

Senate Committee on Finance and Planning (SCFP)
May 26, 2020
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:** Finance and Operations Work Group Draft Report]

PRESENT: Frank Gigler (chair), Lisa Babbs, Mike Berthelsen, Brian Burnett, Liz Davis, Harrison Frisk, Tony Fussy, Robert Goldstein, Jennifer Gunn, Stephanie Heim, Linc Kallsen, Jill Merriam, Paul Olin, Jim Pankow, Carl Rosen, Rod Squires, Julie Tonneson, Sashank Varma, Erik van Kujik, Traci Wollums, Ben Yawakie

REGRETS: Aleksander Holleran, Michael Korth, ZiRui Su, Ben Yawakie

OTHER: Adolfo Carrillo Cabella, John Connett, Bradley Deane, Renee Dempsey, Ety DeVeaux, Katherine Dowd, Marti Hope Gonzalez, Scott Lanyon, Terry Roe, Clifford Steer, Megan Sweet, Naomi Thyden, Aks Zaheer

GUESTS: Ken Horstman, interim vice president, Office of Human Resources

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

1. Finance and Operations Work Group Draft Proposal

Ken Horstman, interim vice president, Office of Human Resources joined the committee to present the Finance and Operations Work Group Draft Report, which included the pay cut/furlough plan for University Employees. Horstman provided the following details:

- The proposed plan is the extent of the cuts for next fiscal year, they will not be steeper, even if the losses are greater.
- The money that would be saved from the pay cuts/ furloughs will stay with the individual units to help them meet reallocation targets.
- The pay cuts/ furlough plan is proposed for two cycles. The second phase, which begins in December 2020, may not be necessary. Indicators that will be monitored to determine whether the second cycle is necessary include:
 - The status of fall 2020 campus operations;
 - The enrollment numbers for fall 2020;
 - The amount of state funding support;
 - The status of auxiliary activities, which are revenue generating (i.e. Northrup, Campus Club)

Horstman told members that the report addresses primarily revenue losses, not expenditures. He noted that revenue loss is the most significant financial challenge for the University due to Covid-19.

One member asked if consideration has been given to making the pay cuts/ furloughs different across coordinate campuses, since some campuses are likely to be impacted more by financial challenges. Horstman explained that the Board of Regents views the University of Minnesota as one body, and views the institution's financial challenges this way as well. He notes that the institution also prevents discrimination issues by planning for all campuses together. That being said, Horstman said, if a faculty group asked the work group to consider an alternative plan, the work group would take it under advisement as long as they could ensure equity.

Members asked if any consideration has been given to using endowment money to offset pay cuts and furloughs. Burnett acknowledged that there has been media coverage on this issue recently, and that some schools (i.e. Yale University, Princeton University) are considering that option. He explained that those schools have different endowments structures than the University of Minnesota, with 30-40% of their operating budget coming from their endowments. Alternatively, Burnett explained, the University of Minnesota uses 2-3% of endowment dollars in the budget because more than 95% of the institution's endowment is restricted funds, and the money is governed by legal agreements with donors that direct the funds to be used for specific projects. Burnett told members that his office is working on a formal response on behalf of the University that explains these constraints, and members agreed that a public response would be helpful.

Members asked how the work group decided to exempt employees making 40K or less per year, rather than 60K per year, as recommended by College of Liberal Arts faculty members. Horstman explained that the work group drafted a number of iterations of the proposal and members, particularly faculty, were interested in "smoothing" the steps as much as possible, which led to the current draft. Horstman said that he would take this consideration back to the work group. He said he expected that the labor-represented employees would ask that question as well, and noted that conversations with the labor unions about the draft plan were just beginning.

The committee asked if the work group is expected to take up long term financial planning. Burnett told members that the President has not made a decision about that, but he expected that there would be subgroups established that would continue work and then report back to the work group. Burnett pointed out that this was outlined in the work group charge.

One faculty member noted that there is a relatively small number of faculty members on the work group, and suggested that when long term planning, which would be less expedient, the work group should prioritize more faculty involvement. Burnett said he would pass that feedback onto the President and noted that he had heard that suggestion from others as well.

Burnett told members that \$17 million dollars of federal CARES Act money that the University is expected to receive has not yet been allocated. He said the plan is to look at each individual unit to determine needs before deciding how to distribute. There will likely be consultation with the SCFP and the Faculty Consultative Committee once those determinations have been made, Burnett said.

With no further business, Gigler adjourned the meeting.

Bobbie Erichsen
University Senate Office