

**Senate Committee on Finance and Planning (SCFP)
September 19, 2017
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 reflect the views of, nor are they binding on, the senate, the administration, or the Board of Regents.

[In these minutes: Welcome; Economic Impact Study Update; Institutional Mission and Scope in a Reduced Budget Environment; Follow-up on Student Food Concerns; SCFP Agenda Planning for 2017-2018]

PRESENT: Daniel Feeney (chair), Daniel Lockren, Paul Olin, Jill Merriam, Catherine Fitch, Lisa Babbs, Michael Volna, Michael Korth, Michael Berthelsen, Brian Burnett, Frank Gigler, Robert Goldstein, Fred Morrison, Carl Rosen, Karen Seashore, Erik van Kuijk

REGRETS: Lincoln Kallsen

ABSENT: Karen Ho, Jennifer Gunn, Tracy Peters, Laura Kalambokidis, Erin Deal, Jessica Leung

GUESTS: Provost Karen Hanson; Laurie Scheich, associate vice president, Auxiliary Services Administration; Amy Keran, interim director, Contract Administration; Trish Palermo, president, Minnesota Student Association; Jeff McKinley, interim district manager, Aramark

OTHERS ATTENDING:

1. Welcome and Introductions

Chair Daniel Feeney welcomed the committee and guests and asked those present to introduce themselves.

2. Economic Impact Study Update

Mike Volna, associate vice president and controller, Controller's Office, provided updates on the Economic Impact Study. Volna explained that this will be a refreshed study, as most institutions regularly conduct and subsequently update these studies. Volna commented that this refresh is timely, as the data will be utilized during the upcoming legislative session. A PowerPoint, created by the chosen consulting firm Tripp Umbach, was distributed to members. It included an overview of the consulting firm, the project team, and the upcoming study. Volna highlighted the following points:

- The 2011 study showed that for every dollar the University received from state appropriations there was a thirteen dollar return on investment.

- The refreshed study will aggregate impacts for the 87 counties in Minnesota. It is more effective to speak to local impacts, rather than regional, as legislators represent localized constituent groups.
- Tripp Umbach will use IMPLAN (input-output modeling software) methodology. The model uses the most recent economic data from public sources such as the U.S. Bureau of Economic Analysis (BEA), the U.S. Department of Labor's Bureau of Labor Statistics (BLS), and the U.S. Census Bureau. Impacts are calculated based on IMPLAN data, data received from the University, and secondary data research. Volna noted that the consulting firm would be willing to meet with the committee to answer questions. At this time, the University is gathering the requested data to provide to Tripp Umbach.
- A steering committee has been formed to consult with Tripp Umbach on the project elements. The steering committee conducted interviews with stakeholder groups from August 9th – September 22nd. In consultation with the Office of the Executive Vice President and Provost and the Senate Office, faculty stakeholders were identified and interviewed. Volna invited the committee to list other stakeholders if needed.
- Tripp Umbach will provide the following as the final deliverables of the study: a comprehensive report, an executive summary document, and a final PowerPoint of the findings.

Members had the following questions and comments:

- Frank Gigler asked for clarification on the 13:1 return on investment ratio found in the 2011 study. Volna explained that this is a typical return on investment for research universities. Brian Burnett, senior vice president, Finance and Operations, added that legislators have expressed that this ratio seems exaggerated, this has led to the request to have the impact delineated to the county level. He noted that this will highlight the ways in which the University attracts investments such as research grants and out of state tuition.
- Catherine Fitch commented that data from the Institute for Research on Innovation and Science (IRIS) from the University of Michigan might be applicable to this study.
- A number of members commented that it will be important to highlight to legislators additional valuable contributions of the University, not just the economic advantages.

In closing, Feeney was assured that the Tripp Umbach firm will be perceived as credible by legislators. Volna offered to return to the committee with the preliminary data in November or December.

3. Institutional Mission and Scope in a Reduced Budget Environment

Feeney explained that this topic of the institutional mission and scope in a reduced budget environment was introduced during discussions at the Faculty Consultative Committee retreat. Burnett began his presentation on the topic by noting that funding to the University had increased in the past year, though it did not increase in certain key areas. A PowerPoint presentation was distributed which, Burnett noted, contained information that had been reviewed by other groups, including the Board of Regents. Burnett explained that one goal of this

presentation is to educate audiences on the changing nature of University funding. He then walked members through the presentation and highlighted the following:

- From national educational appropriations data, per student, from 2008 to 2015, most states cut higher education on a per student basis. The average cut was 15.3%; Minnesota cut 20.3%. From 1970-2000, Minnesota was ranked in the top ten of all states in funding for education, as opposed to the current ranking, which is in the twenties.
- All funding is not equal, due to the restrictions based on the source and how it can be used. Each campus has varying challenges based on the different streams of income. A chart depicted that the Operations and Maintenance budget received from the state and student tuition has the least restrictions, while funding from auxiliary businesses that charge the public, such as the University of Minnesota Bookstores and resident halls have more restrictions. The most restricted sources are gifts to the University and research grants.
- Ninety-nine percent of the gifts donated to the University are targeted to a particular program, project, or school.
- As a result of these limitations on spending based on the source of funding, the University has \$1.8 billion in discretionary funding out of a total \$3.5 billion budget.
- In 2010, a generational shift occurred as tuition replaced state support in funding for an education at the University.

Burnett emphasized that the University has made strides in diversifying revenue and directed members to the following information:

- In 1989, state appropriations were 38.8%, tuition was 12.3% and all other revenues were 48.9%.
- In 2017, state appropriations are 18.3%, tuition is 24.7% and all other revenues make up 57.1%.

Burnett explained that different departments have different risks based on how they are funded. For example, the Medical School receives nearly seventeen percent of their funding from the state, while the Carlson School of Management (CSOM) only receives six per cent of their funding from the state. The combination of state appropriation, tuition, endowments, fees and sales, institutional cost recovery, gifts, grants and contracts for individual departments or campuses vary widely. He then discussed ways that the University is mitigating funding risks related to being tuition dependent and revenue growth opportunities:

- Building an endowment as well as recurring enrollment contingency funds for those campuses that are enrollment dependent.
- The budget model forces the units to make decisions, which results in better money management.
- The land grant mission affords the University statewide reach.
- Pension liability is not an issue because there is a defined contribution plan.
- Pursue new degree offerings in professional masters and high demand areas.
- Institute more tuition differentials, similar to those at CSOM.
- Expand corporate partnerships, where appropriate, across the state.

Burnett then discussed the threats the University faces financially such as constraints on raising tuition and the possibility of losing state funding. Feeney then opened the discussion up for the following comments and questions:

- Members expressed the desire to see how the state budget has changed and where the contributions that were once allocated for higher education have been redistributed. Burnett stated that Medicaid costs have increased for most states in recent years.
- Members are interested in seeing how the University compares to peer institutions in terms of salaries, because this is one of the determining factors in being able to recruit top faculty talent. Burnett said that this has been a priority for the Driven to Discover, campaign as well as a focus in discussions with donors.

Provost Hanson commented that the University is part of the greater social structure, which impacts student enrollment decisions and areas of high demand. The University must plan and anticipate the effects of these broader forces.

Feeney noted that inflation will need to be taken into account, e.g., energy costs rise with inflation. Burnett responded that space, in general, must be considered and creative solutions will be needed. One example is the way in which the University is monitoring natural gas costs, and mitigating with the implementation of solar energy and energy conservation efforts.

Provost Hanson commented that it will be important to make common cause with the other economic enterprises in the state that recognize the public value of education, which is likely the University's best short term strategy. The University needs these other economic enterprises across the state not only to donate to the institution, but to advocate for it as well. Burnett agreed and added that it will also be necessary for the University to explore private university strategies while maintaining its public mission.

The complete PowerPoint presentation is available at: [Mission and Scope in a Reduced Budget Environment](#)

4. Follow-up on Student Food Concerns

Feeney introduced Amy Keran, director, Contract Administration, who was invited to follow up on the discussion from last year regarding student dining concerns. The Student Senate and the Minnesota Student Association (MSA) had voiced concerns regarding the food quality, food offerings, and student involvement in providing feedback. Keran then walked members through a PowerPoint, which can be found here: [Student Food Issues](#).

Keran then introduced Jeff McKinley, interim district manager, Aramark, and began discussing the annual customer survey distributed by Aramark in October. She noted that MSA representatives met with Aramark in August and contributed to changes that were made to the survey being distributed this year. Based on MSA feedback, Keran will be working with University Relations to ensure the survey is more widely distributed, rather than just to those customers who opt to access and respond to the survey.

Next, Keran shared some of the changes that are being implemented to address dietary needs, and she stated that the greatest challenge is infrastructure limitations. She said they now provide kosher, halal, vegan and vegetarian options at multiple locations across the Twin Cities campus. In partnership with Prime Deli, fresh grab-and-go kosher meals are brought to campus twice per week, priced at \$6.99 per item. M Dining will be gathering feedback regarding these meals from students as well as monitoring sales.

Keran explained that while they are constantly trying to expand vegetarian and vegan options, it is also important to promote them and understand student perceptions. To increase student participation, Keran informed members of the following partnerships with student groups:

- A Student Advisory Council will be meeting and providing feedback to M Dining and Contract Administration on September 21, 2017.
- A MSA student representative attended the Aramark Annual Business Review meeting in August and this practice will be continued.
- Contract Administration and Aramark staff participated in a Jeffersonian Dinner in August with Food Science and Nutrition faculty and students to discuss the Menu of Change initiative. The goal of this initiative is to increase sustainably sourced food offerings across campus. There is a sustainability coordinator within M Dining partnering with Food Science and Nutrition on this initiative.
- Based on student feedback, they are proactively monitoring food labels and they have seen improvements as a result of this effort.
- Aramark has amended their corporate responsibilities statement in response to MSA feedback. This was the result of ongoing dialogue over the past few months.
- Swipe Out Hunger is a meal donation program that was developed and there will be a partnership with Boynton Health to discuss how to determine student need.

Trish Palermo, president, MSA, stated that progress has been made and the issues raised in last year's Student Senate resolution have been addressed. She further explained that MSA has created a subcommittee to discuss the future of dining halls. Concerns identified by this group will go to the Student Advisory Council. Palermo noted that there is a lot of student interest around food offerings ranging from the sustainability to quality.

Keran provided the following responses to questions that were asked:

- If a student wishes to opt-out of the meal plan due to dietary or religious restrictions that cannot be met in the dining halls, the student will be placed in an apartment where they can prepare their own meals.
- There are no additional costs to the students for the halal chicken. The Prime Deli items can be purchased using flex plan dollars.
- Aramark is trying to be proactive in gathering dining feedback, and the survey results will be broken down by faculty, students, and staff.

Feeney asked Palermo if she is satisfied with the progress, and she said that she is satisfied with the University's response. She commented that in regard to the ethics statement being included in contracts with large corporations, MSA will continue to bring this to the forefront. She emphasized the student interest in the practices of corporations that do business with the

University. MSA will use the interaction with Aramark as a case study, but this is only one contract of many others that will need to be reviewed.

5. SCFP Agenda Planning for 2017-2018

Feeney then introduced the final item which was setting the agenda for the academic year of 2017-2018. He provided a list of possible topics and members discussed the following:

- Last year, the committee discussed an issue with the notification to graduate students regarding stipends. The goal is to ensure that graduate students have received stipends before they are expected to pay tuition and fees. Vice Provost and Dean of Graduate Education Scott Lanyon will meet with the committee to discuss this topic.
- Comparison to Minnesota State Colleges and Universities System (MnSCU)
- Driven Campaign update
- The Foundation's policy on fundraising
- Verifying with President Kaler if the 6-year, \$90 million cut will be extended
- Academic units with financial concerns
- Athletics discussion and the initiative to increase student attendance
- Discuss active shooter preparedness with UMN PD
- Enrollment management and planning
- Faculty and staff demographics, rates of retirement and delayed retirement, implications of healthcare costs
- Update on Indirect Cost Recovery (ICR)

Hearing no further discussion, Feeney adjourned the meeting.

University Senate Office