

AHC F&P Committee Meeting
February 3, 2005

AHC FINANCE & PLANNING COMMITTEE

Minutes of the Meeting

These minutes reflect discussion and debate at a meeting of a subcommittee of the AHC Faculty Consultative Committee; none of the comments, conclusions, or actions reported in these minutes represent the views of, nor are they binding on, the Senate or Assembly, the Administration, or the Board of Regents.

PRESENT: Dan Feeney (chair), Lynda (Kreischer) Young, Beth Nunnally, David Hagen, Stewart McMullan, Thomas Shier, Joan Liaschenko

REGRETS: Kathryn Dusenbery, Tim Church

[In these minutes: Continued review of FY2004 Report; discussion about the letters regarding the budget model]

Professor Feeney called the meeting to order at 4:30p.m. He opened discussion on two letters written by Professor Chuck Campbell, Chair of the Senate FCC committee, to SVP & Provost E. Thomas Sullivan. The first letter focused on issues that are linked to the development of the new budget model that is pending before the Senate Committee on Finance and Planning. The issues include:

--The question of subsidies, including subsidies through the fringe benefit system and implications of change to a direct charge system for fringe benefits.

--The issue of funding of common goods (i.e., libraries, HR systems, student registration systems, etc.)

--The affects of implementation of IMG within colleges.

The second letter focused on generation of a database to evaluate opportunity costs and resource allocations to colleges and departments across the board.

Professor Feeney sought the Committee's advice regarding any need for a response. It was agreed no further discussion with Professor Campbell or the Internal Budget Model Working Group was necessary because the issues were self-explanatory and represented concerns that must be discussed further as the budget model evolves.

Next, David Hagen walked the committee through two chart templates and one column graph template he had updated for the FY2004 Institutional Revenue Report. These templates include:

FY2004 Sources of Revenue Chart

--Updates to the chart and comparisons to the 2002 report were discussed.

FY2004 Expenses By Object

--Updates to the chart and comparisons to the 2002 report were discussed.

FY2004 State Funding Per Tenured/Tenure Track Faculty

--Question: Do O&M figures include tuition? Answer: O&M does not include tuition. Committee decided at the last meeting to remove tuition out of O&M totals.

--Question: Would Column E be better if titled “Tenure /Tenure Track and Term Faculty”; in other words, total faculty count?

--Question: Does the title for Column F, “Professional/Professional Academics,” also include Professional Administrators? Answer: No, Column F is Professional Academic only.

--There could be a high level of sensitivity as to what is included in the faculty classification types. The graph displays column data for academic professionals only. It does not include administration.

--State special and tobacco revenues are not included in the O&M support.

--Totals for O&M are pre-tax (IRS and Enterprise).

Professor Feeney suggested re-formatting the columns to reflect a combination of academic appointments instead of just tenured/tenure track faculty because of the changing academic demographics.

Professor Feeney requested that the committee create “Talking Points” in order to better prepare for questions that may arise from either/or the Budget Model Working Group or the Senate F&P Committee, when the FY2004 Report is presented to these committees.

Talking points generated by committee include:

With increased dollars per student and per funding agency, recipient service expectations are higher.

--As students pay higher tuition, students expect more from faculty.

--As more specialized programs are added, more expended program effort is expected.

The Fairview Hospital system and how it fits into the AHC FY2004 Report:

--Fairview is not a part of the University of Minnesota and the AHC receives no revenue sources from Fairview.

--Any sources of revenue received from Fairview for space rental, contracts, etc. goes through Central Administration.

--Fairview pays the U of MN collectively approximately \$7 million/yr for rent of the hospital space. AHC receives a "dividend" of \$1 million/yr from Central from that rent.

Definition of Non-UMP Clinical and UMP Academic Transfers (Sources of Revenue Chart Item)

--UMP Academic Transfers is basically the Dean's Tax assessed by the Medical School on the clinical operations income of the UMP.

--The Dean's Tax received by the Medical School is approximately 2.5% to 3%.

--The Dean's Tax received from UMP is taxed by the IRS at 8.5%. (Dean's Tax is taxable revenue under the IRS.)

--Non-UMP Clinical is made up of the Veterinary and Dental Clinics.

--The 5% shown on the chart equals clinical revenues (total gross income) earned in Veterinary and Dentistry clinics.

The AHC Sources of Revenue Charts does include the AHC Centers.

--The AHC shared Center data cannot be removed from the AHC charts as it is core to the mission.

The "Other Academic Units" Charts "does not include their Centers.

--Other Academic Units Center data could be included, depending on time and how much work it is to identify the Centers that are under the Provost Office that are equivalent to our AHC shared Centers.

Professor Young proposed that committee view a presentation given by Dr. Cerra to the Regents defining clinical practice and the different models of faculty practice activity across the AHC. Professor Young worked with Dr. Cerra on this presentation and volunteered to bring it to present to the committee as a future agenda item.

The next AHC F&P meeting is February 17 with continued review of the FY2004 Report.

With no further business to discuss, Professor Feeney adjourned the meeting at 6:00 p.m.

Judy K. Wirebaugh
University Senate Office