

Senate Committee on Finance & Planning
Minutes of the Meeting
December 9, 2014

[These notes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate; none of the comments, conclusions or actions reported in these notes represent the views of, nor are they binding on, the Senate, the Administration or the Board of Regents.]

In these minutes: [Update on 2014-2015 biennial appropriations and performance goals; old business]

PRESENT: Gary Cohen, chair; Michael Korth, Taylor Barker, Dan Feeney, Paul Olin, Erik van Kuijk, Kara Kersteter, Jennifer Gunn, Samantha Jensen, Karen Seashore, Russell Luepker, Karen Ho, Jill Merriam, Lincoln Kallsen, Renee Cheng

REGRETS: Tracy Peters, Pam Wheelock, Catherine Fitch, Megan Wiza

ABSENT: David Fisher, Laura Kalambokidis, Fred Morrison

GUESTS: Julie Tonneson, associate vice president, Budget and Finance

Professor Cohen welcomed the committee.

1. Report on State of Minnesota 2014-2015 Biennial Appropriations and Performance Goals

Richard Pfutzenreuter, vice president and CFO, and Julie Tonneson, associate vice president, Budget and Finance, updated the committee on the 2014-2015 biennial appropriations and performance goals. Pfutzenreuter said the results of the performance goals would be reported to the Minnesota Legislature in January 2015.

Linc Kallsen distributed information to the committee, saying that in the last biennium the Minnesota Legislature tied 5% of the University's FY15 appropriation to performance goals. Three of the five performance goals must be met in order for the \$26.5M to be released. Pfutzenreuter said the University entered into a memorandum of understanding with the Minnesota Office of Higher Education regarding the benchmarks needed to accomplish the performance goals.

The five performance goals are:

1. Improve graduation rates for low income students
2. Improve graduation rates in general
3. Increase the total number of undergraduate STEM degrees
4. Increase invention disclosures
5. Decrease administrative costs by \$15M for FY14

Tonneson discussed administrative cost reductions. The target goal for FY14 was a \$15M reduction, and the actual total of \$18.8M exceeded this considerably. Tonneson said that of this,

\$11.4M (61%) was from staffing changes, and savings from operating reductions amounted to \$7.4M (39%). She emphasized that in accordance with President Kaler's goal, the savings would be redirected to enhance mission activities, stem overall growth in the net cost to attend the University, and meet inflationary cost pressures as identified in the overall budget framework. Tonneson also provided an overview of the performance measures, and emphasized that not only had all five target goals been met but the University exceeded each of the targets

The committee discussed aspects of the report. Professor Feeney wondered how budget cuts were affecting the mission of some units and their ability to carry out their charge. Pfutzenreuter said it was becoming more difficult for some units. However, he said, the budget process looks at reallocations and can accommodate easing off of a unit if necessary. The committee expressed concern that the Legislature would continue to ask for extensive cuts now that it may appear as if it is always achievable. Tonneson clarified that the University is not actually spending less; units are actually reallocating within their existing base.

At this point, the committee agreed to go off the record to continue discussion of some points.

Cohen thanked Tonneson, Pfutzenreuter and Kallsen for the information.

2. Old Business

The committee discussed methodology for medium- and long-range University budget planning and forecasting. Cohen asked if the committee should make a statement to the administration that more planning needs to be done and/or a better methodology needs to be considered. It was suggested that departments need more help in their long-term planning, and that resources for planning be more readily available. Often the information needed to plan is too late in coming to be useful.

Cohen said the Faculty Consultative Committee (FCC) was going to have its annual session with the college deans in February 2015, at which time he would ask how confident the deans were about achieving adequate fiscal planning to support strategic programmatic planning demands. Based on that discussion, he would bring back language to the committee for possibly drafting a statement to the administration.

The committee discussed the impact of new fringe rates on the colleges. Tonneson will update the committee in the spring as more data are available about the effects of the new rates. Cohen said that Pfutzenreuter and Provost Hanson also needed to be involved in that discussion.

The committee discussed IT system upgrades and infrastructure improvements. Cohen said these were being paid for out of the enterprise tax, and he wondered if the logic for the tax was still applicable, as it was created some years ago in an emergency situation. The committee agreed that the appropriate time to ask about this would be at the February 3, 2015 meeting with Tonneson.

The committee discussed funding for intercollegiate athletics and facilities. It was suggested that the committee needed to follow up to monitor whether the department meets its fundraising goals and whether additional subsidies may be needed if the goals are not met. Concerns were

expressed about the potential for duplication of services in the academic space of the athletics center. It was also agreed that in the future athletic programs and facilities must be included in discussions of the capital plans.

The committee discussed fringe deductions on faculty awards. Professor Korth said he felt a significant issue is that recipients of some awards are not aware that the amount they receive will be less than the announced award amount. This needs to be clearly communicated, and Cohen said that perhaps the FCC could follow up to request improved communication about the awards and the fringe deductions.

Cohen brought up the issue of funding maternity leave and replacement staffing. The committee decided that while they would seek information from Provost Hanson, Pfitzenreuter, and the Women's Faculty Cabinet, they would leave it to be addressed by the Senate Committee for Faculty Affairs (SCFA).

Hearing no further business, Cohen adjourned the meeting.

Mary Jo Pehl
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