

Senate Committee on Finance and Planning (SCFP)
February 20, 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 view of, nor are they binding on the senate, the administration, or the Board of Regents.

[In these minutes: Discussion with Deans of Design, Education and Human Development, and Continuing Education; Organics Recycling Recap; Overview of Annual Financial Report; Superbowl Financial Transactions Related to the U of MN]

PRESENT: Daniel Feeney (chair), Lisa Babbs, Mike Berthelsen, Brian Burnett, Catherine Fitch, Harrison Frisk, Jennifer Gunn, Michael Korth, Dan Lockren, Jill Merriam, Fred Morrison, Paul Olin, Scott Petty, Tracy Peters, Mike Volna

REGRETS: Frank Gigler, Robert Goldstein, Carl Rosen, Karen Seashore

ABSENT: Erin Deal, Karen Ho, Laura Kalambokidis, Lincoln Kallsen, Tolulope Odebunmi, Julie Tonneson, Erik van Kuijk

OTHER: Nicole Smiley, Vickie Courtney, Amber Bathke

GUESTS: Carol Strohecker, dean, College Of Design; Kate Maple, assistant dean, College of Design; Stephanie Dilworth, finance director, College Of Design; Jean Quam, dean, College of Education and Human Development; Mary Nichols, dean, College of Continuing and Professional Studies; Bill Paulus, interim associate vice president, Facilities Management; Dana Donatucci, facilities support supervisor, Facilities Management Central Services; Linda Weingarten, assistant director for U-Construction, Facilities Management; Ingrid Nuttall, chair, Social Concerns Committee

Chair Dan Feeney welcomed the committee and the members introduced themselves.

1. Discussion with Deans of Design, Education and Human Development, and Continuing Education

Feeney explained that it is the practice of the Senate Committee on Finance and Planning to invite deans from the various colleges to talk about their budget models and financial stability. The three deans invited to this meeting were: Jean Quam, dean, College of Education and Human Development; Mary Nichols, dean, College of Continuing and Professional Studies; and Carol Strohecker, dean, College Of Design.

Feeney invited Dean Quam to begin. She then introduced herself and told members that CEHD has seven departments, 200 tenured faculty, and roughly 5,000 students. She said that half of the CEHD students are undergraduates, one fourth are graduate, and one fourth are professional.

Quam explained that the faculty within the college created their own budget model with the goal to be as transparent as possible, so that stakeholders know where their money goes.

Quam told committee members that the main message in her college is that there is no new money; as a result of this, administrators in her college have discussed ways to find new sources of revenue and strategies to balance the budget. She said they've also talked about fundraising as a slow but steady way to increase funding. She told members that it is hard to consider increasing tuition much more; students in CEHD are counselors, teachers and coaches, so they will likely not make more than the average professional.

CEHD started the [Educational Technology Innovation](#) (ETI) a few years ago, Quam explained, and it has been successful for them. Another revenue source for the college, she explained, is online publishing for faculty manuals and materials. In addition to these revenue sources, she said, the college has made departmental cuts to balance the budget. She added that the University just announced that CEHD has made 6.8 million dollars in cuts over the past six years.

Scott Petty asked how CEHD funds graduate students consistently. Quam told him that faculty feel it is very hard to offer competitive packages. Many students are in applied fields, she said, and some departments have research grants, but not all do. She acknowledged that it can be difficult for students not to know where funding is going to come from year to year.

Feeney asked how the Child Development Center (CDC) closure came about, and asked whether it was determined that the center was a cut that had to be made to the budget. Quam prefaced by saying it was not a financial decision, but rather an academic decision with financial implications. She explained that CEHD is building a new building for the [Institute of Child Development](#) which is located on the Great Minnesota River Road and houses The Shirley G. Moore Lab School. She told committee members that when Facilities Management did a recent assessment of the lab school, they said it could no longer be at that location because of parking and traffic issues in addition to its proximity to a potential construction site on River Road. CEHD looked for an alternative space for the Lab School for four or five years, she said, and then decided to take over the CDC space to house the lab school. She added that she feels strongly that it is not the responsibility of CEHD to run a childcare center, but rather it should be something that the University considers offering as an institution. She added that these conversations have been part of the CEHD compact meetings for eight years.

Catherine Fitch asked if the revenue from the Lab School would match the CDC, and added that the CDC location is six times bigger than the current Lab School space. Quam said that the Lab School intends to expand research to include work with infants, which they haven't previously done. In addition, she explained that the Lab School will build a classroom space so that instruction can be done on site, and they will potentially add after school programming to help families. Quam told members that research at the Lab School is central to the mission of the college, and added that she believes there are a lot of possible solutions for childcare at the University, and a lot of groups that want to partner with the institution, some of which will foster an expansion of the child care program.

Mary Nichols, dean, College of Continuing and Professional Studies (CCAPS) then introduced herself and told members that college administrators and department heads are currently putting their compact together for an upcoming finance meeting. She explained that the University-wide Operational Excellence (OpEx) initiative to cut 90 million dollars in administrative costs has gotten harder and harder to hit as the program gets further into its six-year plan, and CCAPS is continuing to try to squeeze the budget to stay in step with the cuts. She explained that the cost pools have been modest, but well-controlled, and the budget model has provided stability, which has helped identify which programs to develop and how to redirect sources internally. She added that CCAPS is a market driven college, not research driven.

Feeney commented that the OpEx initiative has affected some colleges' ability to carry out their mission and asked if that has been an issue in CCAPS. Nichols told him that it has not forced the college to get rid of popular programs, but it also hasn't left them with a margin to try something new, so it arguably leaves some opportunity cost on the table. She explained that the college is trimming staff where they can so that they do not have to eliminate programming. CCAPS is always balancing the demand of certain programs and shifting faculty, when necessary. She pointed out that the cuts are most stressful for the staff, who love their work and the mission of the college, but see a demand for their skills in higher paying jobs outside of the University. Nichols said that this is likely going to continue to be a consequence of the OpEx initiative.

Jean Quam agreed that staff have taken all of the cuts they can handle in CEHD as well. She explained that in her college, some units have felt it more than others. CEHD has closed two departments and consolidated programming to comply with OpEx. She added that it is most frustrating to have to tell department chairs that they cannot try something new unless they cut something, and every year of the initiative has been harder.

Carol Strohecker, dean, College of Design, told the committee that the University financial situation is stressed, and the question is about how much people have to respond to an ever changing new climate. As a new dean, Strohecker says that she sees gaps in her college. For example, she says, the College of Design does not have a grants coordinator, which impacts the school's ability to fulfill its mission. The College of Design, she says, is eligible for grants that there were not previously eligible for, and they have faculty eager to do the work, but they don't have the support they need to get the funding.

Feeney asked if the colleges have had an opportunity to provide feedback to University Finance about cost pool shifts. Stephanie Dilworth, finance director, College of Design, said that University Finance has done a good job listening to the issues in each college and responding to the information they are given. The transparency of this process, she said, has been a positive shift.

Petty commented that staff cuts seem to follow a pattern of last employee hired is the first employee let go, and asked if there is a concern about how that will affect the University when a large number of people retire at the same time. Quam told him that 50% of faculty and P&A will retire in the next 10 years, and she is already seeing the effects. Nichols said that her college has tried to be thoughtful about staff departures and has worked to make adjustments to address this

issue, including hiring people earlier in their careers. Kate Maple, assistant dean, College of Design, said that the hires have been more strategic in the College of Design as well.

Feeney asked all of the deans how they are managing enrollment as the University becomes more tuition dependent. Quam told members that CEHD has a predetermined enrollment number for undergraduates. She said that she is concerned about the 15% tuition hike for incoming non-resident students because CEHD gets a significant amount of their diversity students from non-resident applicants. Nichols said that CCAPS mostly enrolls non-traditional students, and their programming is supportive for that population. In addition, she said, CCAPS offers good online options that are attractive to non-traditional students. Strohecker added that graduate programs are very important in the School of Design, and given the lack of support for research within the college, she is looking for ways to draw resources from the University of Minnesota Graduate School.

Jennifer Gunn asked the deans how adjunct faculty is used in each college. Quam told her that there hasn't been an increase in adjuncts so much as an increase in P&A employees, who also teach. She added that CEHD faculty often get funding for research that buys them out of the teaching duties, so the struggle, Quam said, will be finding the right balance of faculty and faculty-like P&A to cover the teaching needs of the school. Strohecker told members that the College of Design uses a lot of adjunct faculty. She acknowledged that there is a conversation in higher education that adjunct faculty are abused, and said that her college is very sensitive to the issue and believes they fulfill the college's mission well.

Fitch asked Nichols how CCAPS provide certificate and degree programs that don't overlap with other colleges. Nichols said that she is in constant consultation with other units to ensure there is no overlap, and there is no desire to compete with other colleges, so students are generally not confused by the programming.

2. Organics Recycling Recap

Bill Paulus, interim associate vice president, Facilities Management, told members that University stakeholders have been interested in organics collection for years, so it is not a new issue for Facilities Management, and they have been working on a pilot program in some University buildings to measure impact and cost. He said that the Social Concerns Committee drafted resolutions at the same time as the pilot program and have been in consultation with governance on those proposals.

Linda Weingarten, assistant director for U-Construction, Facilities Management, reported that the pilot program was recently done in the Donhowe and Food Operations buildings, and it measured costs (custodial labor, hauling to facility, compostable bags), and savings (custodial labor, disposal fees). The pilot program, she explained, was a small net cost to the University; mostly start-up costs, and operations would be cost neutral if there is centralized collection. Weingarten said that a survey was done upon completion of the pilot program and the results showed that 85-90% of respondents said they were not recycling organics at work prior to the pilot program, and the same number of people believe that it is moderately or extremely important that the University have an organics recycling program.

Tracy Peters pointed out that the Donhowe Building is mostly staff, a lot of whom are University Services staff and others who are already focused on where their waste is going. Mike Berthelsen said that financially and operationally, the program works, but he added that he believes implementation needs to pull stakeholders in rather than pushing them to adopt the changes. He added that not everyone in a building needs to agree in order for the program to be a benefit to the University. He explained that University Services has identified building advisory committees in each building to help educate and foster buy-in from building occupants.

Petty asked if the pilot program accounted for the time requirement for employee participation. Paulus clarified that the organics program would be an addition to the centralized collection efforts currently in place, not an additional program, and pointed out that the current program has been successful. Fred Morrison argued that the centralized collection program has been available for some time, but wondered how effective it is across the University: he suggested that the pilot program may be more indicative of buy-in if it measured collection in an academic building. Berthelsen reiterated that organics collection will not be a requirement, and if a certain college refuses to adopt the program, it will not be implemented in that space.

Gunn commented that the program seems like a positive change and said she believes her students feel the same way, but stressed that an educational component will be paramount to the program's success.

Dan Lockren asked if there would be an issue with smell in the buildings that are open 24 hours a day, seven days a week. Berthelsen clarified that waste collection will be the same, just that the waste will be categorized into different bins, so there should be no change in odor.

Ingrid Nuttall, chair, Social Concerns Committee, then directed committee members' attention to the resolutions. Morrison suggested that the Social Concerns Committee change the word "centralized" in the documents so that people don't think there is only one collection area per building. Nuttall told members that the Social Concerns Committee will vote on a final draft and then circulate electronically to the Senate Committee on Finance and Planning.

3. Overview of Annual Financial Report

Mike Volna, associate vice president and assistant chief financial officer, told committee members that the University books and records are audited every year, and the federal government, in addition to the ratings agencies, require an annual financial report from the institution. The report, he explained, addresses three components: the University balance sheet, the income statement (statement of revenues and expenses), and the statement of cash flows. Volna said that the University has always reported a strong financial position. He explained that a new reporting requirement added a 1.9 billion dollar hit to the books this year because the state pension boards made an adjustment to life expectancy and it resulted in the state's actuaries saying that University pensions would fall short, so the books were adjusted to reflect the change. He added that the ratings agencies are aware of this change and there is no risk associated with it, but the change will need to be explained to the Board of Regents and the state

legislators. Volna concluded by saying that the University balance sheet is very healthy, and the institution still has a solid net position.

4. Super Bowl Financial Transactions Related to the U of MN

Brian Burnett, senior vice president for finance and operations, Office of the Senior Vice President for Finance and Operations, explained that neither tuition dollars, nor state funding was used to support the Super Bowl events held at the University. He said that the institution charged their normal venue rates, plus a 25% surcharge to account for employee time. In total, the events brought in roughly a million dollars, \$183K of it was rental income, and the remainder was expenses; he said the Philadelphia Eagles stayed in Athlete's Village, and they were happy with the accommodations. The NFL Honors event was held in the Northrop Auditorium, and Burnett told the committee that the University received positive feedback on that event. In addition, there were two other major events hosted by the University: game day check-in was held at the University of Minnesota Field House, and a security checkpoint was set up and managed near the light rail station on University Avenue.

The biggest financial downfall, Burnett explained, was that the federal tax rate changed during negotiations with the NFL, which required income tax payment on the money brought in. The NFL host committee has been made aware of this implication, he assured the committee.

Berthelsen told members that the decision to host events for the Super Bowl was made in large part because the University of Minnesota is one of the largest public entities in the state with the resources to support the events, and administrators tried to balance being a "good neighbor" with minimizing the impact to the institution. The NFL host committee was made up of Minnesotans, not NFL employees, and those constituents included University of Minnesota donors, he said. He reiterated that University dollars were not used to host the events, and although that was not always popular with the host committee, the University stood firm in protecting that decision.

Gunn commented that it should be made clear to University stakeholders that the institution did not make much money off of the events, because that is a common perception. Burnett explained that the revenue dollars will be included in the report he provides to the Board of Regents in May.

Lisa Babbs pointed out that Facilities Management did a great job managing the events.

With no further business, Feeney adjourned the meeting.

Bobbie Erichsen
University Senate Office