

**AHC FINANCE and PLANNING
COMMITTEE MEETING**

Tuesday, January 13, 2009
Children's Rehab Center, room 406
4:30 ~ 6:00 p.m.
DRAFT

These minutes reflect discussion and debate at a closed meeting of a committee of the University of Minnesota Senate or Twin Cities Campus Delegation; none of the comments, conclusions, or actions reported in these minutes represents the views of, nor are they binding on, the Senate or Delegation, the Administration, or the Board of Regents.

Present: Paul Olin (chair), Beth Nunnally, David Lee, Helen Hansen, John Connett

Regrets: Yusuf Abul-Hajj

Beth Nunnally, associate vice president, Academic Health Center (AHC), distributed a list of budget reduction strategies and discussions that have recently taken place. The list includes target areas to look at for efficiency and budget reduction as well as policy clarification where money spending is involved and engaging the University community in budget saving idea sharing. Nunnally said that she has been to many budget meetings with various University entities but said that more solid decision-making will not occur until after the Governor's State of the State Address.

Nunnally then distributed the State Funds Allocation and Utilization survey to members. This document includes current fiscal year funding and revenue sources for the AHC schools, faculty and staff as well as the University of Minnesota Physicians operating costs and accompanying projection statistics. She reviewed the document with members briefly before distributing and reviewing the *Financial Framework for Considering FY10 Financial Challenge* spreadsheet along with a list of *FY10 Budget Planning Assumptions*. These are working documents that outline the projected AHC budget for next fiscal year, formulated with current and previous budget figures and current budget assumptions. Some of the data was designed prior to the knowledge of the extent of the budget deficit. In the meantime, schools can use these documents to begin planning for next fiscal year and modeling for the recession. She stated that the University plans to subsidize AHC schools up to 3.5 million to help reduce the financial hit that they will experience. She said that the approach used to distribute funds in the framework for next year was formulaic and they looked at state fund related balances of last year and 2008, college by college and fiscal 2009 annual sponsored revenue. There are pre-existing challenges with each school to drive toward a balanced budget for 2010, she said.

Deans will need to redistribute funds to meet the needs of their schools and eliminate spending in areas that are not in line with the current strategic plan of the University. More informative budget reports will be released shortly after the Governor announces his proposal on January 26th, 2009. This information will give deans financial focus as they plan their future budgets. Deans are encouraged to meet with the people in the Office of Human Resources to assist in meeting the contractual obligations of their budgets. Members discussed briefly some ideas to reduce the budget including reducing some appointments to nine or eleven month positions.

Nunnally said that administration will be looking at unit and school budgets and identifying areas that may be stock piling funds. Clarification needs to be made on the policies surrounding money management. If a college is awarded funds in some fashion, can the college keep that money indefinitely? They also need to clarify the parameters of using gift funds.

Nunnally stated that the 27 pay periods issue of 2010 has not yet been resolved. She said a possible solution being considered is to move the last pay period into the 2011 fiscal year by forwarding it by a day. It is not a permanent solution, she said but it would allow for a little more time to come up with a permanent solution. Other ideas included a wage reduction or a one week unpaid furlough during the holidays and closing most of the buildings at that time to reduce costs.

Chair Olin adjourned the meeting at 5:45 p.m.

Lisa Towry
University Senate Office