

Senate Committee on Finance and Planning (SCFP)
April 13, 2021
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:** Administrative Policy Review: Public Art; Twin Cities Campus Master Plan; Board of Regents Policy Review: Targeted Business, Urban Community Economic Development, and Small Business Programs; 2021 Budget Update; Auxiliary Services Budget Update]

PRESENT: Frank Gigler (chair), Chirs Allen, Mike Berthelsen, Liz Davis, Bart Finzel, Myron Frans, Tony Fussy, Bob Goldstein, Tabitha Grier-Reed, Jennifer Gunn, Sephanie Heim, Justin Janke, Linc Kallsen, Jill Merriam, Paul Olin, Jim Pankow, Scott Petty, Carl Rosen, Rod Squires, Julie Tonneson, Erik van Kujik, Angela Wong, Ben Yawakie

REGRETS: Laura Kalambokidis, Mike Volna

GUESTS: Paige Rohman, senior assistant to the vice president, University Services; Marlo Welshons, assistant to the provost, Office of the Executive Vice President and Provost; Leslie Krueger, assistant vice president, Planning, Space and Real Estate; Monique MacKenzie, planning director, Planning, Space and Real Estate; Julie Showers, associate vice president, Office for Equity and Diversity; Laurie McLaughlin, interim associate vice president, Auxiliary Services; Pam Osland, interim director of finance, Auxiliary Services

OTHER: Sharon Banks, Tina Marisam

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

1. Administrative Policy Review: Public Art

Paige Rohman, senior assistant to the vice president, University Services, told members that the [Administrative Policy: Campus Public Art](#) is a new policy for review. Currently, there is a similar Board of Regents (BOR) policy, he explained, and the new administrative policy is intended to operationalize the board policy. The policy language was drafted by a committee of faculty members, members from the Weisman Museum of Art, the Office of Equity and Diversity, the Office of the General Counsel, and the Office of the Provost, and the process outlined is already well established on the Twin Cities campus.

Rohman told members that the policy consultations will continue for another month, and then a more final draft will be presented to the Policy Advisory Committee and the President's Policy Committee before being posted for a 30-day review.

2. Twin Cities Campus Master Plan

Leslie Krueger, assistant vice president, Planning, Space and Real Estate, and Monique MacKenzie, planning director, Planning, Space and Real Estate, joined the committee again, following their presentation to the committee in March to finish collecting feedback on the [University of Minnesota Twin Cities Master Plan](#).

Jennifer Gunn asked what the timeline is for the changes. MacKenzie explained that the plan has a ten year horizon, and not all of the planning reflected in the slides would necessarily be done in ten years. Mike Berthelsen added that oftentimes for planning purposes it is necessary to look 20 to 30 years out in order to make plans for a ten year horizon, so some of the plans outlined in the slides are aspirational. For example, he said, the hospital is likely more than ten years away, but the plans outlined in the slides include that potential build.

Members expressed support for the plans.

3. Board of Regents Policy Review: Targeted Business, Urban Community Economic Development, and Small Business Programs

Julie Showers, associate vice president, Office for Equity and Diversity, then shared proposed changes to the [Board of Regents Policy: Targeted Business, Urban Community Economic Development, and Small Business Programs](#), which were outlined in [slides](#) that she presented to the committee.

4. 2021 Budget Update

Myron Frans, senior vice president for finance and operations, then began his budget update by first cautioning members that there has been some confusion at the state legislature about federal COVID-19 relief funding provided to the University; mainly, some legislators have assumed that the University would have funds available in FY22 to reduce tuition and address budget issues. Frans pointed out that the federal funding was very helpful but did not eliminate the FY20 or FY21 budget deficits. The University had a \$65 million deficit for FY20, and were able to use \$17 million in federal funds to offset the deficit. The anticipated deficit for FY21 is \$170 million, he said, and federal funds received will fall far short of that deficit.

Julie Tonneson, associate vice president and budget director, University Budget Office, then presented slides titled [University of MN – Federal COVID Relief](#), which summarized what federal funding the University received, and how it was allocated. Combined, all of the relief funding would account for only 51% of the \$170 million shortfall in FY21, so it will be necessary to look for other savings or cuts, Tonneson said. Current planned solutions for the remaining shortfall include:

- use of the furlough and temporary pay reduction savings;
- a \$45 million loan to Gopher Athletics;
- \$1 million in targeted federal grant money.

Tonneson forewarned members that these solutions do not include ongoing shortfalls related to the pandemic such as revenue generating activities, which have returned to campus but will not be at full capacity until 2023. Tuition revenue, she explained, has also had significant losses and

will take longer to recover from. Even if enrollment remains steady, she said, the diversity in enrollment has changed significantly, in that resident enrollments have increased and non-resident (particularly international) enrollments have decreased. These enrollment shifts have a large impact on revenue for the University, and will need to be addressed on a recurring basis in 2022, 2023, and 2024 planning, Tonneson concluded.

Gigler asked how the institution is maintaining necessary liquidity to pay bills given the loss in revenue and auxiliary dollars. Tonneson explained that the University has balances across units that represent the cash the institution has to pay bills. Shortfalls, she said, refer to revenue dollars that the University should have versus what it does have. If revenues continued to decline year over year, and the institution had to consistently use balances, then there would eventually be a cash flow problem, she said.

Gigler then asked if the proposed \$45 million auxiliary loan could be financed by the University's balances. Frans told him that would be possible, but the University is better positioned to use commercial paper, at least for the short term, because the interest rates are so low. Tonneson also said that by keeping balances in the investment funds rather than using them, the University avoids drawing on earnings.

Carl Rosen asked if the furloughs are going to continue for the next fiscal year. Tonneson said that the furlough/pay reduction plan will not be extended.

Committee members also discussed the decline in employment for graduation assistants at the University during COVID-19, and how grant funding drove those changes.

5. Auxiliary Services Budget Update

Mike Berthelsen, vice president, University Services presented a slide reflecting the [Auxiliary Services budget in FY19, FY20, and FY21](#). He reported that the areas hit hardest from COVID-19 include housing and residential life, contract administration (which includes dining), parking, and bookstore sales. Most auxiliary services costs are fixed, Berthelsen said, but FY20 deficits were partially offset by spending down balances, deferring capital investments, and funding from the CARES Act and central reserves.

Justin Janke asked if the administration is thinking about different revenue streams for the University. Frans told Janke that part of the PEAK initiative, currently underway, involves looking at ways to enhance the institution's ability to develop new revenue streams. Right now, Frans said, we rely on state funding for our budget, but we don't know how supportive the state will be in future years. Frans used the example of the new [Bioindustrial Manufacturing And Design Ecosystem \(BioMADE\) Institute](#) as a source of new revenue for the University, and described it as an innovative way to secure additional funding.

With no further business, Gigler adjourned the meeting.

Bobbie Erichsen
University Senate Office