

Senate Committee on Finance and Planning (SCFP)
November 17, 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:** Athletics Budget Update; Systemwide Strategic Plan Metrics]

PRESENT: Frank Gigler (chair), Lisa Babbs, Liz Davis, James Farnsworth, Bart Finzel, Myron Frans, Tony Fussy, Robert Goldstein, Tabitha Grier-Reed, Jennifer Gunn, Stephanie Heim, Justin Janke, Linc Kallsen, Jill Merriam, Paul Olin, James Pankow, Scott Petty, Carl Rosen, Rod Squires, Julie Tonneson, Erik van Kuijk, Mike Volna

ABSENT: Laura Kalambokidis, Ben Yawakie

REGRETS: Mike Berthelsen

GUESTS: Mark Coyle, athletics director, Intercollegiate Athletics; Rhonda McFarland, deputy athletics director and chief financial officer, Intercollegiate Athletics

OTHER: Bill Haldeman, Hana Ikramuddin, Megan Sweet

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

1. Athletics Budget Update

Mark Coyle, athletics director, Intercollegiate Athletics, and Rhonda McFarland, deputy athletics director and chief financial officer, Intercollegiate Athletics, joined the committee and shared slides titled [Intercollegiate Athletics - Twin Cities](#), which included a summary of the financial state of Intercollegiate Athletics and future challenges for the department. Coyle's updates to the committee included:

- Prior to financial implications of COVID-19, Intercollegiate Athletics was anticipating a \$4.5 million budget shortfall in FY21. The department was working to identify solutions to resolve the deficit when the pandemic struck.
- Intercollegiate Athletics is now forecasting a revenue disruption of \$75 million in FY21.
- Intercollegiate Athletics is working with the University Budget Office on a long-term loan to resolve the expected deficit.

Coyle noted that the athletics departments have the following five revenue streams:

- Big Ten/ NCAA;
- Ticket sales;
- Fundraising;
- Multi-media rights/ sponsorship; and,
- Misc (concessions, rentals, licensing).

The pandemic, he explained, has impacted all 5 revenue streams for the University.

Similar to Big Ten peers, Coyle said, the institution is considering a bridge loan to recover losses. Intercollegiate Athletics has had preliminary conversations with Julie Tonneson, associate vice president, University Finance, about a potential bridge loan. Unfortunately, he cautioned, the athletics departments will not know how much money they will need until the end of the year because their revenue streams (i.e. Big Ten football broadcasting dollars) are constantly changing due to cancellations for pandemic related issues. Additionally, there is still a chance that other revenue generating sports, such as men's basketball, will be largely impacted. Coyle explained that his department will have a better idea of how big the loan will be at the end of the fiscal year, when some of these issues have been resolved. He told members that the loan will not be from the academic side of the institution, and Tonneson added that any loan issued to athletics will include a payback plan with the lowest possible interest rate.

2. Systemwide Strategic Plan Metrics

Myron Frans, senior vice president of finance and operations, shared the [draft Systemwide Strategic Plan Metrics](#) with members and explained that further consultation will be done at the University Senate on December 3, and then with the Board of Regents on December 11.

Frans called members' attention to commitment five, *Fiscal Stewardship*, and asked for feedback on the metrics. One member commented that the proposed measure to "reduce average student debt (for those who borrow) to less than \$25,000 upon graduation" may be unattainable for some students, particularly graduate students. The member noted that the institution has 35% graduate students, and for students in large programs, such as medical school or the MBA program, it is unlikely that students will not take on less than 25K in debt.

Frans thanked committee members for their input and encouraged members to continue to pass along feedback as the metrics are refined.

3. Committee Discussion: Systemwide Strategic Plan Impact on the University Budget

Gigler introduced the next topic by reminding the committee of previous comments made by members about how the Systemwide Strategic Plan will impact decisions about future budgets for the University. He then asked Jennifer Gunn to make opening comments about the topic.

Gunn raised the following points:

- When considering giving the athletics departments a significant loan to make up for losses in FY21, the focus seems to only be about balancing the budget. But perhaps more attention should be given to the impact of borrowing against the University's future.
- The commitment made by the administration at the start of the pandemic to keep employees whole in terms of their compensation is an example of a priority or a value for the institution.
- The institution's budgetary decisions do not always reflect a commitment to equity. For example, there have been discussions about extending free tuition to all non-indigenous peoples that attend the University, not just those that enroll on the Morris campus. The

tuition waiver at Morris, she explained, was a priority established to address the way the University's land was acquired as a land grant institution. Gunn wondered how conversations about the University's commitment to equity fit in when the University is making budgetary decisions.

- Gunn commented that the institution will have to face challenging financial decisions over the next few years, and she questioned how the Systemwide Strategic Plan will inform potential cuts to programs.

Frans addressed Gunn's comments, acknowledging that there are not a lot of clear answers right now because the institution is making many financial decisions to address the pandemic. He told members that the 2021 budget request was just presented to the Office of Management and Budget, and the request was for an additional \$46.5 million for the biennium. He noted that the University will not know the outcome of the request until May. Tonneson added that the athletics department and the auxiliaries are the two areas that are most impacted financially by the pandemic, and University Finance is considering loan options for both.

Gunn commented that the Systemwide Strategic Plan reflects pre-COVID priorities, and she recommended that the administration continue to evaluate how the metrics identified in the plan impact choices and priorities for the future.

With no further business, Gigler adjourned the meeting.

Bobbie Erichsen
University Senate Office