

Senate Committee on Finance and Planning (SCFP)
May 15, 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: M Health/ AHC Update; Retirement Plan Updates; Preventing Sexual Misconduct Training; Postdoctoral Associates and Postdoctoral Researchers Survey; Capital Budget and the Bonding Bill]

PRESENT: Daniel Feeney (chair), Lisa Babbs, Michael Berthelsen, Brian Burnett, Catherine Fitch, Harrison Frisk, Frank Gigler, Robert Goldstein, Jennifer Gunn, Linc Kallsen, Michael Korth, Jill Merriam, Paul Olin, Scott Petty, Carl Rosen, Erik van Kuijk

REGRETS: Karen Seashore

ABSENT: Erin Deal, Karen Ho, Tolulope Odebunmi, Fred Morrison, Julie Tonneson, Michael Volna

GUESTS: Jakub Tolar, dean, Medical School and interim vice president for health sciences, Academic Health Center; Ken Horstman, director, Total Compensation, Office of Human Resources; Patty Franklin, chief of staff, Office of Human Resources; Scott Lanyon, vice provost and dean, Graduate Education; Brian Swanson, assistant vice president, Finance and Strategy, University Services

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

1. M Health/ AHC Update

Feeney introduced Jakub Tolar, dean, Medical School and vice president for health sciences, Academic Health Center, and asked him to provide an update on the current status of University of Minnesota Health. Tolar provided members with a brief history, explaining that the school ceded control of the hospital to Fairview Health Services in 1996. Since then, Tolar said, the University has generated a substantial portion of the margin in the Fairview system, but the University has not seen the benefit of that margin. Because there was no reinvestment of the margin to benefit the University, the main University hospital has deteriorated over time; however, Tolar told members that he, in addition to Brian Burnett, senior vice president, Office of the Senior Vice President for Finance and Operations; Doug Peterson, General Counsel, Office of the General Counsel; and President Kaler, have developed a team that has helped facilitate a change in the dynamic of the University's relationship with Fairview, and that change has also improved the way the two entities treat one another in negotiations.

Tolar explained that the team began negotiations with Fairview on November 27, 2017, and the University has been fairly successful and securing terms that were previously unattained,

although not without a few near-death moments. Tolar attributed it, in part, to having a medical school dean that is enterprise-centric working with a Fairview CEO that is academic-centric, which was not the case in previous negotiations. He said that the negotiating team hopes to have an approved letter of intent with Fairview in June to be reviewed by the Board of Regents and the Fairview Board of Directors at their respective June board meetings. The University currently has 12,000+ contracts with Fairview, Tolar explained, and the hope is to get to one master agreement in place by September 2018 that will go into effect on January 1, 2019.

Scott Petty asked why there is a potential resolution now, after 20 years of trust and cultural issues with Fairview. Tolar explained that a resolution had been attempted three times prior. He said he felt there were a few things that had changed since previous attempts: first, the status quo is increasingly unsustainable; second, the leadership is different; and third, Tolar said he told Fairview leadership up front that the University will not double deal, and they will insist on transparency.

Feeney asked if the merger between HealthEast Care System and Fairview has complicated negotiations. Tolar said yes, because Fairview diluted their bandwidth with the merger, and there is some bitterness because the University was not part of the merger decision; however, Tolar is confident that if the University deploys their academic bandwidth, the institution will benefit down the line.

Tolar also shared his thoughts on the future of the healthcare system, particularly the evolution of one-touch medicine.

2. Retirement Plan Updates

Ken Horstman, director, Total Compensation, Office of Human Resources joined the committee to talk about updates to the existing Faculty Retirement Plan. He reminded members that the plan currently has five recordkeepers, which presents a few challenges; primarily that it can be confusing to navigate between them, and it was limited the educational engagement component. Horstman explained that the University has initiated a Request for Proposal (RFP) in search of a single record keeper. He said the goals of this change will be to better manage fees, and to ensure better compliance and auditing. In addition to the Faculty Retirement Plan, Horstman explained, the single record keeper will also replace the optional 457 and 403b options.

The retirement plan will have three main offerings, Horstman explained: a target retirement fund (which elects the fund to manage assets); a core set of funds that will allow the investor the freedom to invest across the lineup; and a self-directed brokerage window. He told members that the general account will remain, because they know it is a popular choice.

Horstman said the University plans to have a recordkeeper picked in the fall.

Frank Gigler asked how the decision is going to be made. Burnett explained that each recordkeeper that bids on the RFP will be scored against one another, and the offerings will be benchmarked as well. Burnett told members that a fiduciary committee has been established, which includes Murray Frank, chair, Retirement Subcommittee; Colleen Flaherty Manchester,

associate professor, Carlson School of Management; Stuart Mason, associate vice president, University Finance; Kathy Brown, vice president, Office of Human Resources; and Burnett, and they will make the final decision as fiduciaries to the University.

Gigler asked what the commitment will be when the University enters into an agreement with a recordkeeper. Horstman said the plan is to enter into a six-year contract, and then one-year contracts will follow.

3. Preventing Sexual Misconduct Training

Patty Franklin, chief of staff, OHR, told members that she was joining to discuss the required sexual misconduct training. Training rolled out on March 22 with the requirement that employees complete it by June 30, she said, and so far response rates are low. Franklin explained that she is hoping to enlist committee support and gather ideas on how to communicate the importance of the training to University employees.

Members suggested that employees are likely going to complete it at the last minute, and suggested the institution ensure that the system does not crash on the last day.

Franklin told members that other schools have taken actions to compel employees to complete the training, including turning off employee email access, barring faculty from hiring graduate students, or taking employees out of the raise pool. Committee members suggested that threatening to discipline faculty will only serve the cynicism that they already have towards the training program. Burnett agreed, but said a baseline needs to be set.

Van Kuijk said that in all of the institutions he has been to, and all the trainings he has done, this University provided the most engaging module. He recommended taking the positive comments from the survey and posting them on social media to engage interest rather than starting with a disincentive.

Harrison Frisk said that the training was an excellent use of his time, and explained that his department has been doing additional training, especially since the CityPages article was published. He said that story helped contextualize the issue more, and since then he has seen more buy-in from University stakeholders. He recommended that, to the extent possible, it is good to provide employees with the real issues on campus so that employees understand the gravity.

Lincoln Kallsen reminded Patty that many employees are dealing with budgets and end-of-year wrap-up, and said that supervisors should communicate that the training is important as well, even though it is an add-on.

4. Postdoctoral Associates and Postdoctoral Researchers Survey

Scott Lanyon, dean, Graduate School, joined the committee to provide an overview of the Postdoctoral Associates and Postdoctoral Researchers survey, which was conducted in January 2018. He told members that there are 780 employees in the two classes, and the survey response rate was 43%. He provided members with a few of the highlights:

- Roughly 75% of respondents had shared their Individual Development Plans (IDPs) with their supervisors.
- Postdocs would like more professional development opportunities, 39% say they are not getting as much support as they would like
- About 1/3 of respondents are concerned about benefits and leaves, specifically related to equity between the two postdoc classes. Lanyon explained that the Graduate School is currently working with OHR to build better communication around the benefits changes that occur when postdocs switch between the associate (employee) and researcher (non-employee) status.

5. Capital Budget and the Bonding Bill

Brian Swanson, assistant vice president, Finance and Strategy, University Services, joined the committee to discuss the [FY2019 Annual Capital Budget](#). Swanson focused his presentation around the May 2018 Board of Regents conversation on the same topic.

In response to the presentation, Feeney asked how the State bond funds will be distributed, considering funding will likely be smaller than what the University asked for. Swanson explained that some of the funding will be determined in the bill, because it will be appropriated for specific projects. He said that the HEAPR funding is broken down in a formulaic way, by campus, and then the chancellors decide how to break up the funds on each campus. Swanson said that multiple scenarios are developed based on the money that each campus eventually receives.

With no further business, Feeney adjourned the meeting.

Bobbie Erichsen
University Senate Office