Senate Committee on Finance and Planning (SCFP)
December 11, 2018
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 represent the views of, nor are they binding on the senate, the administration, or the Board of Regents.

[**In these minutes:** Facility/Building Condition Report; Financial Implications of LE Curriculum Requirements; FY 2020 Budget Variables and Levers; Administrative Cost Definition and Benchmarking & Operational Excellence Update]

PRESENT: Frank Gigler (chair), Brian Burnett, Liz Davis, Catherine Fitch, Harrison Frisk, Bob Goldstein, Jennifer Gunn, Aleksander Holleran, Bailey Johnson-Cavanaugh, Lincoln Kallsen, Michael Korth, Jill Merriam, Paul Olin, James Pankow, Roderick Squires, Julie Tonneson, Sashank Varma, Traci Woollums, Erik van Kuijk

REGRETS: Carl Rosen, Tony Fussy

ABSENT: Lisa Babbs, Mike Berthelsen, Atharva Choudhary, Laura Kalambokidis, ZiRui Su, Sashank Varma, Mike Volna

GUESTS: Brian Swanson, assistant vice president, Finance and Strategy; Andrew Chan, portfolio management program manager, University Services; Bob McMaster, vice provost and dean, Undergraduate Education

Chair Frank Gigler welcomed the committee and the members introduced themselves.

1. Facility/Building Condition Report
Gigler introduced Andrew Chan, portfolio management program manager, University Services, and Chan provided members with a Facilities Renewal Update, including a review of the lifecycle of a building, the magnitude of the University's facility portfolio and deferred renewal challenge, the ways the University prioritizes and funds facility renewal, the role of the Six Year Capital Plan, and the 2019 State Capital Request to the State of Minnesota. Chan also walked members through the list of investments that the University chooses to renew buildings, and the state appropriations given to the University over the past nine years.

Gigler asked why the Repair and Replacement (R&R) budget hasn't been increased to help fix buildings in critical condition, given that it is such a significant issue for the campus. Brian Swanson, assistant vice president, Finance and Strategy, told him that every dollar used for R&R comes from the Operating Budget and those dollars compete with other budget investments, or come from tuition increases. University Services goes through the same budget process as everyone else at the institution, he explained, and they have the same limitations.

Goldstein asked how projects are prioritized to avoid dangerous or unhealthy working conditions in campus facilities. Swanson said that human health and safety along with code requirements are first priority, and the University has the funds to meet the minimum safety and legal requirements. Swanson said some of the buildings are grandfathered into the code requirements because of the age of the facility, but cautioned that new additions, such as lab start-ups or renovations in existing buildings, may trigger the required code improvements, which significantly change the cost of the project in an older building.

Golstein suggested that it seems the more efficient strategy may be to just build new buildings. Swanson explained that for the initial investment, this may be true, but eventually the college(s) housed in the new building(s) are tagged through the cost pool with all of the operating costs of the new building(s), and ultimately the University has a growing deferred renewal. Given this, Swanson said, the strategy directed from the Board of Regents has been to prioritize investments in the existing buildings.

Sashank Varma asked if there is a projected year in which the University will not have the funds to meet the minimum safety and legal requirements, given that the budget is continually decreasing. Swanson said that the University sets aside funds from the HEAPR knowing that issues are likely to arise before the next state allocation. He added that funds are also allocated into a pool for accommodation requests from the Disability Resource Center.

2. Financial Implications of Liberal Education Curriculum Requirements
Gigler then introduced Bob McMaster, vice provost and dean, Undergraduate Education, who told members that he would first explain what the current liberal education requirements are, and then talk about a committee that is looking at potentially redesigning the liberal education curriculum requirements. He reminded members that undergraduate students are required to complete seven diversified core courses, five designated themes, and one writing intensive requirement. The committee then reviewed which colleges taught the required courses and how those courses contributed to the colleges, broken down by credit hours, enrollment numbers and tuition dollars.

McMaster explained that departments and faculty members submit proposals to the Council on Liberal Education for courses to be taught in the curriculum, and most proposals are approved. He said the course offerings continue to grow, but emphasized that adding new courses does not bring new enrollment in, but rather moves students around.

The Liberal Education Redesign Committee (LERC), which has been meeting since Fall 2007, was charged by the Provost to look at the existing liberal education curriculum and develop a new model or models for a potential curriculum revision. McMaster said the committee spent all of the 2017-18 academic year reviewing the current requirements, comparing them to national models, and reviewing data, and they hope to complete their work in early spring 2019. The next step will be presenting their initial ideas to the faculty senate for discussion in February 2019, and the goal is to have a vote in the faculty senate on any curriculum changes by the end of the spring semester, he said. McMaster cautioned that the committee work is confidential, but added that the committee may recommend one or more of the following: a reduction in the number of core courses, a reduction or elimination of required themes, and/or an elimination of double-dipper courses. Each of these changes, McMaster said, would significantly impact the colleges currently teaching the courses, and therefore, the deans are understandably very interested in what changes may or may not happen to the curriculum.

James Pankow wondered if there is a problem in the current curriculum that LERC is hoping to fix, or if the curriculum is just due for comprehensive review every ten years. McMaster explained that there is an understanding that liberal education curriculums become stagnant, and faculty is expected to continually reexamine what a 21st century student should know, according to the values of the institution. He added that the Provost was also interested in exploring potential options to pair the liberal education requirements with the Grand Challenge Curriculum (GCC). Currently, the GCC only has capacity for 1,000 students per year, and McMaster emphasized that capacity, infrastructure and faculty buy-in are all probable obstacles with this plan.

Gigler asked if financial implications, both for the University and the students, have been considered in LERC's recommendations. McMaster said that the committee was focused primarily on the curriculum rather than budget implications in their first stage of analysis, but as recommendations are finalized, financial impact has been considered.

3. FY 2020 Budget Variables and Levers

Julie Tonneson, Associate Vice President of University Finance, shared slides titled FY 2020 Budget Variables and Levers, and explained that the information was presented to the Board of Regents (BOR) in October 2018.

Tonneson reviewed funding sources, telling members that in 1989, roughly 40% of the University's budget was appropriated by the state, compared to 17% this year; however, other sources of revenue, such as sponsored projects, royalties and gifts, continue to grow.

Goldstein asked if non-resident, non-reciprocity (NRNR) enrollment is decreasing as a result of the tuition increase. Brian Burnett, Senior Vice President for Finance and Operations, explained that enrollment is down this year, and the institution is adding recruiters as a result. He stressed that a majority of the BOR would like to see the University's NRNR tuition rates ranked in the middle of the Big Ten, and historically, he said, the institution has been ranked low among its peers.

4. Administrative Cost Definition and Benchmarking & Operational Excellence Update

Tonneson then shared the FY18 Cost Benchmarking Summary with the committee and explained that the report would be included in the December 2018 docket materials for the BOR.

Tonneson explained that the report was originally developed in FY12 to summarize what the institution spends on administrative costs. The report accounts for all University expenditures, distributed between four categories: misson, student aid, mission support and facilities, and leadership and oversight. Those categories are also broken out into personnel and non-personnel expenses, she noted, adding that all job codes were mapped in the Job Family Study to coordinate with the report. Tonneson explained that everything in the mission support and facilities, and leadership and oversight categories are considered administrative costs.

Gigler asked where President Kaler's directive to cut $90 million in administrative costs shows on the report. Tonneson answered that the cuts are in every line of the report, and each year since FY14 a lot of decisions had to be made to slowly cut those expenses. Burnett concluded that the University budget would be $90 million higher without the initiative to reduce administrative costs.

With no further business, Gigler adjourned the meeting.

Bobbie Erichsen
University Senate Office