proceeding of LBHI. No terminations have taken place to date.

On October 2, 2008, the University converted the outstanding balance of $64,100 of the Series 2003A from auction rate securities to variable rate demand bonds. The bonds are backed by the University's self-liquidity, which is supported by a $130,000 line of credit with a major commercial bank. The credit agreement was entered into on October 2, 2008, and expires on October 1, 2009.

For more information related to long-term debt, refer to Note 5.

14. Component Units

The significant accounting policies and related note disclosures for investments, securities lending, temporarily restricted net assets, and permanently restricted net assets, as reported in the separately issued financial statements of the University of Minnesota Foundation (UMF) and the Minnesota Medical Foundation (MMF); as well as disclosures for guarantee agreements and financing agreements for the University Gateway Corporation (Gateway), are presented below.

Summary of Significant Accounting Policies

University of Minnesota Foundation

Contributions

Contributions, including unconditional promises to give, are recognized as revenues on an accrual basis. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at rates of 2.65–5.15 percent based on when the contribution was made. Amortization of discounts is recorded as additional contribution revenue. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history.

Assets Held in Charitable Trusts

UMF has entered into unitrust and annuity agreements as trustee that provide, among other matters, that the trustee shall pay to the beneficiaries an annual income payment until the income obligation is completed in accordance with the donor's trust agreement. UMF records the assets held in these trusts at fair value and the corresponding liability at the actuarially determined present value of payments to be made to the designated beneficiaries. The residual amount is recorded as contribution revenue at the time the trust is established. In subsequent periods, the liability under charitable trust agreements is adjusted and changes therein are reported as a component of the change in carrying value of trusts in the consolidated statement of activities. Upon termination of the income obligation, the assets of the trust are held by UMF in accordance with the donor's trust agreement.

Gift Annuity Agreements

UMF has entered into gift annuity agreements that provide that UMF shall pay to the designated beneficiaries an annual amount until the death of the designated beneficiaries. The payments continue even if the assets of the gift annuity fund have been exhausted. UMF records the assets received at fair value, and a corresponding liability is recorded for the actuarially determined present value of payments to be made to the designated beneficiaries, with the residual amount recorded as contribution revenue. Upon the death of the beneficiaries, the assets of the gift annuity fund are held by UMF in accordance with the agreements.

Beneficial Interest in Trusts

UMF has beneficial interests in charitable remainder, lead, and perpetual trusts that are held by other entities such as banks or charitable organizations. UMF records its interest in these trusts, upon discovery of their existence, at fair value as determined using the present value of the estimated future cash receipts to be received from the trust. Because of the complex issues related to collecting the data for these transactions, there can be a time delay in the recording of the asset because of the time needed for discovery, verification of UMF's rights, and determination of the valuation of future payments.

Minnesota Medical Foundation

Contributions

Contributions, which include pledges, are recognized as revenue in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor.

Pledges are recorded as pledges receivable using discount rates ranging from 3.5 to 5.1 percent. Additionally, an allowance for uncollectible pledges is provided based on management's judgment, including factors such as aging schedules, prior collection history, and the nature of fund-raising activity.

Investments, fixed assets, and contributed materials are initially recorded at fair value when received.

Contributions with donor-imposed conditions, such as time or purpose restrictions, are recorded as temporarily restricted net assets. When donor-imposed time conditions expire, or a donor-imposed purpose restriction is fulfilled, the temporarily restricted net assets are reclassified to unrestricted net assets. This reclassification is reported as net assets released from restriction on the statement of activities.

Split-Interest Agreements

The split-interest agreements include charitable remainder and lead trusts and charitable gift annuities. MMF recognizes the contribution from charitable trusts when the trust is established and recognizes the contribution from the charitable annuity gifts when the agreement is executed. When MMF is the trustee, the contribution amount is the difference between the fair value of assets received and the present value of the future cash flows expected to be paid to the designated beneficiaries. MMF recognizes a liability calculated as the net present value of estimated future cash disbursements to be paid to other beneficiaries. This liability is included in split-interest agreement liabilities on the statement of financial position. These assets are invested primarily in equity and fixed income mutual funds. When MMF is not the trustee, the contribution amount is the present value of expected future cash flows from split-interest agreements.

Interest in Charitable Trusts

MMF is the beneficiary of a perpetual trust for the benefit of the Department of Psychiatry. This trust agreement dated November 27, 1944, will provide a continual stream of income paid quarterly. Two additional trusts are currently making distributions to other beneficiaries. After the lives of these beneficiaries, these trusts will discontinue as separate trusts and roll over into the perpetual trust dated November 27, 1944. MMF is not the trustee on any



of these trusts. The perpetual trust distributes 5 percent of its fair value each year over the four quarters.

Interest in Charitable Lead Trusts

MMF is the beneficiary of two charitable lead trusts established during fiscal year 2000. MMF is not the trustee on either of these trusts. The first trust distributes $440,000 annually to MMF over a period of 20 years. The second trust distributes 9 percent of the fair value of the trust at the beginning of each year over a period of 20 years.

Investments

University of Minnesota Foundation

Investments in marketable equity and debt securities are carried at fair value as established by the major securities markets. Investments for which quoted market prices are not available are carried at values as provided by the respective fund managers or general partners. These valuations generally reflect discounts for illiquidity and consider variables such as financial performance of investments, recent sales prices of investments, and other pertinent information. The estimated values as determined by the fund managers and general partners may differ from the values that would have been used had ready markets for the investments existed, and the differences could be significantly higher or lower for any specific holding. UMF reviews the valuations provided by the fund managers and general partners for reasonableness.

Donated investments are recorded at their fair values, as determined on the date of donation. Investment income and gains and losses are recorded in the period incurred.

For management efficiency, investments of the unrestricted and restricted net assets are pooled, except for certain net assets that the board of trustees or the donors have designated to be segregated and maintained separately.

The investments on June 30, 2008, are summarized as follows:

	Traditional structures	Alternative structures	
Values based on quoted market prices or alternative structures with underlying investments whose values are based on quoted market prices			
Cash and cash equivalents	$ 96,292		
Treasury inflation protected securities (TIPS)	96,455		
Fixed income corporate bonds	88,280		
U.S. equity	107,829		
Foreign equity	71,641	$ 23,922	
Hedge funds		45,573	
Natural resources		24,610	
Subtotal	460,497	94,105	
Values based on estimates provided by fund managers or general partners			
Hedge funds		333,245	
Natural resources		84,915	
Real estate		78,001	
Private equity		246,930	
Foreign equity		96,897	
U.S. equity		30,196	
Subtotal	–	870,184	
Total	$460,497	$964,289	$1,424,786

Other investments not categorized above	34,260
Less investments loaned to broker	(137,135)
Less charitable gift annuities reported separately	(30,742)
Total	$1,291,169

Years ended June 30, 2008 and 2007 (in thousands)

Investments held in traditional structures represent those held directly by UMF in custodial accounts with financial institutions. Investments held in alternative structures include those held through interests in collective trust funds, limited partnerships, commingled funds, and limited liability companies.

Investments include funds held for the custody of others of $66,116 as of June 30, 2008.

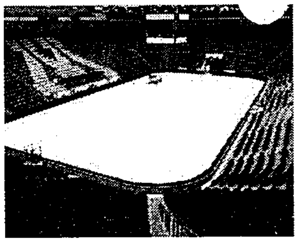
Minnesota Medical Foundation

A substantial portion of the valuations included in the financial statements are provided to MMF by third parties and are not calculated by MMF. These third parties follow generally accepted accounting principles (GAAP). In accordance with these principles, investments are carried at fair value based on quoted market prices or are recorded at approximate fair value based on financial models of hypothetical transactions. Some valuations may also be determined and approved by the managers or valuation committees of the funds in which MMF invests. The fair value assigned to a particular security by the fund does not necessarily reflect the amount that would be realized in the current illiquid market. In addition, in light of the judgment involved in fair value decisions, there can be no assurance that a fair value assigned to a particular security by the fund is accurate.

MMF invests in a variety of investment vehicles. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Investments as of June 30, 2008, are summarized as follows:

	Traditional structures	Alternative structures	Total
Values based on quoted market prices or alternative structures with underlying investments whose values are based on quoted market prices			
Cash and cash equivalents	$ 23,384	$ 6	$ 23,390
Treasury inflation protected securities (TIPS)	35,563		35,563
Fixed income corporate bonds	48,127		48,127
Municipal bonds	65		65
U.S. equity	97,427	52,122	149,549
Foreign equity	24	23,435	23,459
Subtotal	204,590	75,563	$280,153
Values based on estimates provided by fund managers or general partners			
Global distressed debt		2,973	2,973
Private equity		377	377
Foreign private equity		688	688
Real estate		9,867	9,867
Venture capital		205	205
Subtotal	–	14,110	14,110
Total	$204,590	$89,673	$294,263
Less investments loaned to broker			(41,840)
Total			$252,423

Investments held in traditional structures represent those held directly by MMF in custodial accounts with financial institutions. Investments held in alternative structures include those held through interests in collective trust funds and limited partnerships.

Investments include funds held for the custody of others of $1,900 as of June 30, 2008.

Net investment return for the year ended June 30, 2008, consisted of the following:

Interest and dividend income	$ 7,303
Net realized and unrealized investment losses	(23,769)
Subtotal	(16,466)
Less external investment manager and consultant fees	(1,255)
Total	$(17,721)

Securities Lending

University of Minnesota Foundation

UMF participates in securities lending through a program run by its custodial bank. Under the terms of its securities lending agreement, the program requires brokers who borrow securities from UMF to provide collateral of value at least equal to 102 percent of the then fair value of the loaned securities and accrued interest, if any. This collateral is then reinvested on behalf of UMF by the custodial bank.

The custodial bank has stated that the prime considerations of the collateral pools in which the collateral has been reinvested are liquidity and principal preservation. Given recent market conditions, certain of the securities in these collateral pools may be illiquid, which means that there is no active market for them and they cannot be sold at current valuations. In addition, some of the securities in these collateral pools are subject to credit risk, including certain securities that are in receivership. Therefore, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. As of June 30, 2008, UMF believes that there were no collateral deficiencies. The collateral pool is mainly invested in short-term securities for which subsequent maturities support this valuation. As of September 2008, subsequent market activity led to UMF having an outstanding collateral deficiency liability of approximately $1,500.

Valuations of the collateral pools are provided to UMF by the custodial bank. For purposes of determining the values of collateral investments reflected on a balance sheet, the custodial bank uses financial models or other inputs where quoted prices in an active market are not available. Such valuations reflect hypothetical transactions, are subject to uncertainties, and accordingly do not reflect the amount that would be realized in a current sale. In addition, in light of the judgment involved in the fair value decisions by the custodial bank, and given the current market conditions, the illiquidity of certain of the securities in the collateral pool, and the credit risk associated with securities in the collateral pools, there can be no assurance that a fair value assigned to a particular security by the custodial bank is accurate.

As of June 30, 2008, UMF had equity and fixed income securities with fair values of $137,135 on loan. UMF reflects the collateral received for securities on loan as an asset and its obligation to return the collateral as a liability on its statement of financial position. An asset of approximately $140,166 and the related liability representing the obligation to return collateral received of $140,166 are reflected on the statement of financial position as of June 30, 2008. Income from securities lending for the year ended June 30, 2008, was $430.

Minnesota Medical Foundation

MMF participates in securities lending through a program run by its custodial bank. Under the terms of its securities lending agreement, the program requires brokers who borrow securities from MMF to provide collateral of a value at least equal to 102 percent of the then fair value of the loaned securities and accrued interest, if any. This collateral is then reinvested on behalf of MMF by the custodial bank.

The custodial bank has stated that the prime considerations of the collateral pools in which the collateral has been reinvested are "safety of principal and liquidity requirements," including "daily liquidity." Many of the securities in these collateral pools are illiquid, however, which means that there is no active market for them and they cannot be sold at current valuations. In addition, some of the securities in these collateral pools are subject to credit risk, including certain securities that are in receivership. Therefore, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Years ended June 30, 2008 and 2007 (in thousands)

Valuations of the collateral pools are provided to MMF by the custodial bank. For purposes of determining the values of collateral investments reflected on a balance sheet, the custodial bank uses financial models or other inputs where quoted prices in an active market are not available. Such valuations reflect hypothetical transactions, are subject to uncertainties, and accordingly do not reflect the amount that would be realized in a current sale. In addition, in light of the judgment involved in the fair value decisions by the custodial bank, and given the current market conditions, the illiquidity of many of the securities in the collateral pool, and the credit risk associated with securities in the collateral pools, there can be no assurance that a fair value assigned to a particular security by the custodial bank is accurate.

As of June 30, 2008, MMF had equity and fixed income securities with fair values of $41,840 on loan. MMF reflects the collateral received for securities on loan as an asset and its obligation to return the collateral as a liability on its statement of financial position. An asset of approximately $42,097 and the related liability representing the obligation to return collateral received of $43,075 are reflected on the statement of financial position as of June 30, 2008.

Investments loaned to broker	$41,840
Investments collateral	42,097

Net Assets

University of Minnesota Foundation

Net assets of UMF and changes therein are classified into the following three categories:

1. Unrestricted net assets represent the portion of expendable funds that are available for support of the operations of UMF.
2. Temporarily restricted net assets consist of contributions that have been restricted by the donor for specific purposes or are time restricted.
3. Permanently restricted net assets consist of contributions that have been restricted by the donor that stipulate the resources be maintained permanently, but permit UMF to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Temporarily Restricted Net Assets

Temporarily restricted net assets were available as of June 30, 2008, for the following purposes:

Capital improvement/facilities	$116,736
Faculty support	22,243
Scholarships and fellowships	233,580
Lectureships, professorships, and chairs	236,817
College program support	259,285
Research	34,252
Trusts	12,292
Other	8,162
Total	$923,367

Permanently Restricted Net Assets

Permanently restricted net assets are restricted to investment in perpetuity. The permanently restricted net asset balances, and purposes the income was expendable to support, as of June 30, 2008, were as follows:

Capital improvement/facilities	$ 3,694
Faculty support	13,468
Scholarships and fellowships	215,189
Lectureships, professorships, and chairs	171,263
College program support	54,882
Research	7,920
Trusts	36,412
Other	1,651
Total	$504,479


Minnesota Medical Foundation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of MMF and changes therein are classified and reported as follows:

Temporarily Restricted Net Assets

This classification includes net assets that have been restricted by donors for specific purposes or are not available for use until a specific time. These consist principally of gifts and grants for designated purposes, investment return, and payout from permanent endowments. Such net assets are retained until expended as provided by the donor. Temporarily restricted net assets were available as of June 30, 2008, for the following purposes:

Medical School–Twin Cities	$ 85,299
Student scholarships and support	5,470
Academic Health Center	82,213
Faculty grants and awards	13,523
School of Public Health	3,096
Medical School–Duluth	1,542
Total	$191,143

Permanently Restricted Net Assets

This classification includes net assets that have been permanently restricted by donors who stipulate the resources be maintained by MMF in accordance with the memorandum of agreement. Earnings and growth in excess of payout (4.75 percent of the average market value over 20 trailing quarters) are reinvested and permanently restricted by MMF. The permanently restricted net asset balances, and purposes the income was expendable to support, as of June 30, 2008, were as follows:

Medical School–Twin Cities	$125,339
Student scholarships and support	30,978
Academic Health Center	26,606
Faculty grants and awards	12,006
School of Public Health	7,411
Medical School–Duluth	447
Total	$202,787

Guarantee Agreement and Financing Agreements

University Gateway Corporation

Guarantee Agreement

The University of Minnesota Foundation guarantees the Series 1997, 2002, and 2006 bonds. Gateway Corporation pays a credit enhancement fee equal to one-quarter of 1 percent of the amount of the bonds outstanding on each June 1 and December 1.

Gateway recorded $222 of bond guarantee fee expense paid to the University of Minnesota Foundation for the year ended June 30, 2008. The amount is included in financing expense on the statement of activities and changes in net assets.

Financing Agreements

Bonds payable

The City of Minneapolis revenue bonds, Series 1997B, Series 2002 and 2006, are collateralized by substantially all the assets of Gateway Corporation, and repayment of the revenue bonds will be made through lease payments of the occupants.

To minimize interest cost, the University of Minnesota Foundation has guaranteed the revenue bonds (see Guarantee Agreement above). In addition, Gateway's Board of Directors' resolutions require mandatory capital contributions from the beneficiary organizations should the cash flow of Gateway be insufficient to meet the debt service obligations of Gateway.

Pursuant to a mortgage between Gateway and the trustee, the obligations to pay the principal and interest on the bonds have been collateralized by the mortgage on the property and equipment and an assignment of rents.

Years ended June 30, 2008 and 2007 (in thousands)

In July 2005, Gateway entered into an interest rate swap arrangement with a bank to fix the interest rate on $12,000 of variable-rate debt at an annual interest rate of 3.93 percent. The swap arrangement is indexed against the Bond Market Association Municipal Swap Index. The arrangement requires the difference between the fixed rate of interest and the index to be settled monthly. Included in interest expense for the year ended June 30, 2008, is approximately $103 paid to the bank. The change in fair value of the interest rate swap arrangement has been recorded in the statement of activities and changes in net assets, resulting in an unrealized loss of approximately $54 for the year ended June 30, 2008.

Approximate amounts payable under financing agreements on June 30, 2008, consisted of the following:

City of Minneapolis revenue bonds, Series 1997B, with interest at a variable rate, principal due December 2027	$15,000
City of Minneapolis revenue bonds, Series 2002, with interest at a variable rate, principal due June 2032	7,350
City of Minneapolis revenue bonds, Series 2006, with interest ranging from 4.00% to 4.50%, maturing serially from December 2006 through December 2031	21,850
Capital lease	291
Subtotal	44,491
Less discount on Series 2006 bonds	(84)
Total	$44,407

Aggregate annual maturities are approximately as follows:

Fiscal years ending June 30	
2009	$ 555
2010	580
2011	601
2012	627
2013	652
Thereafter	41,476
Total	$44,491

The bonds are subject to earlier redemption upon the occurrence of certain events as specified in the bond documents.

Required Supplementary Information

Years ended June 30, 2008 and 2007 (in thousands)

Schedule of Funding Progress for the SBP Plan

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL)—entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b - a)/c)
6/30/2007	$4,597	$8,497	$3,900	54.10%	$1,096	355.84%
6/30/2006	5,099	9,153	4,054	55.70%	1,444	280.75%
6/30/2005	5,590	10,596	5,006	52.76%	1,426	351.06%

Additional information related to the SBP Plan is provided in Note 6.

Schedule of Funding Progress for the UPlan

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL)—entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b - a)/c)
6/30/2008	$ –	$77,408	$77,408	0.00%	$1,095,615	7.07%

The University adopted GASB 45 as of July 1, 2007. In subsequent fiscal years, it will provide multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Additional information related to the UPlan as it relates to OPEB is provided in Note 11.

Supplemental Schedules as of and for the Years Ended June 30, 2008 and 2007

To the Board of Regents of the University of Minnesota

Our report on our audits of the consolidated financial statements of the University of Minnesota for the years ended June 30, 2008 and 2007, is listed in the table of contents. Those audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying schedules of net assets by campus, and of revenues, expenses, and changes in net assets by campus are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

LarsonAllen LLP
Minneapolis, Minnesota
October 30, 2008

Statements of Net Assets by Campus

June 30, 2008 (in thousands)

	Crookston	Duluth	Morris	Rochester	Twin Cities	Total
Assets						
Current assets						
Cash and cash equivalents	$ 3,666	$ 16,769	$ (611)	$ 5,340	$ 245,468	$ 270,632
Securities lending collateral	794	8,937	304		108,921	118,956
Short-term investments	1,108	(3,074)	1,219		71,333	70,586
Receivables, net	1,122	6,727	546		205,382	213,777
Inventories, net		1,332	241		18,341	19,914
Current portion of student loan receivables, net	100	1,560	228		6,535	8,423
Curent portion of prepaid expenses and deferred charges		32		74	5,623	5,729
Other assets					200	200
Total current assets	6,790	32,283	1,927	5,414	661,803	708,217
Noncurrent assets						
Restricted cash and cash equivalents					68,806	68,806
Investments	2,187	81,944	2,713		1,348,740	1,435,584
Receivables, net					691	691
Student loan receivables, net	632	11,926	1,513		50,707	64,778
Prepaid expenses and deferred charges					2,105	2,105
Other assets					37	37
Capital assets, net	31,388	209,127	55,466	21,163	1,946,646	2,263,790
Total noncurrent assets	34,207	302,997	59,692	21,163	3,417,732	3,835,791
Total assets	40,997	335,280	61,619	26,577	4,079,535	4,544,008
Liabilities						
Current liabilities						
Accounts payable	118	3,127	1,551	3	56,172	60,971
Accrued liabilities and other	1,291	10,639	2,189	165	223,867	238,151
Securities lending collateral	794	8,937	304		108,921	118,956
Unearned income	50	2,619	303		94,150	97,122
Long-term liabilities—current portion	45	275	125		555,777	556,222
Total current liabilities	2,298	25,597	4,472	168	1,038,887	1,071,422
Noncurrent liabilities						
Accrued liabilities and other	860	12,551	1,656	7	82,881	97,955
Unearned income					1,082	1,082
Long-term liabilities	100	595	195		267,641	268,531
Total noncurrent liabilities	960	13,146	1,851	7	351,604	367,568
Total liabilities	3,258	38,743	6,323	175	1,390,491	1,438,990
Net assets						
Unrestricted	(10,920)	(51,568)	(24,591)	3,432	313,616	229,969
Restricted						
Expendable	16,286	99,917	23,504	1,817	984,770	1,126,294
Nonexpendable	1,130	39,931	1,234		196,526	238,821
Invested in capital assets, net of related debt	31,243	208,257	55,149	21,153	1,194,132	1,509,934
Total net assets	$ 37,739	$296,537	$ 55,296	$26,402	$2,689,044	$3,105,018

Statements of Net Assets by Campus

June 30, 2007 (in thousands)

	Crookston	Duluth	Morris	Rochester	Twin Cities	Total
Assets						
Current assets						
Cash and cash equivalents	$ 3,804	$ 13,165	$ 2,789	$ 1,507	$ 48,824	$ 70,089
Securities lending collateral	1,158	7,984	383		90,775	100,300
Short-term investments	40	260	115		11,807	12,222
Receivables, net	1,287	10,307	824	172	289,521	302,111
Inventories, net		1,155	507		17,115	18,777
Current portion of student loan receivables, net	139	2,252	337		10,249	12,977
Curent portion of prepaid expenses and deferred charges					2,831	2,831
Other assets					200	200
Total current assets	6,428	35,123	4,955	1,679	471,322	519,507
Noncurrent assets						
Restricted cash and cash equivalents					163,807	163,807
Investments	4,677	83,465	4,425		1,587,446	1,680,013
Receivables, net					916	916
Student loan receivables, net	549	10,124	1,359		45,143	57,175
Prepaid expenses and deferred charges					3,388	3,388
Other assets					38	38
Capital assets, net	31,383	202,615	53,089	21,936	1,751,623	2,060,646
Total noncurrent assets	36,609	296,204	58,873	21,936	3,552,361	3,965,983
Total assets	43,037	331,327	63,828	23,615	4,023,683	4,485,490
Liabilities						
Current liabilities						
Accounts payable	411	5,411	911		90,396	97,129
Accrued liabilities and other	1,166	9,633	2,001	12	199,224	212,036
Securities lending collateral	1,158	7,984	383		90,775	100,300
Unearned income	60	3,772	298	105	78,870	83,105
Long-term liabilities—current portion	40	260	115		328,420	328,835
Total current liabilities	2,835	27,060	3,708	117	787,685	821,405
Noncurrent liabilities						
Accrued liabilities and other	821	12,013	1,575		73,420	87,829
Unearned income					1,786	1,786
Long-term liabilities	145	870	320		466,030	467,365
Total noncurrent liabilities	966	12,883	1,895	–	541,236	556,980
Total liabilities	3,801	39,943	5,603	117	1,328,921	1,378,385
Net assets						
Unrestricted	(8,275)	(38,842)	(17,681)	(10)	402,932	338,124
Restricted						
Expendable	15,182	93,340	22,024	1,572	984,397	1,116,515
Nonexpendable	1,131	35,401	1,228		185,087	222,847
Invested in capital assets, net of related debt	31,198	201,485	52,654	21,936	1,122,346	1,429,619
Total net assets	$39,236	$291,384	$ 58,225	$23,498	$2,694,762	$3,107,105

Statements of Revenues, Expenses, and Changes in Net Assets by Campus

Year ended June 30, 2008 (in thousands)

	Crookston	Duluth	Morris	Rochester	Twin Cities	Total
Revenues						
Operating revenues						
Student tuition and fees, net	$ 6,081	$ 75,722	$ 8,807	$ 520	$ 456,744	$ 547,874
Federal appropriations					8,842	8,842
Federal grants and contracts	516	6,742	408		412,972	420,638
State and other government grants	92	4,334	5	623	69,029	74,083
Nongovernmental grants and contracts	168	3,499	84		208,783	212,534
Student loan interest income	17	202	31		1,414	1,664
Sales and services of educatonal activities	414	3,232	177	16	155,222	159,061
Auxiliary enterprises, net	3,660	33,940	3,389	12	261,885	302,886
Other operating revenues	1	88	19		2,792	2,900
Total operating revenues	10,949	127,759	12,920	1,171	1,577,683	1,730,482
Expenses						
Operating expenses						
Education and general						
Instruction	6,855	55,834	12,264	938	597,819	673,710
Research	172	16,725	428	44	547,538	564,907
Public service	478	4,687	531	251	187,401	193,348
Academic support	2,169	15,682	4,628	2,581	306,045	331,105
Student services	2,125	8,097	3,552	27	75,636	89,437
Institutional support	2,202	11,594	2,839	33	180,018	196,686
Operation and maintenance of plant	3,750	24,586	6,854	777	212,320	248,287
Scholarships and fellowships	1,209	7,695	1,548	16	72,194	82,662
Depreciation	1,644	11,963	2,498	930	128,216	145,251
Auxiliary enterprises	4,768	33,954	5,427		171,068	215,217
Other operating expenses	(8)	127	25		345	489
Total operating expenses	25,364	190,944	40,594	5,597	2,478,600	2,741,099
Operating Loss	(14,415)	(63,185)	(27,674)	(4,426)	(900,917)	(1,010,617)
Nonoperating Revenues (Expenses)						
State appropriations	12,384	50,256	20,024	1,543	659,780	743,987
Grants	2,443	14,542	3,981		107,059	128,025
Gifts	595	4,064	641	32	119,095	124,427
Investment income	106	1,460	105		39,345	41,016
Net decrease in the fair market value of investments	(235)	(5,104)	(261)		(85,264)	(90,864)
Interest on capital asset-related debt	5	39	21		(32,651)	(32,586)
Other nonoperating revenues (expenses), net	234	(111)	(22)	115	(2,602)	(2,386)
Net nonoperating revenues	15,532	65,146	24,489	1,690	804,762	911,619
Income (Loss) Before Other Revenues	1,117	1,961	(3,185)	(2,736)	(96,155)	(98,998)

Statements of Revenues, Expenses, and Changes in Net Assets by Campus (concluded)

Year ended June 30, 2008 (in thousands)

	Crookston	Duluth	Morris	Rochester	Twin Cities	Total
Capital appropriations	$ 292	$ 7,841	$ 3,047		$ 53,510	$ 64,690
Capital grants and gifts		4,641	94		15,018	19,753
Additions to permanent endowments		4,516	9		7,943	12,468
Indirect cost recovery		236			(236)	–
University assessment	(3,318)	(17,997)	(3,558)	$ (444)	25,317	–
Mandatory transfers in (out)	(13)	26	(147)		134	–
Nonmandatory transfers	425	3,929	811	6,084	(11,249)	–
Total other revenues (expenses)	(2,614)	3,192	256	5,640	90,437	96,911
Increase (Decrease) in Net Assets	(1,497)	5,153	(2,929)	2,904	(5,718)	(2,087)
Net assets at beginning of year	39,236	291,384	58,225	23,498	2,694,762	3,107,105
Net assets at end of year	$37,739	$296,537	$55,296	$26,402	$2,689,044	$3,105,018

Statements of Revenues, Expenses, and Changes in Net Assets by Campus

Year ended June 30, 2007 (in thousands)

	Crookston	Duluth	Morris	Rochester	Twin Cities	Total
Revenues						
Operating revenues						
Student tuition and fees, net	$ 4,947	$ 75,307	$ 10,200	$ 719	$ 428,618	$ 519,791
Federal appropriations					16,848	16,848
Federal grants and contracts	991	5,528	505		382,958	389,982
State and other government grants	88	2,621	7	1,898	70,071	74,685
Nongovernmental grants and contracts	589	3,646	147		197,218	201,600
Student loan interest income	24	190	42		1,226	1,482
Sales and services of educatonal activities	374	2,990	217	3	135,038	138,622
Auxiliary enterprises, net	3,283	33,199	3,812		248,463	288,757
Other operating revenues	(14)	83	4		1,282	1,355
Total operating revenues	10,282	123,564	14,934	2,620	1,481,722	1,633,122
Expenses						
Operating expenses						
Education and general						
Instruction	6,003	50,199	12,380	905	572,800	642,287
Research	521	15,196	317	21	494,325	510,380
Public service	465	4,156	615	333	184,317	189,886
Academic support	2,174	14,946	4,637	1,439	297,226	320,422
Student services	2,095	7,512	3,466	13	71,172	84,258
Institutional support	1,874	10,785	2,349		122,974	137,982
Operation and maintenance of plant	3,575	19,579	5,237	971	201,010	230,372
Scholarships and fellowships	1,059	8,708	1,631	9	64,680	76,087
Depreciation	1,918	9,908	2,450	912	122,755	137,943
Auxiliary enterprises	4,153	32,979	4,888		160,517	202,537
Other operating expenses	(5)	(83)	(91)		201	22
Total operating expenses	23,832	173,885	37,879	4,603	2,291,977	2,532,176
Operating Loss	(13,550)	(50,321)	(22,945)	(1,983)	(810,255)	(899,054)
Nonoperating Revenues (Expenses)						
State appropriations	11,412	45,542	17,386	1,561	569,718	645,619
Grants	2,383	14,109	4,094		101,240	121,826
Gifts	642	3,180	417	23	115,581	119,843
Investment income	110	1,218	134		55,380	56,842
Net increase in the fair market value of investments	578	11,838	631		169,841	182,888
Interest on capital asset-related debt	3	25	14		(30,002)	(29,960)
Other nonoperating revenues (expenses), net	112	(961)	309		(231)	(771)
Net nonoperating revenues	15,240	74,951	22,985	1,584	981,527	1,096,287
Income (Loss) Before Other Revenues	1,690	24,630	40	(399)	171,272	197,233

Statement of Revenues, Expenses, and Changes in Net Assets by Campus (concluded)

Year ended June 30, 2007 (in thousands)

	Crookston	Duluth	Morris	Rochester	Twin Cities	Total
Capital appropriations	$ 4,622	$ 21,993	$ 2,545		$ 104,153	$ 133,313
Capital grants and gifts	4	852	18		8,440	9,314
Additions to permanent endowments		4	11		5,852	5,867
Indirect cost recovery		(205)			205	–
University assessment	(2,939)	(16,241)	(3,322)	$ (425)	22,927	–
Mandatory transfers in (out)	(13)	(46)	(69)		128	–
Nonmandatory transfers	(126)	6,287	1,187	1,493	(8,841)	–
Total other revenues	1,548	12,644	370	1,068	132,864	148,494
Increase in Net Assets	3,238	37,274	410	669	304,136	345,727
Net assets at beginning of year	35,998	254,110	57,815	22,829	2,390,626	2,761,378
Net assets at end of year	$39,236	$291,384	$58,225	$23,498	$2,694,762	$3,107,105

Administrative Officers

Board Officers

Board of Regents

Matching Funds

Co-PIs—Irma McClaurin and D. Craig Taylor, 5% cost-shared effort respectively, will serve as the co-PIs of the grant. See attached letter from Senior Vice President Robert Jones committing this cost share.

Geoff Maruyama, 10% cost-shared effort will assist in the evaluation of the overall project and assist in the supervision of the evaluation/program coordinator. See attached letter from Senior Vice President Robert Jones committing this cost share.

Kenneth Nelson, Program Manager, 30% cost-shared effort. See attached letter from Senior Vice President Robert Jones committing this cost share.

Nam Nguyen, Training Coordinator, 40% cost-shared effort. See attached letter from Senior Vice President Robert Jones committing this cost share.

Program and Evaluation Specialist, 100% effort, $61,818 cost-share expense, TBA. The associate will oversee the day-to-day operations of the project as well as design a holistic evaluation for the entire project. See attached letter from Senior Vice President Robert Jones committing this cost share.

Technical Curriculum Developer, 100% effort, $69,546 cost-share expense TBA. This position will be responsible for adapting and updating all of the manuals used for the 33,600 users served by the eleven computer labs. See attached letter from Senior Vice President Robert Jones committing this cost share.

Minnesota Multi-Cultural Media Consortium sub-award $68,679 cost-share that reduces the market rate of these expenses. See attached letter from the Minnesota Multi-Cultural Media Consortium's Vice President, Al McFarlane, committing this cost share.

Community Computer Lab equipment expenses: $3,600 cost share for six laptop computer will be donated to the project with a cash-value of $600/each. See attached letter from Senior Vice President Robert Jones committing this cost share.

UROC Computer Specialist, $7,727 cost-share, .10 FTE. The computer specialist will serve as technical support for each of the eleven computer sites.

Training: $28,000 cost share. The thirty-six, Broadband Apprenticeship Team leaders will train in the BCED hub at (1 week/once a year/8-hour sessions) $600/day x 5 days x 3 years = $9,000; Training for Apprentices (1 week/once a year/8-hour) sessions) $600 x 5 days x 3 years = $9,000; community computer managers on-going refresher training at the rate of (once a month/4-hour session) $300/half day x 12 x 3years for a total of $10,800 to total $28,800 cost share. See attached letter from Senior Vice President Robert Jones committing this cost share.

Minneapolis Public Housing Authority expense: $19,680 cost share for volunteer recruitment and contributions by volunteers at the rate of $2090 per year and $19,680 over the life of the. See attached letter from Cora McCorvey, Executive Director, CEO, Minneapolis Public Housing Authority committing this cost share.

UNIVERSITY OF MINNESOTA

Twin Cities Campus

Office of the Senior Vice President for System Academic Administration

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

Office: 612-624-3533
Fax: 612-626-8388

9 November 2009

Mr. Thomas C. Power
Chief of Staff
National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, DE 20230

I would like to express my strong enthusiasm for a proposal being submitted to you for the Broadband Technology Opportunities Program (CFDA 11.557) entitled the **Broadband Access Project**, from the Office of the Senior Vice President for Academic System Administration (SAA) at the University of Minnesota—Twin Cities.

This letter documents my personal enthusiasm and the support for the Broadband Access Project, which combines the effort of three offices under the auspices of the SAA, namely the Urban Research and Outreach/Engagement Center (UROC), the Office for Business and Community Economic Development (BCED), and University of Minnesota Extension Service. Each office is designed uniquely to meet the varying needs of the residents of the State of Minnesota whether rural or urban. UROC is an alliance of University programs, community residents and organizations, and city and county government representatives. Replicating our highly successful Research and Outreach Centers (ROCs) managed almost since the University's inception by Extension, UROC aims to address the needs of the challenged urban area of the Northside of Minneapolis—an area with some of the highest poverty, foreclosure, serious crimes, and high school dropout rates in the State. The residents themselves identified education, health, and job opportunities as their top three areas as the pathway to economic and job growth. BCED provides services to professionals, businesses, and nonprofits serving low income communities throughout the Twin Cities; invests financial resources for economic development; trains entrepreneurs including youth, and provides computer training including broadband, Internet, and other business applications for job and business opportunities. Extension Services has decades of experience working with rural communities across the State of Minnesota meeting needs as diverse as testing lead levels in soil to training for teachers and designing computer training materials. Together these three offices bring a synergy of talent, experience, and commitment required to make this project a success.

More specifically, the Broadband Access Project embodies our commitment as a land-grant institution to serve Minnesota communities and educate our increasingly diverse student body. The face of the Twin Cities is changing at one of the most rapid rates in the country as we continue to take in more immigrant and refugee populations, largely Hmong, Somali, Hispanic, and East African. At the same time, the Twin Cities has one of the largest and widening gaps between an educated white population and those from populations traditionally under-served by higher education and access to broadband—a technology crucial to the 'knowledge economy jobs' of the 21st century. The Broadband Access Project addresses these disparities head-on.

The Broadband Access Project is part of the University of Minnesota's urban vision. My office provides the key leadership in developing this urban vision, including convening community meetings and working with community partners, and convening groups of faculty committed to engaged work in the Twin Cities. The University has allocated $5.2M to purchase and renovate a facility in North Minneapolis; we have also committed funds to seed projects that emerge as a result of community- faculty collaborations. Given the community's priorities, addressing clearly broadband disparities is a key part of our effort to help them bridge the Digital Divide.

I am happy to confirm that the Office for the Senior Vice President for Academic System Administration will commit the following in cost-share and matching funds in support of the University of Minnesota's application to NTIA entitled "Broadband Access Project":

Cost-share and cash match to total $515,417 Direct Costs to over the three year grant period.

Please do not hesitate to contact me directly via email at jones012@umn.edu or phone 612-624-3533, if I might be of any further assistance or aid in your deliberations in any way. Thank you for your time and consideration.

Sincerely,

Rbt. J. Jones

Robert J. Jones
Senior Vice President for System Academic Administration
Professor of Agronomy and Plant Genetics

UNIVERSITY OF MINNESOTA

Twin Cities Campus

Office of the Senior Vice President for System Academic Administration

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

Office: 612-624-3533
Fax: 612-626-8388

17 August 2009

Mr. Thomas C. Power
Chief of Staff
National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, DE 20230

I would like to express my strong enthusiasm for a proposal being submitted to you for the Broadband Technology Opportunities Program (CFDA 11.557) entitled the **Broadband Access Project** from the Office of the Senior Vice President for Academic System Administration (SAA) at the University of Minnesota-Twin Cities.

This letter documents my personal enthusiasm and the support for the Broadband Access Project, which combines the effort of three offices under the auspices of the SAA, namely the Urban Research and Outreach/Engagement Center (UROC), the Office for Business and Community Economic Development (BCED), and University of Minnesota Extension. Each office is designed uniquely to meet the varying needs of the residents of the State of Minnesota whether rural or urban. UROC is an alliance of University programs, community residents and organizations, and city and county government representatives. UROC extends the University's land grant mission to the urban corridor where 85 percent of the population now resides. It will house ten Resident programs using evidence-based research to develop solutions to seemingly intractable urban issues around education, health and wellness, and economic development. Our initial focus has been on the needs of the challenged urban area of the Northside of Minneapolis—an area with some of the highest poverty, foreclosure, serious crimes, and high school dropout rates in the State. The residents themselves identified education, health, and job opportunities as their top three areas as the pathway to economic and job growth. BCED provides services to professionals, businesses, and nonprofits serving low income communities throughout the Twin Cities; invests financial resources for economic development; trains entrepreneurs including youth; and provides computer training including broadband, Internet, and other business applications for job and business opportunities. Extension has decades of experience working with rural communities across the State of Minnesota, and developing training materials for diverse communities in rural and urban areas. Together these three offices bring a synergy of talent, educational resources, experience, and commitment required to make this project a success. What also makes this project unique is our partnership with the Minnesota Multi-cultural Media Consortium, an alliance with a coalition of community-based ethnic media, and Minneapolis Public Housing.

More specifically, the Broadband Access Project embodies our commitment as a land-grant institution to serve Minnesota communities, educate our increasingly diverse student body, and create greater access for all Minnesota citizens to all forms of knowledge. With this project, UROC will extend its scope beyond North Minneapolis to work with underserved communities in public housing and in St. Paul, our twin city across the river. The face of the Twin Cities is changing at one of the most rapid rates in the country as we continue to take in more immigrant and refugee populations, largely Hmong, Somali, Hispanic, and East African. At the same time, the Twin Cities has one of the largest and widening gaps between an educated white population and those from populations traditionally under-served by higher education and access to broadband—a technology crucial to the 'knowledge economy jobs' of the 21st century. The Broadband Access Project addresses these disparities head-on.

The Broadband Access Project is part of the University of Minnesota's urban vision. My office provides the key leadership in developing this urban vision, including convening community meetings and working with community partners, and convening groups of faculty committed to engaged work in the Twin Cities. We established UROC out of this engagement process, as a mechanism for anchoring the University's presence within urban communities. The University has allocated $4M to purchase and renovate a facility in North Minneapolis, consistent with the City of Minneapolis' call for alternative use of former commercial space as a form of community revitalization; we have also committed funds to seed projects that emerge as a result of community-faculty collaborations. Given the priorities of urban communities, addressing broadband disparities is a key part of our effort to support them in bridging the Digital Divide.

I am happy to confirm that the Office for the Senior Vice President for Academic System Administration will commit the following in cost-share and matching funds in support of the University of Minnesota's application to NTIA entitled "Broadband Access Project":

	2010	2011	2012	Total
Cost-share	$ 265,196	$250,092	$283,465	$798,753

Please do not hesitate to contact me directly via email at jones012@umn.edu or phone 612-624-3533, if I might be of any further assistance or aid in your deliberations in any way. Thank you for your time and consideration.

Sincerely,

Robert J. Jones
Senior Vice President for System Academic Administration
Professor of Agronomy and Plant Genetics

IBM

November 11, 2009

(1158)
U of MN
BTOP grant

Mr. Craig Taylor, Director
University of MN
Office of Business & Community Economic I
2221 University Avenue South East, Suite 1:
Minneapolis, MN 55414

Dear Craig,

IBM is pleased to partner with U of MN – Office of Business & Community Economic Development in supporting your Broadband Technology Opportunities Program (BTOP) grant. The grant of Web Adaptation Technology / AccessibilityWorks technology will continue to build our partnership in supporting the development of public computer centers throughout the Twin Cities communities.

The grant donation is valued at $35,000.

It has been my sincere honor to work with your organization! The U of MN – Office of BCEC has an outstanding record in developing strong programs and delivering consistent positive results. These two attributes and many more have earned you recognition as a valued IBM partner. A partner that IBM seeks out to help us leverage technology innovation to make a difference too many throughout our community!

With my very best wishes for a successfully funded application,

Heidi Kraemer

Heidi R. Kraemer
Senior Program Manager, IBM
Corporate Citizenship and Corporate Affairs

Minnesota
Multicultural Media
Consortium

November 5, 2009

Dr. Jeanine Ferguson, Ph.D
Office of the Senior Vice President
for System Academic Administration
University of Minnesota
450 McNamara Alumni Center
200 Oak Street SE
Minneapolis, Minnesota 55455-2070

Dear Dr. Ferguson:

Minnesota Minority Media Consortium is pleased to join the University of Minnesota in its Public Computer Centers Program BTOP proposal.

MMMC hereby clarifies the terms and meaning of the offered 35% in-kind match provided in our proposal.

The value of in-kind services proposed is $68, 697, or 35% of the proposed MMMC contract. Here are budget details that explain costs and in-kind contributions:

1. MMMC will purchase exhibitor booth space a specified annual cultural celebrations. The cost per event is $1000. The contract will pay $800 and MMMC will pay $200 per event, for the proposed 20% match in year 1 and year 2, and MMMC with pay 50% of the event cost in year 3.
2. In Year 1 and Year 2, MMMC will purchase print ads and radio spots in select media at published rates. We have negotiated a 20% in-kind match from the selected media for Y1 and Y2, and a 50% in-kind match for Y3. Were the University or any other business or organization to purchase the space and ad spots, they would pay the published rates and there would be no discounts available since the proposed schedules do not meet requirements for earned volume or frequency discounts.

Sincerely,

Al McFarlane
Vice- President,
Minnesota Multicultural
Media Consortium, Inc.

1815 Bryant Av. N., Mpls., MN 55411 612-695-0417 al@insightnews.com

Asian Community Media Institute, Inc.

Asian Community Technology Center - A Non-Profit Community Agency

10 August 2009

Irma McClaurin, Associate Vice President and
Executive Director, Urban Research and Outreach/Engagement Center
110 Morrill Hall
100 Church Street SE
Minneapolis, MN 55455

Dear Dr. McClaurin:

Asian Community Technology Center pledges its enthusiastic support to participate in the Broadband Access Project for consideration in the Broadband Technology Opportunities Program (BTOP). As a small, community-based computer facility located in the East Frogtown of city St. Paul, MN we look forward to the opportunity to offer broadband access and training in important content areas such as health care, education, and youth to our underserved neighbors. New equipment, broadband access, software, and training equipment will improve dramatically our ability to meet the needs of the communities we serve. We have had the experience of working with Ken Nelson over the course of the last year to begin to offer training programs, but so much more needs to be done. We see this as a wonderful chance to standardize, upgrade, and improve on training in areas from which our residents could benefit enormously.

This is a powerful partnership—bringing the community and the University together to work for a common goal *in* the community itself. We appreciate the opportunity to participate in this partnership. Please do not hesitate to contact me directly if I might be of any assistance as the competition moves forward.

Sincerely,

Robert J. Ingberg

Robert Ingberg
Manager
Asian Community Technology Center
651-224-6570
763-237-2031
robertjingberg@yahoo.com
417 University Avenue W.
St. Paul MN 55103

Apoyando a las familias latinas
para un futuro mejor

CENTRO

10 August 2009

Irma McClaurin, Associate Vice President and
Executive Director, Urban Research and Outreach/Engagement Center
110 Morrill Hall
100 Church Street SE
Minneapolis, MN 55455

Dear Dr. McClaurin:

Centro Inc. pledges its enthusiastic support to participate in the Broadband Access Project for consideration in the Broadband Technology Opportunities Program (BTOP). As a community-based organization located in the Philips neighborhood we look forward to the opportunity to offer broadband access and training in important content areas such as health care, education, and youth to our underserved neighbors. New equipment, broadband access, software, and training equipment will improve dramatically our ability to meet the needs of the communities we serve. We have had the experience of working with Ken Nelson over the course of the last year to begin to offer training programs, but so much more needs to be done. We see this as a wonderful chance to standardize, upgrade, and improve on training in areas from which our residents could benefit enormously.

This is a powerful partnership—bringing the community and the University together to work for a common goal *in* the community itself. We appreciate the opportunity to participate in this partnership. Please do not hesitate to contact me directly if I might be of any assistance as the competition moves forward.

Sincerely,

Roxana Linares

Roxana Linares
Executive Director

CENTRO | 1915 Chicago Avenue South | Minneapolis, Minnesota 55404
Phone 612.874.1412 | Fax 612.874.8149 | Email infocenter@centromn.org | **www.centromn.org**

Hmong
American
Partnership

Strong Partnerships. Bold New Directions.

August 14, 2009

Irma McClaurin
Associate Vice President and Executive Director
Urban Research and Outreach/Engagement Center
110 Morrill Hall
100 Church Street SE
Minneapolis, MN 55455

Dear Dr. McClaurin:

Hmong American Partnership's North Minneapolis location pledges its enthusiastic support to participate in the Broadband Access Project for consideration in the Broadband Technology Opportunities Program (BTOP). As a small, community-based computer facility located in North Minneapolis (1206 42nd Avenue North, Minneapolis, MN 55412) we look forward to the opportunity to offer broadband access and training in important content areas such as employment, education, and youth to our underserved neighbors.

HAP is a social service and community development organization whose mission is: *to empower the community to embrace the strengths of our cultures while achieving our potential.* HAP was founded in 1990 in response to the needs and concerns of Minnesota's growing Hmong community. The organization has since expanded to serve community members from a wide variety of cultural and ethnic backgrounds. Nearly 100% of participants are low income.

HAP recently opened a new, permanent office in North Minneapolis, and we have observed the tremendous need in the community for access to computers and broadband technology. Unfortunately, all of the computers in our current lab are slow and extremely out-dated. New equipment, broadband access, software, and training will dramatically improve our ability to meet the needs of the communities we serve. We are excited about the work Ken Nelson has accomplished in North Minneapolis, but so much more needs to be done. We see this as a wonderful chance to standardize, upgrade, and improve on training in areas from which our community members could benefit enormously.

This is a powerful partnership—bringing the community and the University together to work for a common goal *in* the community itself. We appreciate the opportunity to participate in this partnership. Please do not hesitate to contact me directly if you have questions or require additional information.

Sincerely,

Bao Vang
Executive Director

1075 Arcade Street Saint Paul, MN 55106 Phone: (651) 495-9160 Fax: (651) 495-1699 www.hmong.org

Lifetrack Resources
Winner of the Nonprofit Excellence Award
Founded in 1948 as St. Paul Rehabilitation Center

10 August 2009

Irma McClaurin, Associate Vice President and
Executive Director, Urban Research and Outreach/Engagement Center
110 Morrill Hall
100 Church Street SE
Minneapolis, MN 55455

Dear Dr. McClaurin:
Lifetrack Resources pledges its support to participate in the Broadband Access Project for consideration in the Broadband Technology Opportunities Program (BTOP). As a small, community-based computer facility located in the Frogtown area of St. Paul, we look forward to the opportunity to offer broadband access and training in important content areas such as health care, education, and youth to our underserved neighbors. New equipment, broadband access, software, and training equipment will improve dramatically our ability to meet the needs of the communities we serve. We have had the experience of working with Ken Nelson over the course of the last year, but so much more needs to be done. We see this as a wonderful chance to standardize, upgrade, and improve on training in areas from which our residents and clients could benefit enormously.

This is a powerful partnership—bringing the community and the University together to work for a common goal *in* the community itself. We appreciate the opportunity to participate in this partnership. Please do not hesitate to contact me directly if I might be of any assistance as the competition moves forward.

Sincerely,

Cindy Toppin

Cindy Toppin
Vice President, Programs
Lifetrack Resources

Minnesota
Multicultural Media
Consortium

August 13, 2009

Dr. Irma McClaurin
Associate Vice President
for System Academic Administration
Executive Director
Urban Research and Outreach/Engagement Center
Office of the Senior Vice President
for System Academic Administration
University of Minnesota, Twin Cities
110 Morrill Hall 100 Church Street, S.E.
Minneapolis, MN 55455

Dear Dr. McClaurin:

Minnesota Minority Media Consortium is please to join the University of Minnesota in its Public Computer Centers Program BTOP proposal.

MMMC will provide the following services:

1. Create and maintain a super website that connects the computer centers, ethnic media, businesses and agencies that serve the target communities in this proposal, and residents of the targeted communities.
2. Hire and manage a part-time Technology and Culture beat reporter who will document the work of the Computer Centers Program and Project and produce information and features and news columns for publication and distribution across the media platforms of MMMC members to create awareness about the opportunity broadband access and utilization can afford communities of color and the businesses and institutions that serve them.

Minnesota
Multicultural Media
Consortium

3. Create and execute an advertising based public awareness strategy involving the design and deployment of paid display advertisements in newspapers and on radio stations targeting African and African American, Latino, Asian, and American Indian populations in the project target communities. MMMC negotiated 20% in kind match by media for Year 1 and Year 2 of the project, with 50% match for Year 3. MMMC commits to seeking alternative funding for the continuation of marketing support for the Computer Centers beyond the 3 year grant period.
4. MMMC will hire and manage Constituency Services professionals who will provide translation services converting curriculum documents into language and culturally appropriate documents for intended cultural and language groups. MMMC will engage experts to assess and advise special informational needs and approaches for special populations including African Americans, Youth, and Seniors.

The value of in-kind services proposed is $68, 697, or 35% of the proposed MMMC contract.

Sincerely,

Al McFarlane
Vice- President,
Minnesota Multicultural
Media Consortium, Inc.

1815 Bryant Avenue North
Minneapolis, MN 55411
Phone: (612) 695-0417 mobile
Office: (612-588-1313)
Fax: (612) 588-2031

MINNEAPOLIS PUBLIC HOUSING AUTHORITY

August 13, 2009

Dr. Irma McClaurin, Associate Vice President and Executive Director
Urban Research Outreach/Engagement Center
110 Morrill Hall
100 Church Street S.E.
Minneapolis, Minnesota 55455

Dear Dr. McClaurin:

Minneapolis Public Housing Authority (MPHA) is excited about the opportunity to partner with the University of Minnesota (Office for the Senior Vice President for System Academic Administration and the Urban Research Outreach/Engagement Center) regarding its "Broadband Access Project." The Urban Research Outreach/Engagement Center as well as the University's Office for Business Community Economic Development are located on the Northside of Minneapolis and, like MPHA, seek to address community and economic development needs in diverse, economically challenged areas of our city.

MPHA is responsible for the operations of over 5,800 public housing units in the city of Minneapolis and also administers over 5,000 Housing Choice Vouchers (Section 8) serving thousands of other low-income families in our community. In addition, MPHA has over 16,000 families on its public housing and Section 8 waiting lists. Poverty, cultural, language and other barriers prevent many of these families from acquiring and utilizing technologies that could assist with enhancing the quality of their lives and offer tools that may help move them beyond their current circumstances. We are very aware of the deficits created by the digital divide and how affordable access to technology and cultivation of the skills and knowledge of how to use those technologies can go a long way in bridging that divide.

In the twenty-first century, access to broadband and the internet is a critical and defining socio-cultural distinction that can significantly impact the lives of low-income and other disadvantaged families. It is essential that the organizations vested in the well-being of those families, respond in meaningful ways to promote access to and enhance the capacity for these technologies. MPHA and the University of Minnesota share this understanding and are committed to working together utilizing the resources of the "Broadband Access Project" to better position families to overcome the digital divide. There are a number of community centers being established through the "Broadband Access Project." One of these centers will be located in the heart of MPHA's Glendale Family Development, a 184 townhome development consisting exclusively of low-income public housing families. Through our partnership with the University, MPHA residents will have an opportunity to meet the challenges of the digital divide and acquire the skills to overcome it.

MPHA will provide an on-site location which will host the Glendale Broadband Project Access Center. This center will house six computers and serve as a gathering place for public housing families who wish to learn and enhance their computer skills. The center is co-located with a PICA Head Start Center and a local food shelf which will provide additional incentives for families to participate. MPHA is committed to providing ongoing support for the program beyond the initial three year funding period. The Resident Initiatives Department will be responsible for working with the Glendale Resident Council to identify resident mentors who will receive stipends and/or other incentives to continue the program. Resident Initiatives staff will be assigned the responsibility of working with the Glendale Resident Council to create a volunteer recruitment program that will identify volunteers from the community, including its neighbor, the University of Minnesota, to staff the center for at least ten hours per week to sustain the program for the foreseeable future. MPHA estimates its total in-kind contribution for the Glendale Broadband Project Access Center space, utilities, maintenance, volunteer recruitment and contributions by volunteers to be $2,070 per year during the grant period and $19,680 per year for the sustainability period. MPHA public housing and Section 8 families throughout the city can utilize other centers being created through the project to help them meet similar challenges.

The Twin Cities area appears to be an economically healthy region, but like most large communities, there are segments of the community who by income, race, culture, age and disability are disenfranchised from meaningful participation in that economic vitality. Clearly, engaging the digital divide head-on is a crucial strategy for closing this gap.

The partnership between the University of Minnesota, MPHA, and the Minnesota Mutli-Cultural Media Consortium brings together organizations with the commitment, skills and competence to successfully implement this initiative. Each brings to the table not only the experience needed to meet the goals of the "Broadband Access Project" but also the sensitivity to respond to the unique needs of the various ethnic, racial and cultural groups to be served by the project.

If there is anyway in which I can assist in the deliberations of the review committee, please contact me at 612-342-1439 or Evelyn LaRue, Director of Resident Initiatives (and special liaison for this project) at 612-342-1414.

Very truly yours,

MINNEAPOLIS PUBLIC HOUSING AUTHORITY

Cora McCorvey, Executive Director/CEO

CM/mpha

Patchwork Quilt

3700 Bryant Ave N
Minneapolis, MN 55411
Phone: 612-270-0923

August 13, 2009

To Whom It May Concern:

I am writing on behalf of the Board of Directors of the Patchwork Quilt Neighborhood Outreach Programs in support of the University of Minnesota's application for funding to address the digital divide.

We have been serving children and families in the Hawthorne and Jordan neighborhoods of North Minneapolis for more than 12 years, with attention in recent years on the digital divide that has a devastating impact on our clients' school achievement and career/job success. Since June, we have been actively collaborating with the Kwanzaa Community, a beacon for families in North Minneapolis, to strengthen both organizations' work with children. We are now preparing a significantly increased outreach for Fall, including after-school programming for approximately 40 children in grades 1-6 five days per week (17.5 hours total). Technology will be at the center of programming, with children utilizing age-appropriate software for learning/academic/reading support as well as being taught specific computer skills. We also be providing a graduated curriculum for teens, including the 100+ teens currently involved in Kwanzaa's extensive teen programming, and expanding to teen artists at Juxtaposition and children/teens served by the Broadway Y. The teen program will include corporate internships/mentorships for teens with interest and aptitude--our attempt to create career pathways that serve both the teens in North Minneapolis and the need of metro businesses.

We would be delighted to collaborate with the University of Minnesota and are honored to be part of their request.

Please contact me at 612/296-0357 or mgrtn@aol.com. if I can provide any further information.

Sincerely,

Margaret Nelson Brinkhaus
President
Patchwork Quilt Board of Directors

THE CHURCH OF
ST PHILIP

12 August 2009

Irma McClaurin, Associate Vice President and
Executive Director, Urban Research and Outreach/Engagement Center
110 Morrill Hall
100 Church Street SE
Minneapolis, MN 55455

Dear Dr. McClaurin:

The Church of St. Philip pledges its enthusiastic support to participate in the Broadband Access Project for consideration in the Broadband Technology Opportunities Program (BTOP). As we operate a small, community-based computer facility located in the Hawthorne neighborhood of north Minneapolis, we look forward to the opportunity to offer broadband access and training in important content areas such as health care, education, and youth to our underserved neighbors. New equipment, broadband access, software, and training equipment will improve dramatically our ability to meet the needs of the communities we serve. We have had the experience of working with Ken Nelson over the course of the last year to begin to offer training programs, but so much more needs to be done. We see this as a wonderful chance to standardize, upgrade, and improve on training in areas from which our residents could benefit enormously.

This is a powerful partnership—bringing the community and the University together to work for a common goal *in* the community itself. We appreciate the opportunity to participate in this partnership. Please do not hesitate to contact me directly if I might be of any assistance as the competition moves forward.

Sincerely,

Kathryn Kaatz

Kathryn Kaatz
Parish Council President

Church of St. Philip
2507 Bryant Avenue North, Minneapolis, MN
55411

PHYLLIS WHEATLEY COMMUNITY CENTER

Stirring the Leader Within since 1924

August 10, 2010

Irma McClaurin, Associate Vice President and
Executive Director, Urban Research and Outreach/Engagement Center
110 Morrill Hall
100 Church Street SE
Minneapolis, MN 55455

Dear Dr. McClaurin:

Phyllis Wheatley Community Center pledges its enthusiastic support to participate in the Broadband Access Project for consideration in the Broadband Technology Opportunities Program (BTOP). As you know, Phyllis Wheatley is a small, but significant community based organization that has been helping children and families build the skills and connections they desire in order to succeed in school and in life. An important component of our comprehensive programs is our computer learning lab; located in our center in the Near North neighborhood.

Providing access to technology and related educational opportunities is a very strong fit with our mission which is to provide comprehensive, quality programs in lifelong learning, child development and family support for the diverse greater Minneapolis community. We look forward to the opportunity to offer broadband access and training in important content areas such as health care, education, and youth to our underserved neighbors. New equipment, broadband access, software, and training equipment will improve dramatically our ability to meet the needs of the communities we serve. We have been working with Ken Nelson for several years and, over the course of the last year, have begun to offer training programs- but so much more needs to be done. We see this as a wonderful chance to standardize, upgrade, and improve on training in areas from which our neighbors could benefit enormously.

This is a powerful partnership—leveraging the strengths of the community and the University to work for a common goal right where the people are. We appreciate the opportunity to participate in this partnership. Please do not hesitate to contact me directly if I might be of any assistance as the competition moves forward.

Sincerely,

Steven M. Gustafson
Director of Development

1301 10th Avenue North Minneapolis, MN 55411-4139
Telephone: (612) 374-4342 Facsimile: (612) 377-9089 24-Hour Crisis/Help Line (612) 374-4804
www.phylliswheatley.org

Helping people **PPL** *help themselves*

12 August 2009

Irma McClaurin, Associate Vice President and
Executive Director, Urban Research and Outreach/Engagement Center
110 Morrill Hall
100 Church Street SE
Minneapolis, MN 55455

Dear Dr. McClaurin:

Project for Pride in Living (PPL) pledges its enthusiastic support to participate in the Broadband Access Project for consideration in the Broadband Technology Opportunities Program (BTOP). PPL has nearly four decades of experience addressing the needs of low-income and other vulnerable populations within the Minneapolis- Saint Paul metropolitan area. We look forward to the opportunity to offer broadband access and engaging technology training to young people living in PPL affordable housing participating in our Youth Development programs.

New equipment, broadband access, software, and training facilitators will improve our ability to meet the needs and bring technology tools to the youth we serve. We have had the experience of working with Ken Nelson over the last several years to begin to offer training programs, but so much more needs to be done. We see this as a wonderful chance to add, standardize, and improve on training in areas from which our residents could benefit enormously.

This is a powerful partnership—bringing the community and the University of Minnesota together to work for a common goal *in* the community itself. We appreciate the opportunity to participate in this partnership. Please do not hesitate to contact me directly if I might be of any assistance as the competition moves forward.

Sincerely,

Steve Cramer
Executive Director and President

Affordable Housing • Employment & Job Training • Support Services • Education

Project for Pride in Living • 1035 East Franklin Avenue, Minneapolis, MN 55404 • 612.455.5100 • Fax: 612.455.5101 • www.ppl-inc.org • ppl@ppl-inc.org

10 August 2009

Irma McClaurin, Associate Vice President and
Executive Director, Urban Research and Outreach/Engagement Center
110 Morrill Hall
100 Church Street SE
Minneapolis, MN 55455

Dear Dr. McClaurin:

Sabathani Horizons Youth Program is an after school academic and enrichment program that assists youth, ages 5-13, and their parents in overcoming barriers to academic success and the accompanying social and emotional issues. Focuses on math and reading. Engages parents directly with the schools and their children's education. Sabathani Horizons Youth pledges its enthusiastic support to participate in the Broadband Access Project for consideration in the Broadband Technology Opportunities Program (BTOP). As a small, community-based computer facility located in the Bryant Central Neighborhood we look forward to the opportunity to offer broadband access and training in important content areas such as health care, education, and youth to our underserved neighbors. New equipment, broadband access, software, and training equipment will improve dramatically our ability to meet the needs of the communities we serve. We have had the experience of working with Ken Nelson over the course of the last year to begin to offer training programs, but so much more needs to be done. We see this as a wonderful chance to standardize, upgrade, and improve on training in areas from which our residents could benefit enormously.

This is a powerful partnership—bringing the community and the University together to work for a common goal *in* the community itself. We appreciate the opportunity to participate in this partnership. Please do not hesitate to contact me directly if I might be of any assistance as the competition moves forward.

Sincerely,

Bobby L. Lay,
Youth Program Dir.

eliminating racism
empowering women
ywca
St. Paul

11 August 2009

Irma McClaurin,
Associate Vice President & Executive Director, Urban Research
& Outreach/Engagement Center
110 Morrill Hall
100 Church Street SE
Minneapolis, MN 55455

Dear Dr. McClaurin:

The YWCA St. Paul pledges its enthusiastic support to participate in the Broadband Access Project for consideration in the Broadband Technology Opportunities Program (BTOP). As a small, community-based computer facility located in St. Paul's Summit-University/Frogtown community, we look forward to the opportunity to offer broadband access and training in important content areas such as health care, education, and youth to our underserved neighbors. New equipment, broadband access, software, and training equipment will improve dramatically our ability to meet the needs of the communities we serve. We have had the experience of working with Ken Nelson over the course of the last year to begin to offer training programs, but so much more needs to be done. We see this as a wonderful chance to standardize, upgrade, and improve on training in areas from which our residents could benefit enormously.

YWCA St. Paul is a not-for-profit organization that has been improving the quality of life of the people in its community for more than a century. While its programs have changed to meet the evolving needs of its community, the YWCA's commitment to its mission—the elimination of racism and empowerment of women—has remained steadfast. A community-based agency, YWCA advocates for social change by combating racism, sexism and economic inequities; promoting self-determination and leadership skills; enhancing physical and emotional well-being; and supporting volunteers in fulfilling community needs. Over 5,500 people (2008; dup) participated in YWCA programs including health and wellness services, housing and supportive services, childcare, youth development, employment and training, volunteer services, outreach and community programming. Eighty-five percent of our social service program participants were of color; over 90% were from economically-challenged households. Our youth programs served over 350 youth (ages 5 to 22) of whom 87% were of color; 70% were from single-parent families or in out-of-home placement; and 94% were at-risk of unfavorable outcomes; over 60% resided in St. Paul's high poverty Summit-University and Frogtown neighborhoods. Our Board-approved strategic direction is:

- Create a path to success for youth and young adults.
- Empower women, children and families to pursue healthy lives.
- Eliminate racism in every encounter.
- Provide safe, affordable housing and supportive services for homeless women, children and families.
- Partner with external organizations to enhance and expand quality services.
- Build institutional resources to maintain and enhance services.

This is a powerful partnership—bringing the community and the University together to work for a common goal *in* the community itself. We appreciate the opportunity to participate in this partnership. Please do not hesitate to contact Connie Bowers-Capen, Deputy Director or me at 651-222-3742 if the YWCA St. Paul might be of any assistance as the competition moves forward.

Sincerely,

William L. Collins Jr

William L. Collins, Jr.
Executive Director

C. Executive Summary
7. Executive summary
Our Broadband Access Project addresses the problem of the growing disparity created by the Digital Divide.[1] Nationally, for example, only 7.5% of those families with annual incomes of less than $15,000 had broadband in their homes as compared to 57.7% of those who made $150,000 or more.[2] Asian Americans and whites were twice as likely to have broadband access as Hispanics and those with a college degree were over five times more likely to have broadband access than those who did not finish high school.[3]
Evidence indicates that the Digital Divide is increasing in the State of Minnesota and the Twin Cities in particular. By 2007 while Internet usage increased overall across the State, "The socio-demographic factors of age and income are still important determiners of who has computers, Internet and broadband. The older age groups and lower-income groups are still less likely to have computers, Internet or broadband [...]."[4] In fact, several studies indicate that in Minnesota for households with an annual income of less than $15,000 only twenty-six percent owned a computer and only eighteen percent had access to the Internet at home.[5] More specifically the Twin Cities has the second starkest differential between city poverty rates and suburban poverty rates in the country. The central cities' poverty rate is 4.5 times higher than the suburban poverty rate, which is a higher ratio than the Baltimore, Detroit, Cleveland, and Philadelphia metro areas.[6] Our project will close the Digital Divide in four federally designated high poverty areas in Minneapolis (Empowerment Zones) and St. Paul (Enterprise Zones).
Our approach is a demonstration project based on model replication and adaptation. The model is a successful, three-year, on-campus University computer lab (BCED lab) that has provided broadband training, Internet usage, and relevant software and content aimed at economic and community development to 378 nonprofits and small and disadvantaged businesses that serve vulnerable populations. The BCED computer lab will serve as a training hub for the eleven community computer labs. To meet the needs of the broader community unable to come to the on-campus lab, BCED has recently begun small-scale work with individual off-campus community-based computer centers that have diverse capacities and capabilities, and serve diverse vulnerable populations. Data gathered for the BTOP project indicate these centers are not consistent in their broadband and Internet delivery and are operating at less than full capacity.[7] It is fair to say that currently eleven community computers labs are under serving their underserved populations[8] due to financial, educational, and technological constraints.[9] The 11th site, Glendale Townhomes (public housing) currently has no access to broadband. With BTOP support the BCED model will be adapted and rolled-out as a demonstration model working with eleven community computers labs serving north and south Minneapolis and the Frogtown area of St. Paul including the new lab in public housing. These labs will be standardized and upgraded, and training will be provided (initially at the BCED hub, then at the community lab) using materials designed in a culturally, linguistically, and technologically appropriate manner. Each computer lab will be equipped with additional computers to meet increased demand, access to high-speed broadband and the Internet, software, and printers. Training will include materials for new users, nonprofits, small businesses as well as a curriculum designed uniquely to access information on education, health care, job opportunities, 'knowledge economy jobs,' emergency information, economic and financial literacy as well as information for children and youth. A Broadband Apprenticeship Team, designed to create both new jobs and training, will support each computer lab, provide training for the users as well as upgrading the skill set of the existing computer center staff. Qualitative and quantitative data will be collected and analyzed over the life of the

project to shape the curriculum development designed to meet the specific cultural and linguistic needs of the vulnerable populations served. A public awareness and advertising campaign via appropriate venues will draw these users to the sites. The project will increase the number of broadband and Internet users in the aforementioned zones by 17,000 and will be replicable and sustainable.

Vulnerable populations with no or restricted access to Broadband and the Internet are concentrated in the urban cores of Minneapolis and St. Paul largely in respective official "empowerment zones[10]" and "enterprise zones" of north and south Minneapolis and the Frogtown/Thomas-Dale area of St. Paul. Although these areas are fully served by multiple high-speed broadband providers,[11] in reality few residents access broadband with the majority of the community remaining underserved in 2009. Therefore, this community does not access broadband in ways that advance their socio-economic standing nor does broadband represent a means through which community revitalization can occur—especially in the areas of education, health care, children, and job and business opportunities; areas crucial to economic stabilization and growth in the 21st-century. These neighborhoods are largely populated by African Americans, Hmong, Latino, Somali immigrants, public housing residents, and seniors.[12]

Three offices at the University of Minnesota and the Minnesota Multicultural Media Consortium (MMMC) are uniquely qualified to carry out this project. The Urban Research and Outreach/Engagement Center (UROC), Office for Business and Community Development (BCED), and Extension Services have decades of combined experience in public engagement, broadband and Internet training, writing computer curriculum for various public audiences, and education. MMMC is experienced in communicating successfully with under-represented and ethnic immigrant groups in the community; in other words, designing materials with appropriate linguistic and cultural sensitivity. We are proposing a framework for success, which includes continued investment in the 'basics" by making sure education, health care, and public safety meet the needs of the population and increasing income and wealth by helping minority groups close the gap on economic measures.

The Broadband Access Project will create 36 new jobs[13], save 12 jobs, and train an estimated 17,000[14] individuals from under-served populations in broadband and Internet use and create countless opportunities to access information that changes the lives of the users. The overall cost of the project is $3,661,087.

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1 Digital Divide typically refers to those who have access to a computer with Internet Service and those who do not. It also refers to the divide between those who have access and can effectively use new information and communication tools and those who cannot. The divide runs along social, geographical lines. Factor contributing to the gap are income and education levels, race and ethnicity, age, household type, geographical location, disabilities. Minnesota Planning Perspectives. Digital Divide: Beyond the Infrastructure. 2001. http://www.gda.state.mn.us/pdf/2001/digitaldivide.pdf

2 U.S. Department of Commerce and the National Telecommunications and Information Administration. A Nation Online: Entering the Broadband Age. September 2004.

3 Ibid.

4 See Center for Rural Policy and Development *The 2007 Minnesota Internet Survey: Tracking the Progress of Broadband*, 2008:2, http://www.mnsu.edu/ruralmn/pages/Publications/reports/2007telecomreport.pdf

5 Rosalind Sullivan. State of the Digital Divide in the City of Minneapolis. http://www.c-can.org/resources.html

6 Ibid, 21.

7 The computer labs of public libraries in these communities are typically overused with many patrons tying up an individual computer station for extended periods of time. Roughly 85% of the small businesses and nonprofits trained in these community computer labs will be minority owned. Thus, it is imperative to meet demand to increase the users in community computer labs. See Size and Scope Table.

8 Vulnerable populations in these areas are comprised of seniors, children and youth, under-represented groups, immigrants, and economically disadvantaged.

9 See Appendix X for demonstration that previous attempts to secure funding from private agencies for this project have failed and therefore, the project would not occur without Federal Stimulus support.

10 "Empowerment Zone is a federally designated area

[11] The State of Minnesota, Office of Commerce, has identified Connect Minnesota as the official broadband mapping for the purposed of BTOP, see http://www.connectmn.org/mapping/ The broadband service providers include the City of Minneapolis Wi-Fi, Qwest, and Comcast.

[12] Public Computer Centers will include: Church of St. Phillip, Patchwork, Phyllis Wheatley, Project for Pride in Living, Centro, Sabathani Community Center, Glendale Townhomes, Hmong American Partnership, LifeTrack Resources, YWCA, and Asian Community Technology Center.

[13]Four Broadband Apprenticeship Teams comprised of a team leader and two apprenticeships will create twelve new jobs each year for a total of thirty-six over the life of the grant.

[14]Based on figures from community labs Size and Scope of Target Audience, we estimate that eleven labs will serve 4900 users per year with a total of 15,000 users over the life of the grant. Adding the 1836 nonprofits and small businesses that will be trained in the labs as well brings the three-year total to nearly 17,000 over the life of the grant.

F.24 Management Team Resumes. Provide resumes and/or biographical summaries for the members of your senior mgmt team and project team, emphasizing skills and experience relevant to the proposed program. Refer to specific projects and outcomes that demonstrate the team's ability to execute this project based on past experience, and to manage federal funds effectively. (Each resume can be up to one page, limit biographical summaries to ½ page).
Use this font.

Irma McClaurin, PhD is an Associate Vice President for System Academic Administration and Executive Director of the first Urban Research and Outreach Engagement Center at the University of Minnesota. With over 18 years of administrative experience in higher education and beyond, previously she worked as a program officer at the Ford Foundation where she managed an annual budget of $10.5M and was responsible for overseeing 49 active grants. Under her leadership four grantees received almost $5M in reserve funding for endowments, and she collaborated with the media policy portfolio to fund the grant "Rethinking the Discourse on Race: A Symposium on How the Lack of Racial Diversity in the Media Affects Social Justice and Policy." Prior to joining FF, she was Deputy Provost at Fisk University where she had fiscal oversight for a $3M operating budget for academic affairs, and was responsible for administering and monitoring compliance for three activities under the University's Title III federal grant. She supervised Fisk's Sponsored Research office, and coordinated the institution's Institutional Review Board. While at Fisk, she helped implement a community engagement technology certificate program for Hispanic high school students. As Executive Director of UROC, she has helped coordinate the $2.8M renovation of a former commercial facility, and will oversee an annual operating budget of $900,000. A tenured associate professor in the department of anthropology, McClaurin is the author of <u>Women of Belize: Gender and Change in Central America</u>, and Editor of the award-winning <u>Black Feminist Anthropology: Theory, Politics, Praxis and Poetics</u>. She is also a former Diplomacy Fellow at USAID (orange-level security clearance) through the American Association for the Advancement of Science (AAAS) Science and Technology program.

Craig Taylor, BIO
D. Craig Taylor is currently the Director of the Office for Business & Community Economic Development and the newly formed Center for Innovation & Economic Development at the University of Minnesota. Craig earned a B.S. Degree in Urban Government from the University of Minnesota and a Masters Degree in Public Affairs from the Hubert Humphrey Institute at the University of Minnesota. He has completed Executive Management Development programs at Harvard University and the University of Minnesota's Carlson School of Management. Prior to working with the University he worked for Excel Energy (formerly NSP) as the Director of Small Business Development and the National Minority Contractors Foundation as the Foundation Vice President. He has received numerous national and local awards for his work in the community and he has served and/or serves on numerous Boards both locally and nationally. Most recently Craig was appointed by the Obama Administration to serve on the Minnesota State Advisory Board to the United States Commission on Civil rights.

Nam Nguyen
Nam Nguyen is the Manager of Technology Services for the Office for Business & Community Economic Development at the University of Minnesota. He provides technology support and ensures the maintenance of a computer training lab and development of computer classes that fit

the needs of nonprofit organizations and small businesses. He has a Bachelor of Science degree in Computer Science with extensive experiences in software engineering and web development. He oversees the Digital Divide Initiative and its outreach efforts in assisting with technology/computer training programs to increase technology knowledge and skills for individuals, families and agencies.

Kenneth Nelson

Kenneth Nelson is currently the Program Supervisor for the Office for Business & Community Economic Development's Digital Divide Initiative. Kenneth has worked in the field of technology for over 30 years and has extensive experience in designing and implementing community-based technology empowerment programs. Kenneth received his B.A. from Indiana University. Kenneth was recently recognized as a Modern Day Technology Leader at the 23rd Annual Black Engineer of the Year Awards. Kenneth manages the day-to-day operation of programs offered by the Digital Divide Initiative.

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OMB Approval No. 4040-0006
Expiration Date 04/30/2008

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

	Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
			Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1.	Broadband Technology Opportunities Program (BTOP)	11.557	$	$	$ 2,862,333.00	$ 740,687.00	$ 3,603,020.00
2.							0.00
3.							0.00
4.							0.00
5.	Totals		$ 0.00	$ 0.00	$ 2,862,333.00	$ 740,687.00	$ 3,603,020.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total
	(1) Broadband Technology Opportunities Program (BTOP 11.557)	(2)	(3)	(4)	(5)
a. Personnel	$ 1,637,736.00	$	$	$	$ 1,637,736.00
b. Fringe Benefits	563,729.00				563,729.00
c. Travel	35,681.00				35,681.00
d. Equipment					0.00
e. Supplies	257,231.00				257,231.00
f. Contractual	35,620.00				35,620.00
g. Construction					0.00
h. Other	240,797.00				240,797.00
i. Total Direct Charges (sum of 6a-6h)	2,770,794.00	0.00	0.00	0.00	$ 2,770,794.00
j. Indirect Charges	832,226.00				$ 832,226.00
k. TOTALS (sum of 6i and 6j)	$ 3,603,020.00	$ 0.00	$ 0.00	$ 0.00	$ 3,603,020.00
7. Program Income	$	$	$	$	$

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SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8. Broadband Technology Opport Prog 11.557	$ 680,350.00	$	$ 60,337.00	$ 740,687.00
9.				0.00
10.				0.00
11.				0.00
12. TOTAL (sum of lines 8-11)	$ 680,350.00	$ 0.00	$ 60,337.00	$ 740,687.00

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	$ 954,111.00	$ 238,527.00	$ 238,528.00	$ 238,528.00	$ 238,528.00
14. Non-Federal	$ 246,896.00	61,724.00	61,724.00	61,724.00	61,724.00
15. **TOTAL** (sum of lines 13 and 14)	$ 1,201,007.00	$ 300,251.00	$ 300,252.00	$ 300,252.00	$ 300,252.00

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (YEARS)			
	(b) First	(c)Second	(d) Third	(e) Fourth
16. Broadband Technology Opport Prog 11.557	$ 954,111.00	$ 954,111.00	$	$
17.				
15.				
19.				
20. **TOTAL** (sum of lines 16 - 19)	$ 954,111.00	$ 954,111.00	$ 0.00	$ 0.00

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: 2,209,667

22. Indirect Charges: 652,666

23. Remarks: MTDC = TDC less first $25,000 of subcontract, Base = 2,039,581

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BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

	Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
			Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1.	Broadband Technology Opportunities Program (BTOP)	11.557	$	$	$ 2,862,334.00	$ 798,753.00	$ 3,661,087.00
2.							0.00
3.							0.00
4.							0.00
5.	Totals		$ 0.00	$ 0.00	$ 2,862,334.00	$ 798,753.00	$ 3,661,087.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1) Broadband Technology Opportunities Program (BTOP; 11.557	(2)	(3)	(4)	
a. Personnel	$ 1,637,736.00	$	$	$	$ 1,637,736.00
b. Fringe Benefits	560,871.00				560,871.00
c. Travel	35,681.00				35,681.00
d. Equipment	0.00				0.00
e. Supplies	313,766.00				313,766.00
f. Contractual	289,656.00				289,656.00
g. Construction	0.00				0.00
h. Other					0.00
i. Total Direct Charges (sum of 6a-6h)	2,837,710.00	0.00	0.00	0.00	$ 2,837,710.00
j. Indirect Charges	823,377.00				$ 823,377.00
k. TOTALS (sum of 6i and 6j)	$ 3,661,087.00	$ 0.00	$ 0.00	$ 0.00	$ 3,661,087.00
7. Program Income	$	$	$	$	$

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SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8. Broadband Tech. Oppor. Prog.(BTOP)11.557	$ 704,184.00	$	$ 94,569.00	$ 798,753.00
9.				0.00
10.				0.00
11.				0.00
12. TOTAL (sum of lines 8-11)	$ 704,184.00	$ 0.00	$ 94,569.00	$ 798,753.00

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	$ 976,784.00	$ 195,357.00	$ 586,070.00	$ 97,678.00	$ 97,679.00
14. Non-Federal	$ 265,196.00	53,039.00	106,078.00	53,039.00	53,040.00
15. **TOTAL** (sum of lines 13 and 14)	$ 1,241,980.00	$ 248,396.00	$ 692,148.00	$ 150,717.00	$ 150,719.00

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (YEARS)			
	(b) First	(c)Second	(d) Third	(e) Fourth
16. Broadband Tech. Oppor. Prog.(BTOP)11.557	$ 942,763.00	$ 942,787.00	$	$
17.				
15.				
19.				
20. **TOTAL** (sum of lines 16 - 19)	$ 942,763.00	$ 942,787.00	$ 0.00	$ 0.00

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:

22. Indirect Charges: Final/Modified TDC, Base=$2,039,581

23. Remarks:

Resubmission Date: 11/8/2009 Easygrants ID: 1158
Funding opportunity: Public Computer Centers and Sustainable Broadband Adoption
Applicant Organization: Regents of the University of Minnesota
Task: Submit Application-Non-Infrastructure Programs
Applicant Name: Kevin J McKoskey

A.General Application Information
Applicant Information
1-A. Name, Address, and Federal ID for Applicant

i. Legal Name	Regents of the University of Minnesota
ii. EIN	416007513
Street 1:	450 McNamara Alumni Center
Street 2:	200 Oak Street SE
City:	Minneapolis
County:	Hennepin
State:	MN
Country:	United States
Zip code:	55106

1-B. Name and Contact information of Person to be contacted on Matters Involving this Application:

First Name	Kevin
Middle Name:	J
Last Name:	McKoskey
Phone	612-624-5599
Fax	
Email	awards@umn.edu
Title:	Senior Associate Director

1-C. Other Requires Identification Numbers

i.Organizational DUNS	555917996
ii.CCR# (CAGE):	ODH95
iii.Funding Opp No	2
iv.CFDA Number:	BTOP CFDA Number: 11.557 BTOP CFDA Title: Broadband Technology Opportunities Program

1-D. Organization Classification
Other
1-E: Is the Applicant Delinquent On Any Federal Debt?
No
1-F: Congressional Districts of:
Minnesota – 5
Minnesota - 4

2. Project Title and Project Description
2-A. Project Title Broadband Access Project
2-B. Project Description

The Broadband Access Project will eliminate directly the disparity in broadband awareness and use in four federally designated poverty zones in the Twin Cities. The University of Minnesota will provide broadband training to vulnerable populations to gain information about education, health care, and job opportunities. Increased broadband access and usage, and job creation will result in these areas.

3. **Multiple submissions for BIP and BTOP** N/A

4. **Application ID for multiple submissions for identified services areas** N/A

5. Estimated Funding ($)

Federal	$2,862,333
Applicant	$ 740,687
State	0
Local	0
Other	0
Program income	0
TOTAL	$3,603,020

B. Eligibility Factors

6-d. Applicant is providing matching funds of at least 20 percent towards to the total eligible project costs or is requesting a waiver of the matching requirements.
Yes, applicant is providing 20% matching funds

C. Executive Summary

7. Executive summary

Our Broadband Access Project addresses the problem of the growing disparity created by the Digital Divide.[1] Evidence indicates that the Digital Divide is increasing in the State of Minnesota and the Twin Cities in particular. By 2007 while Internet usage increased overall across the State, "The socio-demographic factors of age and income are still important determiners of who has computers, Internet and broadband. The older age groups and lower-income groups are still less likely to have computers, Internet or broadband [...]."[2] In fact, several studies indicate that in Minnesota for households with an annual income of less than $15,000 only twenty-six percent owned a computer and only eighteen percent had access to the Internet at home.[3] More specifically the Twin Cities has the second starkest differential between city poverty rates and suburban poverty rates in the country. The central cities' poverty rate is 4.5 times higher than the suburban poverty rate, which is a higher ratio than the Baltimore, Detroit, Cleveland, and Philadelphia metro areas.[4] Our project will close the Digital Divide in four federally designated high poverty areas in Minneapolis (Empowerment Zones) and St. Paul (Enterprise Zones).
Our approach is a demonstration project based on model replication and adaptation. The model is a successful, three-year, on-campus University computer lab (BCED lab) that has provided broadband training, Internet usage, and relevant software and content aimed at economic and community development to 378 nonprofits and small and disadvantaged businesses that serve vulnerable populations. The BCED computer lab will serve as a training hub for the eleven community computer labs. Data gathered for the BTOP project indicate these centers are not consistent in their broadband and Internet delivery and are operating at less than full capacity.[5] It is fair to say that currently nine community computers labs are under serving their underserved populations[6] due to financial, educational, and technological constraints.[7] The 10th site PPL on

the Northside of Minneapolis and the 11th site, Glendale Townhomes (public housing) currently have no computer labs and therefore, no current access to broadband. With BTOP support the BCED model will be adapted and rolled-out as a demonstration model working with eleven community computers labs serving north and south Minneapolis and the Frogtown area of St. Paul including the new labs at PPL and in public housing. These labs will be standardized and upgraded, and training will be provided (initially at the BCED hub, then at the community labs) using materials designed in a culturally, linguistically, and technologically appropriate manner. Each computer lab will be equipped with additional computers to meet increased demand, access to high-speed broadband and the Internet, software, and printers. Training will include materials for new users, nonprofits, small businesses as well as a curriculum designed uniquely to access information on education, health care, job opportunities, 'knowledge economy jobs,' emergency information, economic and financial literacy as well as information for children and youth. A Broadband Apprenticeship Team, designed to create both new jobs and training, will support each computer lab, provide training for the users as well as upgrading the skill set of the existing computer center staff. Qualitative and quantitative data will be collected and analyzed over the life of the project to shape the curriculum development designed to meet the specific cultural and linguistic needs of the vulnerable populations served. A public awareness and advertising campaign via appropriate venues will draw these users to the sites. The project will increase the number of broadband and Internet users in the aforementioned zones by 17,000 and will be replicable and sustainable.

Three offices at the University of Minnesota and the Minnesota Multicultural Media Consortium (MMMC) are uniquely qualified to carry out this project. The Urban Research and Outreach/Engagement Center (UROC), Office for Business and Community Development (BCED), and Extension Services have decades of combined experience in public engagement, broadband and Internet training, writing computer curriculum for various public audiences, and education. MMMC is experienced in communicating successfully with under-represented and ethnic immigrant groups in the community; in other words, designing materials with appropriate linguistic and cultural sensitivity. We are proposing a framework for success, which includes continued investment in the 'basics" by making sure education, health care, and public safety meet the needs of the population and increasing income and wealth by helping minority groups close the gap on economic measures.

The Broadband Access Project will create 38 new jobs[8], upgrade 10 jobs, and train an estimated 17,000[9] individuals from under-served populations in broadband and Internet use and create countless opportunities to access information that changes the lives of the users. The overall cost of the project is $3,603,020.

D. Project Purpose

Project Purpose: Recovery Act & BTOP Objectives

8. Project Purpose

Official "Empowerment Zones"[10] on the Northside and Southside of Minneapolis and an Enterprise Zone in Frogtown/Thomas-Dale of St. Paul are by any standard of evaluation microcosms for a distressed American community in the 21st-century. The residents of these areas face significantly greater challenges than virtually all other Minnesotans, including dramatically lower levels of educational attainment, higher levels of unemployment, the highest level of foreclosures in the State, and widespread poverty.[11] The areas suffer from negative branding as "No-Go Zones" and thus have been recipients of proportionately lower levels of private investment, and public support has not resulted in substantive change. Although each of these areas is fully served by multiple high-speed broadband providers[12], in reality few residents reap the full benefits of broadband as the majority of the community remains underserved in 2009. Most community residents visit the full-to-capacity public libraries or struggling community computer centers with varied hours and unreliable equipment. Therefore, this community does not access broadband in ways that advance their socio-economic standing nor does broadband represent a means through which community revitalization can occur—especially in the areas of education, health care, children, and job and business opportunities; areas crucial to economic stabilization and growth in the 21st-century.

A recent report published by the Itasca Project, [13] a collaboration of more than 40 area CEOs, mayors, and university leaders along with nearly 100 business, civic, nonprofits, and government leaders, noted that race, class, and place disparities are a key concern to the competiveness of the Twin Cities and have identified these areas as targeted priorities. The report *Mind the Gap*, states that there is a large and growing gap between under-educated minority residents living in high poverty areas in the urban cores of the Twin Cities (concentrated at the highest levels in the our project areas) and highly educated largely white, middle and upper class residents who lived increasingly in the outer ring suburbs. According to a study done by the DC Fiscal Policy Institute, the Twin Cities has the second starkest differential between city poverty rates and suburban poverty rates in the country. The central cities' poverty rate is 4.5 times higher than the suburban poverty rate, a higher ratio than the Baltimore, Detroit, Cleveland, and Philadelphia metro areas.[14] The Itasca study further states that disparities in education, jobs, home ownership and savings, health and healthcare disparities will "drag downward the region's performance on all relevant socio-economic indicators."[15] The profile of the 21st-century jobs leading one out of poverty has changed as well with more employment opportunities in "knowledge economy jobs," which require greater levels of technological knowledge including proficiency in broadband and the Internet.[16] The Itasca report concluded by proposing a framework for success, which included: 1. continued investment in the 'basics" by making sure education, healthcare, and public safety meet the needs of the region's 21st-century population; 2. increased income and wealth by helping minority groups close the gap on economic measures, and 3. replicating the model for local and regional success. These goals align directly with the Stimulus initiative. Based on the recommendation of the Itasca report[17] and made possible only through Stimulus support, our project will update, standardized, and stabilized eleven community computer labs serving vulnerable populations including immigrants, Native Americans, Hmong, Hispanics, Somalis, African Americans, seniors, families—nearly all living under the federal poverty line—and the nonprofits and businesses that serve them. It will train these diverse users in broadband and Internet use so they can access critical information about education, health care, job opportunities, emergency services, and economic and community development. Our Broadband Access Project is modeled after an on-campus computer center designed to train members from our project target areas, but requires that they come to campus to be trained; this approach does not best serve these communities as transportation is difficult for many. Our project will replicate this successful model and adapt it specifically to meet the capacity and unique needs of the nine existing community centers and two new computer centers, of which one will be located in a family public housing facility. Culturally and linguistically appropriate training and training materials will be provided and designed for use in the computer labs as well as an accompanying media campaign aimed at 'getting the word' out for each respective computer center. Eight centers will be rolled out the first two years of the project; three in the last year. Our model is

therefore not only easily replicated by other organizations it WILL be used by other organizations as our long-term goals include updating and training for all community computers centers in federally designated poverty areas in Minneapolis and St. Paul. Additionally, since the University is taking the lead in the preparing training materials, we will align these training materials with other broadband efforts in the state of Minnesota.[18]
The Broadband Access Project advances directly two of the BTOP statutory purposes in that it provides improved broadband access to consumers in underserved areas (2) and provides broadband education, awareness, training, access, equipment, and support to vulnerable populations (3).

9. Recovery Act and Other Governmental Collaboration.
Our Broadband Access Project will dovetail with other state of Minnesota Recovery Act projects including the following:
The City of Minneapolis and Minneapolis Public Housing Authority are submitting a Track 3 proposal entitled "Broadband for Minneapolis Public Housing." That project will enhance our project by increasing broadband awareness and use in individual units in the high rises located in areas served by our proposal; train members of the community in broadband use in areas served by our proposal; and help to establish standardized materials for vulnerable populations.

10. Enhanced Services for Health Care Delivery, Education, and Children
We will be producing computer materials (some updated) focused on themes including basic broadband and Internet use that will be culturally and linguistically (translated) tailored to the Community Public Computer Centers listed below. These training materials will be available without cost to those who use and train in the eleven community computer labs. The content will illustrate the value of having knowledge of broadband to better access information on education, health care, job creation, economic opportunities, and community and economic development. Topical areas include:

-Access eBroadband: A guide to high-speed Internet Access teaches the basics of broadband (BB) use to the new user and those returning to broadband. Sections include Broadband 101, Dealing with Challenges, Using BB at Home and Work, Planning and Implementing Community BB, BB Choices and Possibilities, Got BB, Now What?, Glossary, and Resources.

-Access eInternet: A guide to making the most of your Internet experience. Sections include: Internet 101, Connecting to the Internet, Browsing the Web, Email Tips, Webpage Development, Glossary, Resources.

-Access eGovernment: A guide to help learn about city, county, and federal information-rich websites.

-Access eCommerce: Electronic commerce guide for small business. Sections include: Electronic Commerce Basics, Finding Business Information and Services Online, Exploring E-commerce Websites.

-Access eNonprofit: A guide to help nonprofit organizations understand the potential of a web presence to improve their service delivery. Sections: Basics, Plan your Website, Reaching out to Partners, Business Plan, Glossary, Resources.
-Access eEducation: childcare resource and referral services, childcare benefits, design flexible work options, directly support and utilize community childcare programs, parenting support groups, family literacy, about tutoring programs, homework assistance, scholarships, internships, GED assistance on-line, summer job opportunities, college, focus on math, science, and reading, financial literacy.

-Access eFinancial Literary: job-training programs, create apprenticeships, mid-career internships, and management training programs, mentoring programs for minority employees, bike paths and free bikes, car loan programs, balance a checkbook, compound interest, retirement accounts, taxpayer assistance programs and financial counseling, savings plans and 401(k), foreclosure and predatory leaning information, credit counseling.

-Access eHealth Care: benefit plans, educational and wellness opportunities, connect and provide information about federal, state, county, and city healthcare programs and increase access to care, information about local community healthcare facilities and access to them, emergency services and local clinic information, healthy food and living.

11. Small and Disadvantaged Business Involvement.
The BCED on-campus computer lab provided technical assistance to and trained 378 businesses serving disadvantaged communities. We estimate that an average of 70 small and disadvantaged businesses will be trained at each of the eleven community based computer centers for a total of 1836 over three years.

E. Project Benefits
E-1—Expanding Broadband Public Computer Center Capacity
Public Computer Center Capacity, Including Areas and Populations Served

12. Public Computer Centers Availability
Our eleven community computer centers will be open to all members of the general public as well as several groups considered to be vulnerable populations. The Federal poverty levels for the location of our centers are the following: Northside: 46% overall, 36% children under five; Southside: Phillips: 34.5%, Central: 31.1%, and one public housing unit; Frogtown/Thomas-Dale in St. Paul: 31% (See http://www.city-data.com/neighborhood/Central-Minneapolis-MN.html). Given the specific location of the eleven centers, each will serve the vulnerable population closest to their location. More specifically:
*Northside Computer Centers (area: 46% overall, 36% children under five below Federal poverty level):
-Church of St. Philip/Nellie Stone Johnson School: after-school low-income children, adults and children below Federal poverty level, largely African-American;
-Patchwork Quilt Computer Center at Kwanzaa Freedom School: after-school low-income children, adults and children below Federal poverty level, largely African-American;
-Northside Child Development Center: after-school low-income children, adults and children below Federal poverty level, largely African-American;

-Phyllis Wheatley Community Center: after-school low-income children, adults and children below Federal poverty level, largely African-American;
-Project for Pride in Living (Northside): adults and children below Federal poverty level, African-American, Native American, Hispanic, and Somali.
*Southside Computer Centers (area: Phillips: 34.5%, Central: 31.1%):
-Centro: 34.5% general population under Federal poverty line, largely Hispanic youth and adults;
-Sabathani Community Center: 31.1% general population under Federal poverty line, largely African-American youth, adults, seniors with East African and Somali youth and adults.
-Glendale Public Housing: family townhouse setting with all residents under Federal poverty line or Section Eight; largely Somali and Hmong youth and adults.
*St. Paul—Frogtown/Thomas-Dale (area: 31.1% overall):
-Hmong American Partnership: largely Hmong.
-Lifetrack Resources: largely Hmong.
-Asian Community Technology Center: largely Hmong.
-UWCA: largely Hmong, African American youth.

13. Restrictions on Public Computer Center Use.
Our demonstration project consists of ten public computer labs and one in public housing; eleven are located in community centers throughout North and South Minneapolis and Frogtown/ Thomas-Dale in St. Paul and are designed to serve community residents of those areas. Largely they are open to the public; however some are designed for after-school programs for children. When the Broadband Apprenticeship Teams provide training and support to the center users, access to the lab maybe restricted to those who have registered to establish an appropriate teaching environment and manage traffic. The 10th and 11th computer center are new start ups: site 10 will be in a Northside facility identified by Project for Pride in Living (PPL) to serve adults and children below the Federal poverty line and site 11 will be located in Minneapolis Public Housing Glendale Townhomes and restricted to residents of the facility, who are overwhelmingly Somali and Hmong immigrants.

14. Public Computer Centers Accessibility
We will work closely with The University of Minnesota's Computer Accommodations Program (CAP) which is a partnership of Academic & Distributed Computing Services (ADCS) and Disability Services (DS). The program exists to assist University students, staff and faculty with disabilities in accessing computers and information through the use of adaptive technology.
-We will insure that each of our computer technology centers has at least one accessible workstation.
-Adjustable height workstation designed for a person using a wheelchair.
-Accessible route to accessible workstation.
-Accessible workstations in our computer technology centers will be placed close to the instructor or the presentation screen to help users with visual impairments to see instructional materials and interact with the instructor.
-Kensington trackball and large-print keyboard.
-All of our selected computer technology centers are ADA compliant and located on the first floor.
-We will load the IBM Web Accessibility Works software on at least one station in each lab with other stations being outfitted to meet specific needs of each computer lab up to potentially all

stations. Despite standards for Web accessibility, many Web pages remain difficult to use for older users and people with various disabilities. IBM Web Adaptation Technology software is software that enables people who have vision, cognitive or hand limitations to set preferences that customize the way Web pages are presented to them.
-We will load Ubuntu 9.04 free-open source software, which gives us the ability to use the computer in various languages. This will enable non-native speakers to access and use the computer, broadband, and the Internet.
-IBM Web Accessibility Works assists people who are visually impaired by enabling them to magnify everything on a Web page—from text to browser controls—up to 250 percent. For example, users can click on the text-sizing buttons until the text is big enough for them to read comfortably.
-The technology provides choices that help make text, background and links easier to see by using high-contrast colors and reformatting pages into single columns. IBM Web Accessibility Works, with its text-to-speech capability, provides additional benefit for low vision users.

15. PCC – Center Locations, PCC – Center Capacity, PCC – Size and Scope of Target Audience.

PCC – Center Locations & Center Capacity & Size and Scope of Target Audience.

Public Computer Center: Asian Community Technology Center
Address Line 1: 417 University Avenue
Address Line 2:
City: St. Paul
State: MN
Zip: 55103

Computer Center Name/Type: Asian Community Technology Center
Estimated # of Total Person in your Service Area (or Specific Population Sub-Group): 3500

Hours Open to the Public:
Average Hours Open to Public Per 120-hour Business Week: 40
Proposed Hours Open to Public Per 120-hour Business Week: 40
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend: 0

Broadband Workstations:
Current # of Broadband Workstations: 10
Proposed # of Broadband Workstations: 20

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 3.00
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 60
# of Persons served per 120-hour business week (proposed target): 120
# of Persons served per 48-hour weekend (current): 20
# of Persons served per 48-hour weekend (proposed target): 40

Public Computer Center: Centro
Address Line 1: 1915 Chicago Avenue South
Address Line 2:

City: Minneapolis
State: MN
Zip: 55404

Computer Center Name/Type: Centro
Estimated # of Total Person in your Service Area (or Specific Population Sub-Group): 4000

Hours Open to the Public:
Average Hours Open to Public Per 120-hour Business Week: 20
Proposed Hours Open to Public Per 120-hour Business Week: 30
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend: 0

Broadband Workstations:
Current # of Broadband Workstations: 4
Proposed # of Broadband Workstations: 20

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 3.00
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 25
# of Persons served per 120-hour business week (proposed target): 60
# of Persons served per 48-hour weekend (current): 0
# of Persons served per 48-hour weekend (proposed target): 0

Other BTOP improvements include: translation software (Ubuntu 9.04, IBM Accessibility Works), increased number of workstations, standardized and upgraded lab equipment, increased broadband and internet access speed, printer, on-going training for in-house staff, Broadband Apprenticeship Team, translated computer manuals.

Public Computer Center: Church of St. Phillip/Family Enrichment Network
Address Line 1: 2507 Bryant Avenue North
Address Line 2:
City: Minneapolis
State: MN
Zip: 55411

Computer Center Name/Type: Church of St. Phillip/Family Enrichment Network
Estimated # of Total Person in your Service Area (or Specific Population Sub-Group): 100

Hours Open to the Public:
Average Hours Open to Public Per 120-hour Business Week: 20
Proposed Hours Open to Public Per 120-hour Business Week: 60
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend: 4

Broadband Workstations:
Current # of Broadband Workstations: 2
Proposed # of Broadband Workstations: 20

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 3.00
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 30
# of Persons served per 120-hour business week (proposed target): 40
# of Persons served per 48-hour weekend (current): 10
# of Persons served per 48-hour weekend (proposed target): 10

Public Computer Center: Hmong American Partnership
Address Line 1: 1206 42nd Avenue North
Address Line 2:
City: Minneapolis
State: MN
Zip: 55412

Computer Center Name/Type: Hmong American Partnership
Estimated # of Total Person in your Service Area (or Specific Population Sub-Group): 3500

Hours Open to the Public:
Average Hours Open to Public Per 120-hour Business Week: 42
Proposed Hours Open to Public Per 120-hour Business Week: 42
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend: 0

Broadband Workstations:
Current # of Broadband Workstations: 6
Proposed # of Broadband Workstations: 15

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 1.50
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 25
# of Persons served per 120-hour business week (proposed target): 100
# of Persons served per 48-hour weekend (current): 0
# of Persons served per 48-hour weekend (proposed target): 0

Public Computer Center: Patchwork Quilt/Kwanzaa Freedom School
Address Line 1: 2100 Emerson Avenue North
Address Line 2:
City: Minneapolis
State: MN
Zip: 55411

Computer Center Name/Type: Patchwork Quilt/Kwanzaa Freedom School
Estimated # of Total Person in your Service Area (or Specific Population Sub-Group): 5500

Hours Open to the Public:
Average Hours Open to Public Per 120-hour Business Week: 37
Proposed Hours Open to Public Per 120-hour Business Week: 60
Average Hours Open to Public Per 48-hour Weekend: 5
Proposed Hours Open to Public Per 48-hour Weekend: 8

Broadband Workstations:
Current # of Broadband Workstations: 14
Proposed # of Broadband Workstations: 24

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 1.50
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 40
# of Persons served per 120-hour business week (proposed target): 100
# of Persons served per 48-hour weekend (current): 25
# of Persons served per 48-hour weekend (proposed target): 50

Public Computer Center: Lifetrack Resources
Address Line 1: 709 University Avenue West
Address Line 2:
City: Minneapolis
State: MN
Zip: 55104

Computer Center Name/Type: Lifetrack Resources
Estimated # of Total Person in your Service Area (or Specific Population Sub-Group): 3711

Hours Open to the Public:
Average Hours Open to Public Per 120-hour Business Week: 20
Proposed Hours Open to Public Per 120-hour Business Week: 20
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend: 0

Broadband Workstations:
Current # of Broadband Workstations: 10
Proposed # of Broadband Workstations: 10

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 3.00
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 80
# of Persons served per 120-hour business week (proposed target): 100
# of Persons served per 48-hour weekend (current): 0
# of Persons served per 48-hour weekend (proposed target): 0

Other BTOP improvements include: translation software (Ubuntu 9.04, IBM Accessibility Works), standardized and upgraded lab equipment, increased broadband and internet access speed, printer, on-going training for in-house staff, Broadband Apprenticeship Team, translated computer manuals—all of these new materials, training, support, and upgrades will enable Lifetrack Resources to better serve they clientele.

Public Computer Center: Minneapolis Public Housing Glendale—**New Lab**
Address Line 1: 2709 Essex Street SE
Address Line 2:
City: Minneapolis
State: MN
Zip: 55414

Computer Center Name/Type:
Estimated # of Total Person in your Service Area (or Specific Population Sub-Group): 553

Hours Open to the Public:
Average Hours Open to Public Per 120-hour Business Week: 0
Proposed Hours Open to Public Per 120-hour Business Week: 60
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend: 8

Broadband Workstations:
Current # of Broadband Workstations: 0
Proposed # of Broadband Workstations: 6

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): .00
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 0
# of Persons served per 120-hour business week (proposed target): 50
# of Persons served per 48-hour weekend (current): 0
# of Persons served per 48-hour weekend (proposed target): 8

This facility will serve as a demonstration model in order to determine the opportunities and challenges in developing greater broadband access for Minneapolis public housing residents.

Public Computer Center: Phyllis Wheatley Community Center
Address Line1: 1301 10th Avenue North
Address Line 2:
City: Minneapolis
State: MN
Zip: 55411

Computer Center Name/Type: Phyllis Wheatley Community Center
Estimated # of Total Person in your Service Area (or Specific Population Sub-Group): 7000

Hours Open to the Public:
Average Hours Open to Public Per 120-hour Business Week: 60
Proposed Hours Open to Public Per 120-hour Business Week: 60
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend: 6

Broadband Workstations:
Current # of Broadband Workstations: 8
Proposed # of Broadband Workstations: 10

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 3.00
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current):200
# of Persons served per 120-hour business week (proposed target): 300
# of Persons served per 48-hour weekend (current): 0
# of Persons served per 48-hour weekend (proposed target): 30

Other BTOP improvements include: translation software (Ubuntu 9.04, IBM Accessibility Works), increase number of workstations, standardized lab equipment, printer, on-going training for in-house staff, Broadband Apprenticeship Team, translated computer manuals.

Public Computer Center: Project for Pride in Living—**New lab in PPL Facility**
Address Line 1: 4075 Lyndale Avenue North
Address Line 2:
City: Minneapolis
State: MN
Zip: 55412

Computer Center Name/Type: Project for Pride in Living (New Northside location)
Estimated # of Total Person in your Service Area (or Specific Population Sub-Group): 260

Hours Open to the Public:
Average Hours Open to Public Per 120-hour Business Week: 0
Proposed Hours Open to Public Per 120-hour Business Week: 30 hours after school; 48 for residents
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:

Broadband Workstations:
Current # of Broadband Workstations: 0
Proposed # of Broadband Workstations: 20

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 0
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 0
# of Persons served per 120-hour business week (proposed target): 30
# of Persons served per 48-hour weekend (current): 0
# of Persons served per 48-hour weekend (proposed target): 10

Public Computer Center: Sabathani Community Center
Address Line 1: 310 E 38th Avenue South
Address Line 2:
City: Minneapolis
State: MN
Zip: 55409

Computer Center Name/Type: Sabathani Community Center
Estimated # of Total Person in your Service Area (or Specific Population Sub-Group): 9200

Hours Open to the Public:
Average Hours Open to Public Per 120-hour Business Week: 110
Proposed Hours Open to Public Per 120-hour Business Week: 110
Average Hours Open to Public Per 48-hour Weekend: 40
Proposed Hours Open to Public Per 48-hour Weekend: 40

Broadband Workstations:
Current # of Broadband Workstations: 18
Proposed # of Broadband Workstations: 18

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 100.00
Proposed Facility Broadband Connection Speed (MBps): 100.00

# of Persons Served:

# of Persons served per 120-hour business week (current): 90
# of Persons served per 120-hour business week (proposed target): 90
# of Persons served per 48-hour weekend (current): 30
# of Persons served per 48-hour weekend (proposed target): 30

Other BTOP improvements include: translation software (Ubuntu 9.04, IBM Accessibility Works), increased number of workstations, standardized and upgraded lab equipment, increased broadband and internet access speed, printer, on-going training for in-house staff, Broadband Apprenticeship Team, translated computer manuals.

Public Computer Center: YWCA Youth Achiever Program
Address Line: 375 Shelby Avenue
Address Line 2:
City: St. Paul
State: MN
Zip: 55102

Computer Center Name/Type: YWCA Youth Achiever Program
Estimated # of Total Person in your Service Area (or Specific Population Sub-Group): 230

Hours Open to the Public:
Average Hours Open to Public Per 120-hour Business Week: 24
Proposed Hours Open to Public Per 120-hour Business Week: 24
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend: 0

Broadband Workstations:
Current # of Broadband Workstations: 18
Proposed # of Broadband Workstations: 20

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 5.00
Proposed Facility Broadband Connection Speed (MBps): 16.00

# of Persons Served:
# of Persons served per 120-hour business week (current): 110
# of Persons served per 120-hour business week (proposed target): 110
# of Persons served per 48-hour weekend (current): 0
# of Persons served per 48-hour weekend (proposed target): 0

16. PCC – SBA Population Demographics

Age Distribution

Age Distribution: 0-4
Age Distribution: 5-19
Age Distribution: 20-29
Age Distribution: 30-39
Age Distribution: 40-49
Age Distribution: 50-59
Age Distribution: 60-69
Age Distribution: 70 and above

Ethnicity or ethnicities

Ethnicity: Hispanic

Ethnicity: Non-Hispanic White
Ethnicity: Non-Hispanic Black
Ethnicity: Non-Hispanic American Indian
Ethnicity: Non-Hispanic Asian
Ethnicity: Non-Hispanic Other

Gender
Gender: Female
Gender: Male

Median Household Income
Median Household Income: Less than $9,999
Median Household Income: $10,000 - $14,999
Median Household Income: $15,000 - $24,999
Median Household Income: $25,000 - $34,999

Educational Levels
Educational Levels: Nursery school – Preschool
Educational Levels: Elementary – Kindergarten – Grade 5
Educational Levels: Middle – Grade 6 to Grade 8
Educational Levels: Secondary – Grade 9 to Grade 12

Disabilities status
Disabilities status: A condition that substantially limits one or more basic physical activities such as walking, climbing stairs, lifting or carrying
Disabilities status: A physical, mental or emotional condition lasting 6 months or more

Unemployment rate
Unemployment rate: 35.00

Language
Language: English – Primary
Language: English – Second Language
Language: Non-English – Speakers

17. Public Computer Centers Outreach
Given the diversity of the nearly 17,000 residents served through our community computer centers, a multi-faceted outreach strategy will be deployed. The University of Minnesota will partner with the Minnesota Multi-Cultural Media Consortium (MMMC), a community-based media nonprofit, as a means to effectively reach the vulnerable populations served through the Broadband Access Project. MMMC has seventeen years of experience in reaching successfully local communities of color through newspapers, radio and TV advertising, booths at local festival and holiday celebrations, town hall meetings, and print and web advertising. MMMC is a membership organization, comprised of a majority of the minority newspapers and radio stations in the state of Minnesota. The main purpose of MMMC is to provide a variety of media-related services to Minnesota communities of color and to promote community building in minority

communities through media and communications projects. Reaching audiences of up to 300,000 people of color, MMMC offers the breath of languages, cultural, age ranges, and life experiences of the residents served by this project, a multi media, culturally and linguistically sensitive approach is crucial to get the word out regarding the availability of broadband access through the public computer centers and the training available.
We have chosen to partner with MMMC to reach residents because many of the communities being served by this project can be challenging to contact through main stream venues. For example the Somali community is best contacted through community meetings called together by the community elders, Somali radio or TV as well as by word of mouth. MMMC will create an outreach strategy for each of the groups served by working one-on-one with that community.

Public computer Center Capacity: Training and Educational Programs
18. Public Computer Centers Peripherals and Equipment
Each computer lab will have the following peripherals and equipment:

Peripherals and Equipment
Desktop or Laptop Computer
25-ft. RJ-45 Cat6 Stranded Patch Cable – Blue
Mouse/Marble Ergonomic Mouse
Keyboard/Large Print Keyboard
Mousepad
Power Strip
Black & White Laser Printer
Multimedia Projector (4) Projector screen
2-Port VGA SVGA Video Splitter
6-ft. VGA Monitor Cable
Toner/Paper for Printer
25-ft. VGA Monitor Extension
Adjustable Table and Chair

19. Public Computer Centers Workstation Software
Each workstation will have the following software installed:

Workstation Software
Microsoft Encarta Premium 2007
Microsoft Office 2007
Adobe Photoshop Elements 7
IBM Web Accessibility Works on at least one and up to all stations
Ubuntu 9.04 (free open source software) on all stations

There is no charge for this software based on a contract with and in-kind match from IBM (see Attached Letter sent 10/9) or from Tech Soup, which provides free software for low-income communities. IBM Web Accessibility Works and Ubuntu 9.04 will meet the needs of English

Language Learners as well as those just early to read regardless of age. Computer training manuals with be translated into specific languages by MMMC.

20. Public Computer Centers Training and Education Programs.
Our Broadband Access Project is based on an extensive training program, modeled on 'training the trainer' approaches to ensure sustainability. It includes the adaptation of five existing University of Minnesota designed computer manuals and the development of at least three new manuals. Each manual is a curriculum that guides the learner from basic training in broadband and Internet use to content areas that include education, health care, youth, job opportunities, and community and economic development. The short- and long term goals are to increase broadband access and awareness to improve the lives of vulnerable populations in high-poverty communities.

Training: University of Minnesota community computer experts (see attached resumes), Nam Nguyen (adult learners) and Ken Nelson (youth, seniors, and public housing residents) will expand and adapt the training programs currently used for the model on-campus BCED computer center. Over the course of the last year, both piloted a small-scale program designed to provide limited technical assistance to struggling community public computer labs in the targeted areas identified by this grant. This grant allows this model to scale up and expand their efforts to establish sustainable demonstration models. Nguyen and Nelson will train four Broadband Apprenticeship Teams (BATs) comprised of an appropriate community resident (laid off or under-employed) with experience and/or interest in technology (see attached job description and credential requirement), and two community members or recent technology graduates from technical schools (who preferably reside in the targeted areas or are representative of the targeted groups) looking for on-hands training (laid off, under-employed or needing an apprenticeship). They also will use "retraining" to strengthen skills of the employee currently running the lab. Under the direct supervision of Nguyen or Nelson, the BATs will establish broadband and Internet capability, install computers and base Internet software, printers, and operate shared LCD projectors. The BATs will serve as augmentation to current staff by providing support during center hours and implement apprentice experiences through on-job training. There will be a minimum of forty-seven individuals (36 BAT team members, 11 community computer employees) acting in the capacity of "trainers." In addition, as part of our goal to create a sustainable model, we envision many of the community residents themselves becoming trainers. This is precisely the case for the Glendale Public Housing Model, which has committed to sustaining the project beyond the grants duration. Each BAT team will serve for a period of one year thereby, creating thirty-six new jobs and retraining eleven others (one current computer center employee per site in addition to two new sites). Thirty-six new employees will emerge from their apprenticeship with the technology skills to work in a computer lab or a hotline. (In total, there will be thirty-eight new employees, inclusive of two professional staff: the Program Evaluator and Curriculum specialist). The Broadband Apprenticeship Team will, in-turn, train the users of the computer labs through a targeted curriculum focused on broadband, Internet, education, job opportunity, health care, and economic and community development. We estimated that 17,000 residents will be trained over the life of the grant with sustained interest in broadband usage. Further, we anticipate that this investment will lay the foundation for continued sustainable access to Broadband and Internet among the Community Public Computer Centers and their users.

Educational Curricula: As previously described, the University of Minnesota has five existing manuals/materials for training broadband and Internet designed specifically for rural Minnesotans through our Extension Services. While each manual needs updating, they provide the basis for shaping the adult curricula (See letter of support from Extension Services). Under the scope of the Broadband Access Project new manuals/materials will be updated, adapted, and translated for the communities we serve. The materials will contain culturally and linguistically appropriate content. These training materials will be provided without cost to those who use and train in the eleven community computer centers. Each manual focuses on job creation, economic opportunities, health care, and community and economic development. A curriculum development and cross-cultural trainer will be hired to develop these new materials and design a new curriculum for children and youth using the centers. On-going qualitative and quantitative evaluation will provide data for shaping the content of these new manuals as well as providing a clear understanding of the users' needs—an important component given the overall diversity of the project.

Broadband Certification Option: Individuals, including some students, who participate as part of the Broadband Apprenticeship Team may be eligible for some type of certification through the University of Minnesota Extension programs—this is under discussion and will be finalized by the beginning of the project. Our training and educational approach results from combined decades of experience working with distance education, adult and non-traditional learners, early childhood development, business prototypes, small business and nonprofits, and community outreach. We know from extensive work with community partners that their input is crucial to the success of every community-based program.

Lessons learned. Three years ago the University of Minnesota launched a commitment to sustainable community-university partnerships. It led the way in establishing an alliance with community organizations, as well as the City and County. As part of its delivery mechanism, the University created the first Urban Research and Outreach/ Engagement Center (UROC). As part of its commitment, the University renovated a former 21,000 sf former commercial property based in one of the most underserved communities to establish a new approach to community outreach and engagement based on the broad philosophical principles of participatory action research and community-based participatory research; both emerging best practices in the field of civic engagement. The first of its kind in an urban area in Minnesota, UROC opened its doors on September 23, 2009. In North Minneapolis, focus groups and town hall meetings over the last five years have lead the community to express an interest in participating in engaged research around the self-selected topics of education and job creation and skills training, health disparities, nutrition, family development, and community and economic development, to name a few. It is an approach to issues in which the desired outcome is positive social and economic change; this kind of positive change has been requested definitively by the community served by this project. Positive social change can be defined as adjustments to living conditions, services or policy that make life better for people living in a given community as defined *by* that community. It is important to acknowledge that the impetus to submit this grant came from the community, who asked the University to assist in creating stronger broadband access and appropriate training.

E-2- Project Benefits – Sustainable Broadband Adoption

21. Innovative Approach to sustainable Broadband Adoption
Our innovative approach is a demonstration project that brings together expertise from the University of Minnesota, nonprofit partners, and the City of Minneapolis to provide broadband access and training to underserved populations in the Twin Cities. With BTOP support the current successful BCED model will be adapted and rolled-out as a demonstration model working with eleven community computers labs serving north and south Minneapolis and the Frogtown area of St. Paul including the new labs at PPL and in public housing. These labs will be standardized and upgraded, and training will be provided (initially at the BCED hub, then at the community labs) using materials designed in a culturally, linguistically, and technologically appropriate manner. Each computer lab will be equipped with additional computers to meet increased demand, access to high-speed broadband and the Internet, software, and printers. Training will include materials for new users, nonprofits, small businesses as well as a curriculum designed uniquely to access information on education, health care, job opportunities, 'knowledge economy jobs,' emergency information, economic and financial literacy as well as information for children and youth. A "Train-the Trainer" approach will provide new and/or updated skill sets , designed to create both new jobs and training, will support each computer lab, provide training for the users as well as upgrading the skill set of the existing computer center staff. Qualitative and quantitative data will be collected and analyzed over the life of the project to shape the curriculum development designed to meet the specific cultural and linguistic needs of the vulnerable populations served. A public awareness and advertising campaign via appropriate venues will draw these users to the sites. The project will increase the number of broadband and Internet users in the aforementioned zones by 17,000 and will be replicable and sustainable.

22. Sustainable Broadband Adoption Household Subscribers.
N/A

23. Sustainable Broadband Adoption Institutional Subscribers.
How many total new business and/or institutional subscribers to broadband do you expect to generate through use of BTOP funds over the entire life of the program funded?
Two new, nine upgrades.

24. Sustainable Broadband Adoption Users of Public Access Facilities
How many total user of broadband in public computer centers or users of broadband outside the home (e.g., in a community college) do you expect to generate through use of BTOP funds over the entire life of the program funded?
We estimate 17,000

25. Sustainable Broadband Adoption Population Demographics
Please refer to PCC – SBA Demographics Section

26. Sustainable Broadband Adoption People Trained/Educated.
If you intend to provide training or education, how many people in total will your program(s) reach?

We estimate 17,000.

27. Sustainable Broadband Adoption – Scope of Training/Education Programs
How many hours of training do you expect to provide *per person* for each participant in your training program(s), through completion of training for that individual? If you will offer multiple programs, provide estimates for each program.
Training Program for Broadband Apprenticeship Team members: 40 hours intensive training and then, on-going over the course of the year
Training Program for public computer in-house or agency support staff: 40 hours intensive training and then, on-going over the course of the year
Training Program for public computer clients: variable depending on need, e.g., English language proficiency, technological knowledge, but a minimum of 40 hours intensive training.

28. Sustainable Broadband Adoption Instructor Qualifications.
How many (FTE) instructors/facilitators will you employ for broadband and digital literacy training purposes, and what are their qualifications (training and experience)?
Train-the-trainer model:
Forty-seven Broadband Technology Team members acting in the capacity of trainers (11 computer lab in-house or agency personnel; varied FTE from lab to lab), 36 Broadband Apprenticeship members (BATs; 1.0 FTE each) will be trained in BCED lab for a total of 1840 hours. BAT Leaders will be drawn primarily from residents who have some technical knowledge or an expressed willingness to undergo training. So as not to exclude participants from the very communities the grant is intended to serve, the job description is set at the minimum requirements. Twenty-four members of the BATs will be community members or students of varying ages who wish respectively to acquire training and experience in broadband technology and internet or are currently being trained in the field. The grant will provide mentoring for BAT participants who wish to go beyond this training to identify other educational and employment opportunities upon completion of the grant. Core training of all participants will be conducted by Ken Nelson, Program Manager (.3 FTE, See attached resume) and Nam Nguyen (.4 FTE) see attached resume) with extensive experience in technology and training will serve as the lead trainers. In addition, UROC has contributed a portion of the time it has contracted with the University's Office of Information Technology to assist in the area of training.

29. Sustainable Broadband Adoption Equipment Purchased
How many broadband-related equipment units (e.g., computers, wireless devices) do you intend to purchase overall?
See attached "BTOP Public Computer Center and Sustainable Broadband" budget for details.

30. Sustainable Broadband Adoption Cost of Devices.
What is the total-up cost of this equipment?
$237,915.20. See attached "BTOP Public Computer Center and Sustainable Broadband" budget for details.

31. Sustainable Broadband Adoption Loan Program Participants.
If you are providing an equipment purchase or loan program, for how many households, businesses and/or institutions do you expect to provide equipment or computers?

Number of Institutions: 11

32. Sustainable Broadband Adoption Loan Cost to Borrower.
N/A

33. Sustainable Broadband Adoption Target Population, Awareness Campaign.
If you are conducting an awareness campaign, how many people do you expect your campaign will reach?
Total through all venues: 791,440 est.

34. Sustainable Broadband Adoption Awareness Campaign Methods
Cultural celebratory events: Lunar New Year, American Indian History Month, Juneteenth, Fiesta at Districto del Sol, Somali Independence
Cultural and neighborhood newspapers advertising
Radio promotion
Super Website
See attached detailed budget entitled Awareness Campaign (Will send as Match Letter and detailed budget on 10/09/2009).

35. Measuring Campaign Impact for Sustainable Broadband Adoption
The Campaign Impact will be measured as part of the programmatic evaluation conducted by the Program and Evaluation Specialist working with Professor Geoff Maruyama through before and after surveys and other quantitative and qualitative evaluation methods.

36. Sustainable Broadband Adoption Total Cost Per New Subscriber.
What is the total cost of your project per new institutional and individual subscriber or new end-user?
$215 per institution and individual subscriber estimated.

F. Project Viability
Technical Viability
37. Technology Strategy.
37 –A. Public Computer Center Technology Strategy
We will develop an individualized Technology Plan for each of our Community Technology Centers and work with the University of Minnesota's Office for Information Technology to implement the WAN/LAN build-out. We will use equipment and software approved and supported by the University. We plan to provide Comcast Business Class Internet to each of our Community Technology centers. Each center will have 55/5 Mbps and the following:
Support 24x7 Business Class Support
Equipment Included IP Gateway with Firewall & Router
Applications: Included MacAfee Virus Scan (up to 25 PCs)
Included Microsoft Communications Services
Email
Microsoft Outlook 2007 with both desktop and web access
2 full access e-mailboxes with 2Gb storage
Shared and synchronized email, calendar and task lists

Windows
SharePoint
• 1 site per company
• 2Gb total storage Shared documents and files
Mobile support
• Support for mobile devices with
Microsoft ActiveSync + iPhone
This software is free based on the Comcast package.

37 –B. Sustainable Broadband Adoption Technology Strategy
With generous support from the Federal Stimulus funds, eleven computer labs will be able to improve broadband access to 17,000 users and educate them in supporting information in education, health care, job opportunities and other economic growth information. The State of Minnesota ranks among the highest in private and corporate giving, and the Urban Research and Outreach/Engagement Center as well as the Office for Business and Community Economic Development will assist the eleven computer centers in securing support after the life of the grant. These offices have a development and grant writer who will be able to identify viable funding opportunities and assist in writing competitive proposals for the upkeep of the centers. Since most of the computer center support is built into this proposal, future proposals will seek support for the upkeep and maintenance of the centers. The training teams will be supported through asks of corporate partners.

38. Management Team Resumes.
Please refer to attachments.

39. Organizational Readiness.
For the last three years, BCED has run an on-campus computer lab designed to serve the public, nonprofits, and small businesses from economically distressed communities. The BCED lab will serve as the hub and model for our Broadband Access Project. BCED partnered with IBM in 2005 to create an upscale training lab to meet the technology needs and interests of nonprofits and small businesses from areas with high concentrations of people living in poverty; 378 were trained in the lab over a three-year period. The BCED Computer Training Lab has ten fully networked computers with high-speed Internet connections, one instructor station with computer, and a projection screen. The overall goal and focal point of the BCED Computer Training Lab is for training and education. The lab was created for the purpose of bridging the digital divide, fostering basic and advanced computer literacy skills, and helping enrich our community; thus creating a skilled workforce. The types of computer workshops offered include the areas of Accounting & Finance, Microsoft Office, Database Development, Graphic/Illustration, and Web Development. Introductory, Intermediate and Advanced sessions are offered in the following: QuickBooks, Word, Excel, Access, PowerPoint, Outlook, FileMaker Pro, Visio, Photoshop, Illustrator, Publisher, FrontPage, and Dreamweaver. The on-campus lab in conjunction with work being done on a small scale basis has prepared the University of Minnesota to extend this model to eleven computer centers across the Twin Cities area.
The University of Minnesota Urban Research & Outreach/Engagement Center (UROC) is an effort to "build healthier families and stronger communities together." The University's approach is to partner with the residents and businesses in urban communities to strengthen them and to

use our resources as a research institution to contribute towards developing solutions to what some have called "intractable" urban problems. From its inception, the UROC has been guided by the principles of democratic participatory action research. For example, after three years of town hall meetings and focus groups the Northside community settled upon three pillars that now guide the partnership's strategic planning process and its future activities and programs. They are education, economic and community development, and urban wellness. In addition, UROC's strategic planning process has been inclusive of community input, which has shaped its current mission and guiding principles for partnership. Our Broadband Access Project would be an expansion of the UROC mission and guiding principles for partnership, in other words, we will work with the communities in a respectful manner that empowers them to have their needs met. Through on-going surveys, evaluation, and analysis, input from all eleven computer sites will be used to continuously shape and reshape the curriculum and training.
The University of Minnesota has the experienced necessary and is prepared to carry out the project as described in this proposal.

40. Organizational Chart
Please refer to attachment upload section at the end of the document.

Community Involvement

41. Key Partners
Contact: Nghi Huynh
Organization: Minnesota Multi-Cultural Media Consortium
Role: Sub-award for outreach, recruitment, and translation

Contact: Father Jules Omba
Organization name: Church of St. Philip/Nellie Stone Johnson School
Role: Community Computer Lab

Contact: Mr. Edwin Irwin
Organization name: Patchwork Quilt at Kwanzaa Freedom School
Role: Community Computer Lab

Contact: Barbara Milon
Organization name: Phyllis Wheatley Community Center
Role: Community Computer Lab

Contact: Sarah Koschinska
Organization name: Project for Pride in Living
Role: Community Computer Lab

Contact: Roxana Linares
Organization name: Centro
Role: Community Computer Lab

Contact: Bobby Lay

Organization: Sabathani Community Center
Role: Community Computer Lab

Contact: Evelyn LaRue
Organization: Glendale Townhomes—Minneapolis Public Housing
Role: Public Housing Computer Lab

Contact: Bao Vang
Organization: Hmong American Partnership
Role: Community Computer Lab

Contact: Cindy Thompson
Organization: Lifetrack Resources
Role: Community Computer Lab

Contact: Joscelyn Wiedow
Organization: YWCA
Role: Community Computer Lab

Contact: Dan Huynh
Organization: Asian Community Technology Center
Role: Community Computer Lab

42. Partnering with Disadvantaged Businesses.
In 2005-2008, 101 nonprofits and 193 small disadvantaged businesses that served underserved communities trained in the BCED hub computer lab in broadband, Internet, and a series of software designed specifically for nonprofits and small businesses serving disadvantaged communities. The community computer centers and the BCED hub lab will continue to train nonprofits and small disadvantaged businesses under the auspices of the Broadband Access Project. We estimated that 70-80 nonprofits and small disadvantaged businesses will be trained for a total of 210-240 over the course of the grant.

Ability to Start Promptly & Timeline

43. Project Timeline and Challenges
Timeline Key Activities Staffing
Phase I: Development and design

Year I Rollout
January 2010-December 2010
FIRST QUARTER 2010
- Work with centers selected for year 1 rollout to develop implementation plan.
– Church of St. Philip/Nellie Stone Johnson School. Centro, Lifetrack Resources, and Minneapolis Public Housing – Glendale.
- Upgrade Office for Business & Community Economic Development Computer Training Lab.

- Work with Broadband Internet Provider to provide wiring and service to all selected center sites.
-Design training workshops and timeline for implementation.
- Hire and train Broadband Apprentice Teams (BATs).
-Hire Evaluation Specialist.
- Develop and implement computer center staff orientation workshops.
- Implement Internet Safety Workshops for all centers.
- Design evaluation and measurement tools.
- Revise curriculum materials.
- Translate teaching materials (e-teaching).
- Collect survey information from community.
- Implement marketing and information campaign.
-Write documentation and progress report.
Challenges: Upgrading while computer center in use; identifying curriculum specialist with technology expertise and cultural sensitivity and identifying one BAT leader to carry over for next phase to provide BAT experience continuity.
Staffing
-Irma McClaurin, PhD
-Craig Taylor
-Nam Nguyen
-Ken Nelson
-Geoff Maruyama
-Evaluation Specialist
-Curriculum Developer
-Broadband Apprentice Teams
-Minnesota Multicultural Media Consortium
-Community center technology specialist from Church of St. Philip/Nellie Stone Johnson School, Centro, Lifetrack Resources, and Minneapolis Public Housing—Glendale

Phase II:
Year 2 Rollout
January 2011-December 2011
- Maintain work with first year center
- Hire and train second phase of Broadband Apprentice Teams
-Review evaluation of training and curriculum to determine need for changes/modification, including translations
-Make necessary changes/modification to training and curriculum
- Work with centers selected for year 2 rollout to develop implementation plan – Sabathani Community Center, Project for Pride in Living, Phyllis Wheatley Community Center, and YWCA Youth Achievers Program.
- Implement evaluation and measurement tools.
- Revise curriculum materials using evaluations.

- Update and refine translations of teaching materials using input from evaluations.
- Implement marketing and Information campaign.
- Independent of grant support, draft a sustainability plan
of action for local funders.

Challenges: Upgrading while computer center in use, translating manuals in timely fashion, meeting needs of increasingly diverse audiences, adjusting curriculum, training, and translations based on evaluations, and identifying sources to sustain centers at current standards beyond grant.

Staffing:

-Irma McClaurin, PhD
-Craig Taylor
-Nam Nguyen
-Ken Nelson
-Geoff Maruyama
-Evaluation Specialist
- Curriculum Developer
-Broadband Apprentice Teams
-Minnesota Multicultural Media Consortium
- Community center technology specialist from Sabathani Community Center, Project for Pride in Living, Phyllis Wheatley Community Center, and YWCA Youth Achievers Program

Phase III:
Year 3 Rollout
January 2012-December 2012

- Maintain work with centers from Years 1 & 2
- Hire and train final phase of the Broadband Apprentice Teams
- Work with centers selected for year 3 rollout to develop implementation plan – Hmong American Partnership, Patchwork at Kwanzaa Freedom School, and Asian Community Technology Center.
- Implement evaluation and measurement tools.
- Update and refine translations of teaching materials using input from evaluations.
- Implement marketing and Information campaign.
- Update and refine translations of training, curriculum, and translation materials using input from evaluations.
- Final phase of marketing and Information campaign.
-Hold focus groups to capture user and centers experiences.
-Complete final documentation with broad dissemination for a replicable model including Lessons learned as well as identifying barriers and opportunities.

Staffing:

-Irma McClaurin, PhD
-Craig Taylor
-Nam Nguyen

-Ken Nelson
-Geoff Maruyama
-Evaluation Specialist
-Curriculum Developer
-Broadband Apprentice Teams
-Community center technology specialist from Minnesota Multicultural Media Consortium Hmong American Partnership, Patchwork at Kwanzaa Freedom School, and Asian Community Technology Center

44. Non-Infrastructure Projects – Licenses and Regulatory Approvals
N/A

45. Legal Option
Please refer to upload section at the end of the document.

G. Project Budget & Sustainability
Project Profile: Budget and Budget Narrative

46. Budget Narrative
Co-PIs—Irma McClaurin and D. Craig Taylor, 10% cost-shared effort respectively, will serve as the co-PIs of the grant. They will be responsible for the overall running of the program, adherence to federal guidelines, and supervise the technology leaders, Ken Nelson and Nam Nguyen. They are also responsible for reporting, progress reports, and approach of the content for the training materials.
Geoff Maruyama, 10% cost-shared effort will assist in the evaluation of the overall project and assist in the supervision of the evaluation/program coordinator.
Kenneth Nelson, Program Manager, 30% cost-shared effort. Kenneth will oversee the upgrade standardization, and installment of new equipment and broadband service in each of the eleven computer labs, the development and implementation of the new public housing computer lab. He will assist in training the Broadband Apprenticeship Team and the existing community computer staff. He is also responsible for assisting in the creation and adaption of the computer manuals, especially materials for children and youth, for each community center.
Nam Nguyen, Training Coordinator, 40% cost-shared effort. Nam will oversee the training of the twenty-four Broadband Apprenticeship Team members and the existing community computer manager in the BCED computer hub. Each team will be trained in broadband equipment and usage as well as master all the training materials relevant to their respective centers. Training will be on-going over the course of the grant.
Program and Evaluation Specialist, 100% effort, $61,818 Federal expense, $61,818 cost-share expense per grant, TBA. The associate will oversee the day-to-day operations of the project as well as design a holistic evaluation for the entire project. Community input from vulnerable populations is crucial to designing the appropriate training materials and this information will be gathered through diverse means appropriate to the population in question. For example, the information may be gathered through oral interviews, some must be translated. Thereby, the collection of this data is very slow going. One 1.0 FTE new job creation.
Curriculum Developer, 100% effort, $69,546 Federal expense, $69,546 cost-share per grant expense, TBA. This position will be responsible for adapting and updating all of the manuals

used for the 17,000 users served by the eleven computer labs. Eight computer manuals will be made culturally and linguistically appropriate for the diverse populations served by the project. One 1.0 FTE new job creation.

Broadband Apprenticeship Team Leaders, 100% effort, $432,728/grant Federal expense. Four Technology Team Leaders will provide the installation of computer equipment, broadband and Internet access, support for the community based computer manager, and be responsible for training the Broadband Apprenticeship Team and the lab users. Twelve 1.0 FTEs new jobs created.

Broadband Apprentices, 100% effort, $694,336/grant Federal expense. The apprentices will include community residents, recent graduates from technical schools, and laid-off workers looking to enhance their skills and gain hands-on experience working in a computer lab. During their training apprenticeship they will gain the experience to be hired for a technology job. Twenty -four new 1.0 FTE jobs will be created.

UROC Computer Specialist, $7,727/grant cost-share. The computer specialist will serve as technical support for each of the eleven computer sites.

Minnesota Multi-Cultural Media Consortium sub-award expenses of $195,087 Federal expense; $4,500 cost-share/grant represent the costs of the three-year media campaign including radio, TV, and public event announcements of the public computer labs and a website for all of the computer labs.

Community Computer Lab equipment expenses: $230,019.40 Federal expense; $7,895.80 cost share/grant: To equip 11 computer labs with an total of 142 computers with cables, mouse pad, power strips; 11 black and white printers (one per lab) with paper, toner, and cables; 4 LCD projectors with screens for trainings (shared across labs); ADA compliant equipment; computer desks, chairs; Internet Upgrade service estimated with Comcast at $89.95/month per center.

Training: Manuals: $7,727/grant Federal expense. To facilitate training each of the eleven computer centers will receive a set of two basic "e-manuals" on basic broadband and Internet use to use in their labs; all 148 stations will be equipped with manuals. In addition, the manuals and other training materials will be available electronically. Electronic versions encourage mastery of broadband, the Internet, and computer skills.

Minneapolis Public Housing expense: Volunteer recruitment and contributions by volunteers at the rate of $2070 per year and $6210 over the life of the grant.

Transportation: $35,681/grant Federal Expense. As part of the job creation, and to facilitate the Broadband Apprentice Teams travel to multiple sites, each member of the team and the BCED coordinator, will be provided with a Metropass at the University discounted faculty/staff rate.

Convenings: $3,709/grant Federal Expense. Each month, as part of the development of a professional network for community computer centers directors, a convening will be held to introduce participants to changes in broadband standards and information, and to complete surveys about use, develop ongoing evaluation, and identify any challenges that might impede progress. This time will also be used to identify potential funding sources to sustain the centers beyond the grants.

47. Non-Infrastructure Project – Budget Reasonableness

Each expense on the Broadband Access Project is an allowable and allocable expense based on the terms and conditions of OMB Circular A110 and OMB Circular A21. The expenses have been carefully calculated to meet the unique needs of the vulnerable populations being served. Since the federal community computer lab funding of the 1990s, many community computer labs, including those listed in this proposal, have been patching together service for their communities with sporadic donations from the local donors, largely faith-based. As a result, the eleven communities served by this grant are struggling to provide basic computer access, let alone broadband and Internet access, to their constituencies. Only with Federal Stimulus funds will these computer labs be able to serve their residents in a way that gives them up-to-date access to broadband and the Internet as well as much access to crucial information regarding health care, education, job opportunities, and youth.

Given the racial, ethnic, age, and immigrant diversity of the populations served by this project, it is imperative that the training and accompanying materials align perfectly with those populations. For the 17,000 people served, many manuals will have to be translated with linguistic and cultural sensitivity. And, the training staff will need to meet the same standards to work with this specific population.

Given that this project is a pilot study which rolls out and adapts a successful model, the timeframe and expense allocation is appropriate for the scope and timeframe of the project. It also employs a 'train-the-trainer' approach, which allows our technology experts to engage in a Broadband Apprenticeship Team. Since we have successfully trained 378 members from these areas on-campus, we will be able to expand our operation while creating jobs at the same time.

Rates for computers and support equipment were based on the University of Minnesota's discounted rate. Broadband rate was discounted due to number of sites served. Chairs and desks were discounted from the vendor who supplied furnishing for the new Urban Research and Outreach/Engagement Center which opened in fall 2009.

48. Demonstration of Financial Need

In October 2008, the Office for Business Community and Economic Development (BCED) submitted a proposal to the Pentair Foundation for a Digital Divide project, which sought support for the Centro and Project for Pride in Living computer labs located in Empowerment Zones on the Southside of Minneapolis. Funding for that project was denied.

Given the large scale scope of the Broadband Access Project, Federal Stimulus support is the only option for helping these vulnerable populations gain access to broadband and the accompanying support programs regarding health care, education, job and economic opportunities.

49. Historical Financial Statements

Please refer to upload section at the end of document.

Project Profile: Long Term Sustainability

50. Sustainability

51 –A. Public Computer Center Sustainability

With generous support from the Federal Stimulus funds, eleven computer labs will be able to improve broadband access to 17,000 users and educate them in supporting information in education, health care, job opportunities and other economic growth information. The State of Minnesota ranks among the highest in private and corporate giving, and the Urban Research and Outreach/Engagement Center as well as the Office for Business and Community Economic Development will assist the eleven computer centers in securing support after the life of the grant. These offices have a development and grant writer who will be able to identify viable funding opportunities and assist in writing competitive proposals for the upkeep of the centers. Since most of the computer center support is built into this proposal, future proposals will seek support for the upkeep and maintenance of the centers. The Broadband Apprenticeship Teams will be supported through asks of corporate partners.

51 –B. Sustainable Broadband Adoption Sustainability
N/A

Project Profile: Outside Leverage

51. Matching Funds.
Co-PIs—Irma McClaurin and D. Craig Taylor, 10% cost-shared effort respectively, will serve as the co-PIs of the grant. See attached letter from Senior Vice President Robert Jones committing this cost share.

Geoff Maruyama, 10% cost-shared effort will assist in the evaluation of the overall project and assist in the supervision of the evaluation/program coordinator. See attached letter from Senior Vice President Robert Jones committing this cost share.

Kenneth Nelson, Program Manager, 30% cost-shared effort. See attached letter from Senior Vice President Robert Jones committing this cost share.

Nam Nguyen, Training Coordinator, 40% cost-shared effort. See attached letter from Senior Vice President Robert Jones committing this cost share.

Program and Evaluation Specialist, 100% effort, $61,818 cost-share expense, TBA. The associate will oversee the day-to-day operations of the project as well as design a holistic evaluation for the entire project. See attached letter from Senior Vice President Robert Jones committing this cost share.

Technical Curriculum Developer, 100% effort, $69,546 cost-share expense TBA. This position will be responsible for adapting and updating all of the manuals used for the 33,600 users served by the eleven computer labs. See attached letter from Senior Vice President Robert Jones committing this cost share.

Minnesota Multi-Cultural Media Consortium sub-award $4,500 cost-share covers partial expenses at cultural events. See attached letter from the Minnesota Multi-Cultural Media Consortium's Vice President, Al McFarlane, committing this cost share provides on 10/09/2009.

Community Computer Lab equipment expenses: $3,600 cost share for six laptop computer will be donated to the project with a cash-value of $600/each. See attached letter from Senior Vice President Robert Jones committing this cost share.

UROC Computer Specialist, $7,727 cost-share, .10 FTE. The computer specialist will serve as technical support for each of the eleven computer sites.

Minneapolis Public Housing Authority expense: Volunteer recruitment and contributions by volunteers at the rate of $2070 per year and $6,210 over the life of the grant. See attached letter from Cora McCorvey, Executive Director, CEO, Minneapolis Public Housing Authority committing this cost share.

In addition, please see new budget with cost-share and matching funds broken out.

52. Unjust Enrichment
Not applicable.

53. Disclosure of Federal and/or State Funding Sources
Not applicable.

54. Buy American.
Is the applicant seeking an individual waiver of the Buy American provision?
No.

H. DOC Environmental Checklist

55. SECTION 1 – Please refer to upload section at the end of document.

I. Compliance and Certification

Please refer to upload section at the end of document.

Uploads

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[1] Digital Divide typically refers to those who have access to a computer with Internet Service and those who do not. It also refers to the divide between those who have access and can effectively use new information and communication tools and those who cannot. The divide runs along social, geographical lines. Factor contributing to the gap are income and education levels, race and ethnicity, age, household type, geographical location, disabilities. Minnesota Planning Perspectives. Digital Divide: Beyond the Infrastructure. 2001. http://www.gda.state.mn.us/pdf/2001/digitaldivide.pdf

[2] See Center for Rural Policy and Development *The 2007 Minnesota Internet Survey: Tracking the Progress of Broadband*, 2008:2, http://www.mnsu.edu/ruralmn/pages/Publications/reports/2007telecomreport.pdf

[3] Rosalind Sullivan. State of the Digital Divide in the City of Minneapolis. http://www.c-can.org/resources.html

[4] Ibid, 21.

[5] The computer labs of public libraries in these communities are typically overused with many patrons tying up an individual computer station for extended periods of time. Roughly 85% of the small businesses and nonprofits trained in these community computer labs will be minority owned. Thus, it is imperative to meet demand to increase the users in community computer labs. See Size and Scope Table.

[6] Vulnerable populations in these areas are comprised of seniors, children and youth, under-represented groups, immigrants, and economically disadvantaged.

[7] See Question 48 for demonstration that previous attempts to secure funding from private agencies for this project have failed and therefore, the project would not occur without Federal Stimulus support.

[8] Four Broadband Apprenticeship Teams comprised of a team leader and two apprenticeships will create twelve new jobs each year for a total of thirty-six over the life of the grant. One Program Evaluation Specialist and one Curriculum Developer.

[9] Based on figures from community labs Size and Scope of Target Audience, we estimate that eleven labs will serve 4900 users per year with a total of 15,000 users over the life of the grant. Adding the 1836 nonprofits and small businesses that will be trained in the labs as well brings the three-year total to nearly 17,000 over the life of the grant.

[10] For official listing of empowerment zones in the City of Minneapolis and the Northside in particular, see http://www.ci.minneapolis.mn.us/ez/docs/ez-north.pdf

[11] Some Northside statistics: The number of children (0 to 5) living in poverty on the Northside (36%); 70% of North Minneapolis workers earn less than $50,000; 56.7% of 2007 foreclosures in Minneapolis were concentrated on the Northside:

http://www.ci.minneapolis.mn.us/foreclosure/MortgageForeclosureMaps.asp and http://www.ci.minneapolis.mn.us/foreclosure/MortgageForeclosureMaps_archive.asp Only 38% of African-American students passed the 3rd-grade math test; 43% graduated from high school; 83% off all students are on lunch subsidy, 2000 US Census at http://www.census.gov

[12] The State of Minnesota, Office of Commerce, has identified Connect Minnesota as the official broadband mapping for the purposed of BTOP, see http://www.connectmn.org/mapping/ The broadband service providers include the City of Minneapolis Wi-Fi, Qwest, and Comcast.

[13] For further information on the rapidly changing demographics of the Twin Cities see *Mind the Gap: Reducing Disparities to Improve Regional Competitiveness in the Twin Cities*. Brookings Institution Metropolitan Policy Program (2005). Also online: http://www.brookings.edu/speeches/2005/1116cities_liu.aspx?rssid=labor%20markets

[14] Ibid, 21.

[15] Ibid, 16.

[16] Creative class or knowledge economy jobs include those in the following occupational groups: management, education, legal, healthcare practitioners, computers and math, architecture and engineering, life sciences, arts, media and entertainment, business, and some high-end sales occupation. See Richard Florid, *Rise of the Creative Class* (Washington: Brookings Institution, 2002).

[17] Great Twin cities United Way and the Itasca Project *Close the Gap: A Business Response to Our Region's Growing Disparities*. See http://www.unitedwaytwincities.org/communityinfo/Documents/closethegap_000.pdf

[18] At the time of this proposal preparation it is our understanding the proposals will be submitted by the City of Minneapolis and Public Housing high rises as well as the Blandin Foundation. Training materials for our Broadband Access Project will be prepared in conversation with those that will be designed for the proposal submitted by the City of Minneapolis and the Blandin Foundation.

UNIVERSITY OF MINNESOTA

Office of the General Counsel

360 McNamara Alumni Center
200 Oak Street S.E.
Minneapolis, MN 55455

Office: 612-624-4100
Fax: 612-626-9624

12 August 2009

Assistant Secretary
National Telecommunications and Information Administration
U.S. Department of Commerce
Washington, D.C. 20230

Re: Broadband Access Project, Office of the Senior Vice President for System Academic Administration, University of Minnesota

Dear Sir:

We are general counsel for the Office for the Senior Vice President of System Academic Administration, (the "Applicant.") In such capacity, we acted as counsel to the Applicant in connection with its ability to apply to the Broadband Technology Opportunities Program and in the review of the grant agreement, as referenced in the Notice of Funds Availability.

We are of the opinion that:

1. The Applicant is a duly organized and existing instrumentality of the State of Minnesota (specifically a constitutional corporation, established by the Territorial Legislature and perpetuated in the Constitution of the State of Minnesota) under the laws of the State of Minnesota.
2. The Applicant has corporate power: (1) to execute and deliver the agreement; and (2) to perform all acts required to be done by it under said agreement.
3. No legal proceedings have been instituted or are pending against the Applicant, the outcome of which would adversely affect the Applicant's ability to perform the duties under the grant agreement, and there are no judgments against the Applicant which would adversely affect the Applicant's ability to perform its duties under the grant agreement.

Very truly yours,

Mark Bohnhorst

Mark Bohnhorst
Associate General Counsel
Office of the General Counsel
University of Minnesota

FORM CD-511
(REV 1-05)

U.S. DEPARTMENT OF COMMERCE

CERTIFICATION REGARDING LOBBYING

Applicants should also review the instructions for certification included in the regulations before completing this form. Signature on this form provides for compliance with certification requirements under 15 CFR Part 28, "New Restrictions on Lobbying." The certifications shall be treated as a material representation of fact upon which reliance will be placed when the Department of Commerce determines to award the covered transaction, grant, or cooperative agreement.

LOBBYING

As required by Section 1352, Title 31 of the U.S. Code, and implemented at 15 CFR Part 28, for persons entering into a grant, cooperative agreement or contract over $100,000 or a loan or loan guarantee over $150,000 as defined at 15 CFR Part 28, Sections 28.105 and 28.110, the applicant certifies that to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in conncection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying." in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure occurring on or before October 23, 1996, and of not less than $11,000 and not more than $110,000 for each such failure occurring after October 23, 1996.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

In any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure occurring on or before October 23, 1996, and of not less than $11,000 and not more than $110,000 for each such failure occurring after October 23, 1996.

As the duly authorized representative of the applicant, I hereby certify that the applicant will comply with the above applicable certification.

NAME OF APPLICANT	AWARD NUMBER AND/OR PROJECT NAME
Regents of the University of Minnesota	Broadband Access Project

PRINTED NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

Kevin McKoskey, Senior Associate Director, Sponsored Projects Administration

SIGNATURE	DATE
	8/19/09

OMB Approval No: 4040-0007
Expiration Date: 07/30/2010

ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.

2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.

3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.

4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency
.

5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).

6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U. S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.

8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.

10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is $10,000 or more.

11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).

12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.

13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a -1 et seq.).

14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.

15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.

16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.

17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

* SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	* TITLE
	Senior Associate Director
* APPLICANT ORGANIZATION	* DATE SUBMITTED
Regents of the Univ of Minnesota	6/19/09

UNIVERSITY OF MINNESOTA

Twin Cities Campus

Sponsored Projects Administration

450 McNamara Alumni Center
200 Oak Street S.E.
Minneapolis, MN 55455

Office: 612-624-5599
Fax: 612-624-4843

August 19, 2009

NTIA
Broadband Technology Opportunities Program
National Telecommunications & Information Administration
U.S. Department of Commerce
1401 Constitution Ave NW
HCHB, Room 4812
Washington, DC 20230

RE: Project Title: Broadband Access Project
University of Minnesota PI: Dr. Irma McClaurin

To Whom It May Concern:

A proposal is hereby submitted on behalf of Dr. Irma McClaurin in the Urband Research and Outreach Center for the above referenced project in the amount of $2,862,334 with cost share in the amount of $798,753.

This proposal has been administratively reviewed and approved on behalf of the Regents of the University of Minnesota. Questions concerning the programmatic aspects of the project should be directed to the Principal Investigator. Any other questions should be directed to Andrea Marshall of my staff at 612-626-7634 or via e-mail at pete1518@umn.edu.

Sincerely,

Kevin McKoskey
Senior Associate Director

Enclosure

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Authentication

9. Compliance and Certification

Certifications

(i) I certify that I am authorized to submit this grant application on behalf of the eligible entity(ies) listed on this application, that I have examined this application, that all of the information and responses in this application, including certifications, and forms submitted, all of which are part of this grant application, are material representations of fact and true and correct to the best of my knowledge, that the entity(ies) that is requesting grant funding pursuant to this application and any subgrantees and subcontractors will comply with the terms, conditions, purposes, and federal requirements of the grant program; that no kickbacks were paid to anyone; and that a false, fictitious, or fraudulent statements or claims on this application are grounds for denial or termi... f a grant award, and/or possible punishme... J.S.C. §1001 and civil violations of the Fa...

(ii) I certify that the en... ll applicable federal, state, and local lav... and programmatic rules and requirements ... re to do so may result in rejection or deoblig... e that failure to comply with all federal and ... rosecution by the appropriate law enf...

(iii) I certify that the ent... applicable administrative and federal statutor... in the DOC Pre-Award Notification, publish... (73 FR 7696), as amended; DOC Finar... (Mar. 8, 2009); DOC American Recovery a... 09); and any Special Award Terms and Co... in the award."

1158
Certifications

Authorized Representative's Signature _______________ **Date** 8/19/09

Name: Kevin McKoskey

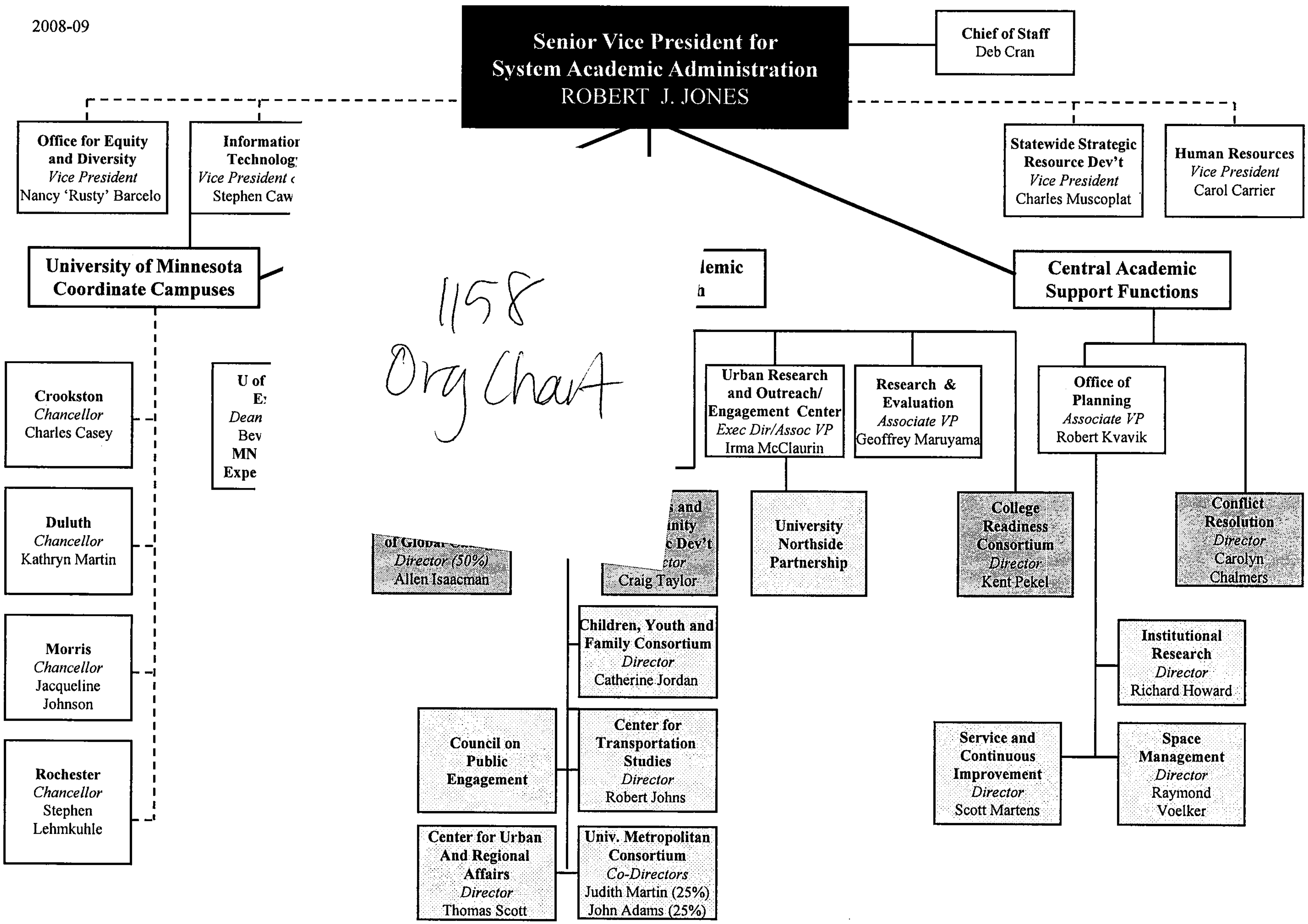
Title: Senior Associate Director, Sponsored Projects Administration

Other Federal Forms and Certification Requirements

SF-424A, Budget Information—Non-Construction Programs

SF-424B, Assurances—Non-Construction Programs

2008-09



Senior Vice President for System Academic Administration
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Kathryn Martin
Morris
Chancellor
Jacqueline Johnson
Rochester
Chancellor
Stephen Lehmkuhle
U of
Dean
Bev
MN
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1158
Org Chart
lemic
Central Academic Support Functions
Urban Research and Outreach/ Engagement Center
Exec Dir/Assoc VP
Irma McClaurin
Research & Evaluation
Associate VP
Geoffrey Maruyama
Office of Planning
Associate VP
Robert Kvavik
Director (50%)
Allen Isaacman
and
Dev't
Craig Taylor
University Northside Partnership
College Readiness Consortium
Director
Kent Pekel
Conflict Resolution
Director
Carolyn Chalmers
Children, Youth and Family Consortium
Director
Catherine Jordan
Institutional Research
Director
Richard Howard
Council on Public Engagement
Center for Transportation Studies
Director
Robert Johns
Service and Continuous Improvement
Director
Scott Martens
Space Management
Director
Raymond Voelker
Center for Urban And Regional Affairs
Director
Thomas Scott
Univ. Metropolitan Consortium
Co-Directors
Judith Martin (25%)
John Adams (25%)