

Senate Committee on Finance and Planning (SCFP)
February 7, 2017
Minutes of the Meeting

These minutes 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 minutes represents the views of, nor are they binding on, the senate, the administration, or the Board of Regents.

[**In these minutes:** Graduate and Professional Tuition Policies for Professional Master's Degrees; Agenda Items for Next Year; Aramark/M Dining Resolution; Update on Duluth Campus Financial Status]

PRESENT: Dan Feeney (chair), Catherine Fitch, Daniel Lockren, Michael Berthelsen, Linc Kallsen, Paul Olin, Robert Goldstein, Jennifer Gunn, Karen Ho, Michael Korth, Fred Morrison, Carl Rosen, Erik van Kuijk, Danny Bernick, Julie Tonneson

REGRETS: Tracy Peters, Karen Seashore

ABSENT: David Fisher, Jill Merriam, Michael Volna, Aravind Boddupalli, Mark Kanake, Varun Sood

GUESTS: Karen Hanson, executive vice president and provost, Office of Academic Affairs and Provost; Trish Palermo, chair, Student Senate Consultative Committee (SSCC); Laurie Scheich, associate vice president, Auxiliary Services; Brandi Heatherly, regional vice president, Aramark Higher Educational; Kay Akey, interim director, M Dining; Amy Keran, interim director, Contract Administration; Michael Berthelsen, interim vice president, University Services; Julie Tonneson, associate vice president, University Finance; Brian Burnett, senior vice president of finance and operations, Office of the Senior Vice president for Finance and Operations; Koryn Zewers, budget analyst, University Finance

OTHERS: Lyle Peterson, President's Office; Liz Eull, Office of the Senior Vice President for Finance and Operations

Chair Dan Feeney welcomed the committee and members introduced themselves.

1. Graduate and professional tuition policies for professional masters degrees - Feeney introduced Karen Hanson, executive vice president and provost, Office of Academic Affairs and Provost, and asked her to provide the committee with an overview of the tuition and admissions policies for professional masters degrees. Hanson noted that this is an area in which the schools have more flexibility than they do in the matter of undergraduate tuition, and that tuition was set largely by market considerations. Typically, she said, her office defers to the college's expertise.

Jennifer Gunn asked about the difference between tuition and fees, noting that while some graduate students receive waivers, teaching assistant positions, or research assistant positions that cover tuition, students are often surprised to learn they must still pay for fees. Gunn asked if

this was University policy or if it varied from school to school. Linc Kallsen responded that this is a University decision, and is not up to the colleges. Gunn replied that some students receive grants that allow for funds to cover these fees, but others do not. Karen Ho added that the time student fees are due does not line up with when their stipend is distributed, causing financial distress for students. Kallsen said that the University had recently fixed this timing issue, and that students in this circumstance were not to be charged late fees. Bob Goldstein asked how this process compared to other institutions. Hanson responded that it is not an uncommon practice to require these fees, though there are some disparities in stipend size, and the issues vary from school to school. Gunn said that it was her understanding that peer institutions like Madison and Indiana have more funding for graduate students and provide summer funding. Kallsen responded that the graduate student stipend rate is likely more of an issue for graduate students than are graduate student fees.

Feeney asked about employer-sponsored degrees, and if offering these degrees was up to college deans or central administration. Hanson responded that deans do discuss the revenue side of these types of degrees, and that it is ultimately the school's decision whether or not to propose and offer such degrees. Kallsen added that professional masters degrees are an opportunity for the University to serve the state by offering solutions to workforce needs; postbaccalaureate certificates are also helpful for this purpose.

2. Agenda items for next year - Feeney asked the committee what other issues SCFP should discuss next year. Gunn suggested discussing competition with the MnSCU system, and transfer articulation agreements, specifically how enrollments in primarily undergraduate-enrollment colleges are affected (are community college courses actually the same, or does this require the University to offer more remedial courses?). Bob Goldstein suggested discussion of the financial implications of a Trump presidency. Erik van Kuijk said he thought the committee may want to discuss the Fairview integration that did not go through, since there will be new leadership in Fall 2017. Paul Olin suggested the committee discuss the financial benefit of the University's television contracts, and if money is being set aside for sustainability, new salaries, etc. Fred Morrison thought the committee should discuss the annual operating budget for athletics; does it budget, and what is their debt management program?

3. Aramark/M Dining resolution - Feeney introduced Trish Palermo, chair, Student Senate Consultative Committee (SSCC), Laurie Scheich, associate vice president, Auxiliary Services, Brandi Heatherly, regional vice president, Aramark Higher Educational, Kay Akey, interim director, M Dining, Amy Keran, interim director, Contract Administration, and Michael Berthelsen, interim vice president, University Services. Palermo noted that she was attending SCFP to get feedback on the resolution, and ask for the committee's support. Palermo began with an overview of the [resolution](#), noting that over her past three years in student government, she has received a lot of feedback from Twin Cities students concerned with poor food quality, the lack of religious options, the lack of options for those with dietary restrictions, and high cost of residence hall meal plans. Palermo noted that students that live in the residence halls are required to buy a meal plan, and some students have reported they were not allowed to cancel the plan when M Dining could not accommodate their dietary needs. The poor food quality on the Twin Cities campus is of concern not just for current students, but for incoming students, she

noted, who need to decide if the required meal plan (at a cost of \$4,000 per year) is a reason not to enroll at the University. Palermo said she and other students had also become interested in reports of issues with Aramark's business ethics, which, as one of the University's largest contracts, is of system-wide concern.

Palermo drew the committee's attention to the references section of the Aramark resolution, and noted discrepancies between the "Dining Styles" survey data compiled by Aramark's third party vendor, and the MSA student survey. To discuss these discrepancies, the SSCC invited Karen DeVet, former director of M Dining, and Amy Keran to a committee meeting in December. Berthelsen and Scheich have been very accessible and responsive to students concerns, said Palermo, and students are very thankful for their openness and willingness to work on this issue.

Berthelsen noted that the University/Aramark relationship was a long one, and that food quality and choices were largely subjective and are likely an issue on all campuses. He added that surveys, depending on the way in which questions are asked, can also give very different results. Accommodating students with dietary restrictions is important to University Services, he said, and there is a lot of investment in improvements to dining services facilities, including some major upcoming renovations. This summer, for example, renovation will begin in Pioneer Hall, creating a one stop solution for the Super Block. Berthelsen said that he was looking forward to working with the new Student Advisory Committee, and hopes to work with them on the best method by which to evaluate dining hall offerings.

Heatherly presented some information to the committee from the [yearly "Dining Styles" survey](#), which is administered by a third party vendor, Intellescan, each fall. The survey is sent to students, faculty, and staff who have utilized the dining facilities on campus. Approximately 50% of respondents to the survey were residence hall students, with a 25% response rate. Heatherly noted that hours of operation in dining halls were of concern both in the MSA survey results and the "Dining Styles" results, and would require some attention. Food quality, on the other hand, was rated average or above average in the "Dining Styles" survey, which is inconsistent with the MSA survey results, she said.

Morrison asked if the contract between the University and Aramark was a common one, and if it should be reviewed. Heatherly replied that yes, Aramark has several similar contracts with other higher education institutions. Morrison suggested that the use of a contract vendor should be reviewed before an RFP goes out ahead of the 2020 contract expiration.

Goldstein asked why students are required to buy meal plans when living in the residence halls. Scheich replied that this was a University decision, based on data that shows that students living in the residence halls perform better in school. Students are able to cancel their residence hall contract when M Dining is not able to accommodate their need, she added; the Office of Housing and Residential Life can help students to locate an on-campus apartment if that is what the student desires.

Morrison said that dietary restrictions, such as the need for kosher or halal options, is very common, and asked why the University is unable to respond to this need. Scheich responded that

there is not a kosher food plan because University kitchens are not set up as kosher kitchens. There used to be a frozen food option for students needing kosher options, she said, but students did not respond well to that option. Heatherly added that Aramark does have kosher, halal, vegan, and vegetarian options, but looks to the University to decide which options are needed for the community.

Karen Ho said that the data provided to the committee from the “Dining Styles” survey missed the context of the discussion; the data includes responses from faculty and staff as well as students. In order to understand student concerns regarding food quality, she said, the committee needs to see responses from students that are living in residence halls separate from the other data. Heatherly said she would look into separating out this data, and get back to the committee. (This data split was completed after the SCFP meeting, and is available by [clicking here](#). Berthelsen noted via email that the outcome that was presented to the committee and this subset of the respondents are very similar).

Akey provided the committee with six action items Aramark was undertaking in spring 2017 in response to student concerns with food quality:

- All senior managers and teams will visit and eat daily meals in residence hall dining facilities;
- The director of operations will provide weekly updates to the regional vice president;
- All channels on campus will assist in site visits (retail, catering, athletics, etc.);
- Centennial Hall will receive daily visits by the assistant director of residential dining and Chef James;
- Chef James will be based out of Centennial, but will continue visits and training sessions at other locations;
- Program standards will be revisited and associates trained in the execution of recipes and service standards.

Feeney asked if there was anything done during the admissions process to place students with specific dietary needs in specific residence halls that are better suited to their needs. Scheich replied that some halls have reputations for having better vegetarian options or comfort food, but that students can go to any facility to dine.

Feeney said that the committee will debrief on this issue at a later meeting, and invite guests back in the fall to give a status report.

4. Duluth campus financial status - Feeney introduced Julie Tonneson, associate vice president, University Finance, to give an [update on the Duluth campus financial situation](#). Tonneson provided an overview of the issue, noting that in FY15, the University of Minnesota Duluth (UMD) had recurring budget challenges of \$9.4 million. UMD was subject to reallocations to deal with a lower state appropriation in a previous budget cycle, but had an excess of tuition revenue, and so did not make planned cuts. Tuition revenue later decreased, and incremental costs increased, said Tonneson, resulting in the structural imbalance. From FY15 to FY16, through working with University Finance, UMD was able to reduce the recurring structural imbalance by \$6 million. In FY16, tuition came in at a lower total than expected, so the

structural imbalance was reduced by only \$1 million. Tonneson reported that tuition revenue at UMD was currently holding, and even slightly higher than in FY16. University Finance and UMD are looking at strategic ways to increase tuition revenue moving forward, including STEM initiatives, she added.

Carl Rosen asked if administrative and academic savings could be separated. Tonneson replied that University Finance will have this data, but they do not have it yet.

Goldstein asked why there was a drop in UMD enrollment. Tonneson responded that in the past, UMD typically met enrollment goals without the need for recruiting. North Dakota advertises heavily now in the Duluth area, and MnSCU schools are also competitors. UMD tuition is generally high compared to other institutions in the area, she added, and so UMD is looking at a lot of upcoming enrollment initiatives. Kallsen added that for UMD, in every period since its opening until the structural imbalance issues of 2015, enrollment grew.

Brian Burnett, senior vice president of finance and operations, Office of the Senior Vice president for Finance and Operations, noted that UMD's total revenue is generally between \$250-\$260 million. The line between tuition revenue and state funds will continue to grow, he added, and so recurring contingency funds need to be set aside over time, which is a common practice in the private sector. When campuses are highly dependent on tuition revenue, they are more sensitive to enrollment fluctuations, said Burnett.

Michael Korth asked what regular monitoring of college and campus finances is done, and if these types of issues trigger immediate action by central administration. Tonneson responded that this happens during the yearly budgeting process, and that University Finance responds to different groups as needed. It is not unusual for there to be a structural imbalance found during that process in one college or campus, she said; for example, the Medical School has had similar issues in the past, as has Dentistry, and they have since fixed the imbalance with the help of University Finance.

Hearing no further business, the meeting was adjourned.

Barbara Irish
University Senate Office