Minutes*

Senate Committee on Finance and Planning
Tuesday, October 5, 2010
2:00 – 3:45
238A Morrill Hall

Present: Russell Luepker (chair), Jon Binks, Sarah Chambers, Will Durfee, Lincoln Kallsen, Kara Kersteter, Lyndel King, Judith Martin, Kathleen O'Brien, Paul Olin, Terry Roe, Michael Rollefson, S. Charles Schulz, Mandy Stahre, Jeremy Todd, Lori-Anne Williams, John Worden

Absent: Devin Driscoll, Steen Erikson, Fred Morrison, Shruti Patil, Richard Pfutzenreuter, Gwen Rudney, Karen Seashore, Thomas Stinson, Michael Volna, Aks Zaheer

Guests: Leslie Krueger (Office of the Vice President for University Services); Rick Johnson (Capital Planning and Project Management); Vice Provost Gerald Rinehart (Student Affairs, Assistant Vice Provost James Turman (Recreational Sports)

[In these minutes: (1) financial modeling; (2) University Services budget-planning process; (3) update on light rail; (4) Mayo Garage renovation; (5) Recreational Sports expansion]

1. Financial Modeling

Professor Luepker convened the meeting at 2:00 and turned to Mr. Kallsen to present a report on financial modeling.

Mr. Kallsen began by reporting on discussions that have been held with members of the Board of Regents and distributed a handout with examples of the work they have done on financial modeling. The Board has been interested in financial modeling ever since the "Financing the Future" report came out and the Board asks what the University will be like financially in five and ten years.

Mr. Kallsen noted first a one-page table containing the annual forecast of revenues, expenses, and changes in net assets for June 30, 2010, and June 30, 2011. This is a document prepared every year; the Board has asked that it include more years. This summer the Budget and Finance office talked about what it would take to do financial modeling.

The next page Mr. Kallsen presented outlined the "Strategic Decision Elements" that are needed in order to do financial modeling (and included the data for last year and projected through the end of this fiscal year). For example, they would need to know what assumptions are made about tuition, fees, and enrollment changes. The conversation about tuition is usually about rate changes; there is little talk about what the size of the University will be. The University has added 15,000 students since 1994, which has improved the institution's financial situation. They need to know, Mr. Kallsen said, if the University will add another 15,000 students; adding students has consequences, and the consequences depend on what students are added—for example, are they Ph.D. students or undergraduates?

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* 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 represents the views of, nor are they binding on, the Senate, the Administration, or the Board of Regents.

Professor Luepker observed that the statement that the additional students improved the University's financial situation assumes the students provide more revenue than they cost. Mr. Kallsen agreed and said they COULD improve the financial situation—again, it would depend on what kinds of students are added (e.g., Ph.D., Masters, or undergraduate). Professor Martin commented that the University is better off financially with non-scholarship, full-time, tuition-paying students.

They need also to make assumptions about funding from NIH and NSF as well as other federal agencies, Mr. Kallsen said. They also need to understand from the academic leaders if there are certain areas where the institution or a campus/college may go after special grants because of an institutional emphasis. Some such areas could be costs, Professor Martin said; they could also be investments, Mr. Kallsen pointed out.

Tuition and fees, grants and contracts, and state funding total about 60% of University income, so they need to know what parameters and projections the institutional leaders wish to use.

On the expense side, there are what are called "education and general" expenses (a term used to provide information to the federal government). Part of what they need to know is the size of the faculty and staff complement and the projected salary levels. This would include the number of graduate students. These data would be related to faculty-student ratios and to the use of adjunct faculty.

Professor Martin inquired if the assumptions are based on recent data or on history? The challenge is how the University comes up with estimates, Mr. Kallsen said. In the past, the default has been the trend or the current state. Professor Martin said she knows that some units at the University have a comparatively small number of faculty members for the number of students in the program; will that continue? The academic community needs to put boundaries around the numbers, Mr. Kallsen said, and they will then provide the data on what happens given certain assumptions.

They also need to know about fringe-benefit costs, Mr. Kallsen continued, as well as space and facilities costs. Grants that do not require additional space are not bad for the University; when they require adding space, they get expensive.

Another item that needs to be factored into the projections is any significant new academic investments. They could be modeled as part of a compact pool or identified separately if they are truly large investments in certain areas. With a new president, that could change dramatically, Professor Martin observed.

Do they book depreciation costs, Professor Luepker asked? They appear on the financial statement but most academic institutions do not, Mr. Kallsen said.

Professor Luepker noted that the FY11 data show $133 million in income from gifts. That is money transferred from the Foundation to the University's operating budget, Mr. Kallsen said, and includes money provided for immediate use as well as from endowments. One question has been whether the University is too endowment-heavy and does not seek enough annual giving.

They have reviewed this approach to modeling with the Board of Regents, Mr. Kallsen said, and asked how answers to the questions about Strategic Decision Elements will be provided. The Board has assigned the questions to their committees, so that the Educational Planning and Policy Committee will look at questions of enrollment and tuition rates, Facilities will look at capital appropriations, and so on.

Professor Martin asked if it is assumed there will always be a six-year capital plan. There is, Mr. Kallsen said, because the legislature requires it, as does Board of Regents policy. But if the University says there will be no net new space, so no new space without taking other space off line, it could be a quite different plan. Mr. Kallsen agreed; it may be that the plan could consist of renovating two buildings and taking three other ones down.

Professor Durfee said there has been talk about cutting administrative costs around the University; do they appear in the Education and General expenses? They are under staff salaries, Mr. Kallsen said; one possibility that has been raised has been a ratio of staff to faculty. Professor Durfee suggested that administrative costs have been of sufficient concern that perhaps they should be put in a category of their own.

Professor Roe asked if this is the first time this methodology has been used. They have run trends before, Mr. Kallsen said, but are now pressing the administrative leadership to define categories and provide specifics. They also need to put confidence limits around the projections, Professor Roe said. Mr. Rollefson asked if any institution like Minnesota uses this instrument routinely. Others use parts of it with more specifics, such as undergraduate enrollment management, Mr. Kallsen said. It seems logical and intuitive, Professor Luepker said, but people don't do it? Mr. Kallsen pointed out that in terms of graduate enrollment, for example, there are 200 programs making enrollment decisions. The Provost's Enrollment Management Committee is one mechanism to round up the needed information. Professor Luepker agreed that graduate programs are a cottage industry making modeling difficult. It may help academic achievement but it does limit financial modeling, Mr. Kallsen said.

Professor Schulz asked how the modeling is related to strategic planning. Mr. Kallsen said that the Strategic Decision Elements are the specifics they need from the strategic-planning process in order to do the financial modeling. They can work with ranges but they need the academic leadership to say what those are. The finance people will not do that.

Are support services more predictable, Professor Luepker asked? Or are all those decisions local as well? The finance people do not know the proper size of the police department or the appropriate budgets for repair and replacement, Mr. Kallsen observed. They need to understand the financial levers, such as the capital plan, repairs and replacements, and so on, and they are often laid out in a way that they can be used for modeling, but they have no document identifying the number of faculty members CLA needs to accomplish its mission—they do not have the academic numbers in the detail they need.

But the deans would say they cannot plan those numbers until they know the budget, Professor Luepker observed. They are in a tough position year to year, Mr. Kallsen agreed, but over five to ten years, they have more degrees of freedom to structure costs and revenues; he said he believed the tool would be helpful for deans. Professor Schulz agreed that it could be—but noted that if the most constructive vantage point is ten years out and the average decanal tenure is six years, how will that work out? One could say the same thing about university presidents, Professor Martin responded.

Mr. Kallsen next provided the Committee with examples of how the tool might be used with specific units. It is interactive, he said, so that those trying to make projections can change their assumptions and the financial projection changes accordingly. One can vary the expected number of students, tuition rates, state funding, growth in private funds, changes in faculty/staff numbers, salaries, cost pools, and so on. He noted that the difficulty of making projections can vary with the unit; the Morris campus, for example, is easier than the Medical School; the latter is more complex with more revenue streams. Modeling is thus done differently at different places in the University—but many colleges are doing something like this.

Will the individual college and campus data feed into the institutional projections, Professor Roe asked? They could, Mr. Kallsen said. They do not have a sheet with the Strategic Decision Elements for every college so cannot just insert the data.

Professor Martin noted that for the two examples provided to the Committee, both units projected increased funding and a positive balance by FY15. The results depend on the assumptions one makes, Mr. Kallsen said, and they are very dependent on student numbers. In the case of one unit, the projection includes no net new hiring for five years but an increase in the number of students. If the number of students were changed (i.e., increased), the unit could possibly then project adding faculty or staff.

Professor Durfee asked whether, when deans and chairs manipulate the state funding, are their projections based on what they believe the legislature will do or on their share of the money. That is the element of the projections over which the University has the least control, Mr. Kallsen said; one can pick a range but the confidence level has to be a little wider, and some units could be doing contingency planning (e.g., a 10%, 15%, or 20% cut in state funding).

Professor Luepker said that "this is fantastic" and it would seem that in compact discussions every dean would come in with these projections. What is preventing that from happening? Most college leaders have four- or five-year strategies that they can articulate, Mr. Kallsen said, so it's not accurate to say they don't think about them. The question is whether they have enough specifics so that one can do reasonable financial modeling. Will they cut faculty or staff? How many? In what area? Will they add students? What level? And so on. Professor Luepker suggested the deans should be asked to do this kind of modeling.

Mr. Rollefson commented that the University has added 15,000 students since 1994 and also had double-digit tuition increases, so there was a substantial increase in tuition revenue, but that it is unlikely those patterns can continue. Mr. Kallsen demurred and noted that the academic leaders could tell those doing the modeling that they should plan on another 15,000 students.

Professor Roe also commended Mr. Kallsen and his office for their work. He said they also need to obtain data on productivity—new discoveries, graduation rate, journal articles, etc. Mr. Kallsen agreed. He noted that on one of the unit tables there are "management ratios," such as O&M funds per student, sponsored funds per faculty member, and so on, and one can play with those, but they are not productivity measures per se. One can, however, say that if a unit adds 20 faculty members, it can expect additional grant funds of $X, and so on.

Professor Martin asked if state agencies have also been asked to make projections for 5/10/15% cuts; is this not an example of doing that? It is not, Mr. Kallsen said, because state agencies, at least in terms of revenues, are much simpler than the University.

Professor Luepker thanked Mr. Kallsen for the report.

2. University Services Budget Planning Process

Professor Luepker turned next to Vice President O'Brien and also welcomed Associate Vice President Gail Klatt, the University auditor, and Leslie Krueger, Chief of Staff to Vice President O'Brien. He recalled that the Committee has talked about, and talked with some of the deans about, how budget planning and compacts are done in the support units, a process that is occurring right now. Some of the deans worry that the support units come first, so have first claims on the funds.

Vice President O'Brien began by noting that University Services is the non-academic operations of the University; some of their units are system-wide and some are only located on the Twin Cities campus. Their activities are driven by the academic enterprise; they consult to determine what services are needed and how well they need to be provided.

University Services funding has been cut by 9% this biennium, Vice President O'Brien reported, and has seen a 12% reduction in personnel, and they tried to reduce staffing without layoffs (although there were a few). The deans have asked if they cut service or increased productivity; they ended up doing both. They look at peers in other universities, government, and the business sector (depending on the service) to measure performance. University Services includes Auxiliary Services, Capital Planning & Project Management, Facilities Management, Public Safety, and University Health & Safety. Auxiliary Services includes Housing and Residential Life, Parking and Transportation, the bookstores, Dining and Beverage Contacts, University Stores, and Printing). These units include many front-line positions; they are highly unionized but also have some staff with Ph.D.s (e.g., in biosafety and radiation protection). There are about 2600 FTEs, including about 1800 student employees who work, for example, as student monitors, in parking, dining services, the bookstores, custodial services, but also as engineering interns. The budget for University Services this year is about $388 million. It is a large organization, and as the person responsible for it, she enjoys diversity and change—which is a good thing, because she gets a lot of it.

Part of the job is to manage the budget, and that is ongoing, Vice President O'Brien related. When they receive their budget target, they do not make across-the-board cuts; for example, she has held harmless the police and Environmental Health and Safety (their funding has not been increased but it has not been cut) because the campus has added millions of square feet for research but not increased the offices to ensure research safety. University Services has also launched some initiatives, such as sustainability, but they have all been funded by internal reallocation.

The Auxiliary Services units receive almost no O&M funds—they are self-supporting. They are, however, put on the same budget rigor and are benchmarked across the Big Ten. (The University is on the low end for room and board.)

This spring Capital Planning and Projects Management had to face the fact that the number of projects at the University has declined dramatically, so in May they cut their staffing level and the unit by 40% in order to recalibrate.

She has talked with the Committee about macro strategies such as space utilization and energy conservation, Vice President O'Brien recalled. No matter how efficient or effective they try to be, every square foot of space has costs. She thought it would be helpful for the Committee to learn what they do on a regular cycle, what they call business planning. This year she asked all unit heads to look out four years and assume 20% less revenue.

Ms. Krueger began by providing an overview of the business planning process that University Services uses. It provides both strategic and tactical direction to University Services departments, addresses what the department does, what it is trying to achieve, who it serves, how it will use its resources to achieve its goals, and how it will know when it has been successful. Units develop a mid-range plan (a 4-year planning horizon) that aligns department services with University and University Services strategic goals. They are how they would respond if their budgets were 20% smaller in 4 years. Finally, the business plans are driven by the University's academic plan.

She noted that the core purpose of University Services is to make the University work, the core mission is "University Services creates and sustains a physical environment and service culture that advances and supports teaching, research, and outreach," and that its core values are excellence, integrity, accountability, and stewardship. Ms. Krueger used some graphics to explain how the activities are linked to the goals of the strategic-positioning process and how their business-planning process actually works. She noted that many University Services units have been doing this kind of planning for years, that they are not reinventing the wheel, and that they do not bring in consultants but instead use teams in the unit.

The business-planning process includes an environmental scan, a department overview (e.g., revising the mission, identification of primary business, alignment with University and University Services goals), overview of service activities and strategies (activities, markets/customers/expectations, relationship to other departments, performance metrics, and so on), resource planning (including finances, workforce, technology, equipment, and space), reviewing the plan with others, and implementing it. The process can include asking whether what they are doing should be done by another unit and whether there are things they should no longer do. They look at both productivity enhancement and service reductions. Ms. Krueger reviewed the elements of the business plans for the larger units within University Services and provided examples of how two of the units align their activities with the strategic-positioning goals.

Vice President O'Brien repeated her point that University Services needs an academic plan so they can learn what they need to do.

Professor Luepker thanked Ms. Krueger and said the presentation was helpful and impressive, and he wondered if academic units had a similar approach to planning. What would she say to the President if he asked her for plans for 5%, 10%, and 15% budget cuts, Professor Luepker asked Vice President O'Brien? She said they have been asked for plans for 3% and 5% cuts next year and will use the outcome of the process Ms. Krueger just described to feed into the budget discussions about service levels, savings, and so on. They must have their budgets ready by mid-October so the cost pools can be set, and the President makes the final decisions in January.

Professor Martin asked if there have been savings now that the Facilities Management reorganization has been in place for a year. That is a complex question, Vice President O'Brien said. Facilities Management had a structural deficit of about $3 million annually; now it has a balance of about $8 million, and surveys tell them that their customers' satisfaction level has changed only from 83% to 82% positive. They achieved a number of savings from recommissioning buildings, and with a rigorous safety program reduced Worker's Comp costs from $1.2 million in 2008 to $512,000 in 2009 and have spent only $122,000 to date in 2010. Professor Martin commended University Services for saving money but not making units unhappy in the process.

Mr. Rollefson said that some parts of the organization are outsourced and there have in the past been discussions about outsourcing other parts. How is that decided? In the early 1990s, when she served as Chief of Staff to President Hasselmo, Senior Vice President Gus Donhowe did a comparative review and decided to get out of some businesses, such as the University laundry. In the late 1990s the University assessed whether it should be in the food business and ended up (now) with a unique structure that did not outsource all of food services: The employees are University employees but the management has been outsourced, which has saved the University money. In the business-planning process they do ask whether they should be in a business, and continually monitor their activities with that question in mind (including looking at other universities and the local market). In some cases (e.g., land care), they provide employment for many students so can actually deliver services at below-market costs.

Professor Durfee asked how customers are involved in the business plans. That varies by unit, Ms. Krueger said. Most University Services units conduct regular surveys. Others have standing committees such as residence-hall councils and the "bridge group." Facilities Management uses an outside service for benchmarking that works with colleges and Universities nationally. As part of that process, they conduct a survey of units served by FM. FM also meets monthly with the "bridge group." Vice President O'Brien explained that when they restructured Facilities Management, they established a group drawn from academic and support units, the "bridge group," that is their network to collect information and to get information out.

Professor Luepker noted that the support units were asked to respond to cuts of 3% and 5%; will the cost-pool rates will be set and included in the budget instructions to the colleges? Eventually, Mr. Kallsen said. They set budget targets for the service units and sum them for the cost pools. Vice President O'Brien noted that in some years there have been changes later; Mr. Kallsen agreed and reported that some support units were cut again later in the budget process.

Professor Luepker thanked Ms. Krueger and Vice President O'Brien for the presentation.

3. Update on Light Rail

Vice President O'Brien now provided the Committee an update on light rail and commented that the Committee has been an interested and helpful partner in the University's work on light rail. She reviewed the University's guiding principles and objectives to guide the negotiations (the latter include: optimize the transportation system; enhance campus functionality, safety and aesthetics; strengthen the community; protect the University's research enterprise; ensure a durable, long-term agreement; and provide enforceable obligations). The General Counsel's office was a partner in the negotiations and did the drafting of the Memorandum of Understanding; it is about 40 pages long with 150 pages of exhibits [it can be viewed here: http://www.lightrail.umn.edu/assets/pdf_new/agreement.pdf].

Starting last April, there were 27 days of court-ordered mediation, Vice President O'Brien reported, and a final agreement was reached late in August; the agreement has been approved by the Board of Regents as well as the Metropolitan Council and the other public entities required for construction. The agreement has been sent to the Federal Transportation Agency; when the FTA accepts it, the University will then request a dismissal of the lawsuit against the Metropolitan Council.

Vice President O'Brien reviewed with Committee members a set of slides that had been prepared for the Board of Regents explaining the elements of the Memorandum of Understanding and how those elements were linked to the University's objectives.

The work on the Central Corridor light-rail project continues. The University has a Research Mitigation Plan, with three groups created: a Lab Mitigations Planning Executive Committee (the members of which are Vice Presidents Mulcahy and O'Brien as co-chairs and Senior Vice President Cerra, Deans Crouch and Elde, and Vice President Pfutzenreuter); a Lab Mitigations Assessment Committee (with Professors Kaveh, Moldow, Ponce de Leon, Campbell, Bernlohr, and Nelsestuen and the leadership from respective colleges/departments); and a Lab Mitigations

Implementation Team that includes people responsible for labs and faculty and staff from respective colleges/departments

Vice President O'Brien reviewed the timeline:

Construction	May 2011 – Oct. 2012
Systems development	Oct. 2012 – Aug. 2013
Commissioning and mitigations certification	Aug. 2013 – June 2014
Revenue service begins	Summer 2014

She also provided some visual depictions of the stations on the West Bank, East Bank, and in Stadium Village and reminded the Committee that there will be a transit/pedestrian mall from the east end of the Washington Avenue bridge to just east of the Radisson Hotel.

Vice President O'Brien said she believed the University was well-positioned and achieved a good outcome. One great benefit from the negotiations about mitigation is that University Services staff has learned more about the research and built professional relationships, something that will be to the benefit of both.

Professor Schulz inquired how transportation would be handled for units (such as his) that are divided between the Medical School and the West Bank and Amplatz Children's Hospital. Four work teams (research mitigation, construction, access, and communications) have been established and the access team will deal with special problems and identify where solutions are needed; also, they will work on a month-to-month basis addressing problems as they arise. Information about the project can be found at http://www.lightrail.umn.edu/.

In response to a query from Professor Martin, Vice President O'Brien reported that a free-fare zone on the campus is not included in the agreement. What might make it happen, Professor Martin asked? The University has a good relationship with Metro Transit, Vice President O'Brien said, and they will be operating the light-rail; the University purchases about 22,000 UPasses and 2500 Metro Passes. She will be having discussions with the Director of Metro Transit about whether the University's contract with Metro Transit should evolve, given the presence of the train, and they would revisit a free-fare zone concept later.

Professor Luepker thanked Vice President O'Brien for her report.

4. Renovating the Mayo Garage

Professor Luepker reported that when he attended the Board of Regents meeting two weeks earlier, he learned about two facilities proposals (the Mayo Garage renovation and the Recreational Sports addition) that were news to him; as a result, Vice President O'Brien arranged for the Committee to hear about them.

Vice President O'Brien reported that the Board of Regents received an item for information about the relocation of small-bore NMR (Nuclear Magnetic Resonance) machines. It will go to the Board for action in November. Hasselmo Hall contains 8 high-powered magnets used by many University researchers as well as researchers from other universities and the private sector. They support about $100 million in University research grants, so they are very important.

They were concerned from the start about the effect on the magnets of putting light-rail transit on Washington Avenue and whether the mitigation would allow the magnets to continue to operate. What they learned that mitigation would meet the standards for continued use of the magnets when the trains are operating—but not during construction. That would mean they would have to be shut down during construction, and it takes 4-6 months to shut them down. The magnets have been there since Hasselmo Hall was built, so there is a question about whether they would start up again, and there is also no room for expansion in the current facility. They explored moving the research elsewhere during construction, but there was no magnet time available, and shutting down the magnets would involve a cost of $2-3 million per month in lost research funds. With construction possibly lasting up to 10 months, that would have been a major loss of funding and have a significant impact on important research.

So, Vice President O'Brien said, they concluded they should relocate the magnets to ensure the continuity of the research. They discussed moving them to the Biomedical Discovery District, north of the football stadium, but those with expertise determined that because there is so much research on tissue samples from nearby labs, it was important to keep the magnets in the core of the buildings on Washington Avenue. The Mayo Garage has been vacant since 2002, so they have studied whether they can put the magnets there. She introduced Rick Johnson from Capital Planning and Project Management to provide additional information.

Mr. Johnson distributed copies of slides used to present the project to the Board of Regents and briefly reviewed their contents. The NMR facility will be planned for 12 magnets as well as research offices and associated space. There will also be improvements to the Mayo plaza (the NMR facility will be adjacent to (but underneath) the traffic turnaround in front of the Mayo Building; the traffic will be slightly realigned).

Mr. Johnson explained that if the Board of Regents approves the project, between now and less than a year they will need to renovate the Mayo Garage space and begin to move the magnets from Hasselmo Hall. They will start demolition two weeks after the Board acts, if it approves, because they are trying to minimize the amount of time the magnets will be out of action. Vice President O'Brien explained that the money will come from lab-renovation funds the University has received, royalties from Ziagen, and they will ask the state for money to cover the additional lab-renovation costs.

Professor Olin noted the potential difficulties with patient drop-off if the traffic circle is disrupted; Vice President O'Brien assured him the problem is understood and will be addressed.

Professor Luepker said he understood the price tag for this project is $20 million and it is not yet funded, but demolition will start in two months? Vice President O'Brien said he was right to be skeptical; they will not start work before the Regents approve the project and there will be a financial plan in place before then. They will also ask the legislature for money for what they would have used this money for but for the NMR. Professor Luepker commented that the $2-3 million per month lost in research revenue will be trivial compared to potential loss of patient income if the patients do not have convenient access to the clinics. And many researchers are moving to the Biomedical Discovery District. Vice President O'Brien said that she is not the right person to respond to Professor Luepker's last point; her understanding is that most researchers who use these magnets are staying in that area. And even without this project there needs to be discussion about patient access, with automobile traffic eliminated from Washington Avenue once the train construction begins. Ms. Krueger reported that of the 160 researchers who use the magnet, about 12 are "power users" in Hasselmo Hall who use the magnets daily; in looking at the Mayo site and the Biomedical Discovery District, they learned that moving both the NMR facility and the researchers would be very expensive. The primary users will remain in Hasselmo Hall.

Mr. Johnson said that the project budget established at the end of predesign was $13,350,000, but with improvements to the Mayo Circle drive and the purchase of magnets, the cost could rise to $20 million. He said that this is a cost-effective construction project; it will be about $135 per square foot. Buildings in the Biomedical Discovery District cost about $450 per square foot. [Subsequent to the meeting, Professor Luepker learned that the $13.3-million figure is to remodel the entire 78,425-gross-square-foot garage, although only 16,000 square feet will actually be used for the NMR facility. Other programs include Research Animal Resources, Environmental Health, and the Department of Medicine; there will also be mechanical and electrical rooms. About 9,000 square feet will be unassigned, unfinished space.]

Professor Luepker thanked Mr. Johnson for joining the meeting.

5, Recreational Sports Expansion

Vice Provost Jerry Rinehart and Assistant Vice President Jim Turman now joined the meeting, along with Orlyn Miller from Capital Planning and Project Management, to discuss the proposed addition to the Recreational Sports building on the Minneapolis campus.

Vice Provost Rinehart explained that they hope to break ground next spring and be ready for occupancy in the fall of 2013. The existing center was built in 1993 and was a great addition to the campus. They were excited about it for two weeks—until they realized the lines were too long and it could not meet demand. Since 1993 the University has added a lot of beds on campus while a number of private and public/private student housing has also been developed near campus, such as Dinnaken House and University Village. Their institutional research indicates that 85% of freshmen live on campus and 82% of all freshmen are involved in recreational sports. Sixty-five percent of all graduate and undergraduate students are involved in recreational sports or approximately 33,150 students. When the plans for the current recreation center were planned in the late 1980s, there simply were not enough data from comparable institutions to right-size recreation facilities for a campus this size. The programmatic demand and space data from the 2005 University of Minnesota Recreation Facilities Feasibility Study and the current national indoor, recreational space standards published in 2009 indicate that the University of Minnesota's recreational space is severely lacking. National research also indicates that the number one barrier to student involvement in recreational sports is overcrowding. That is the number one complaint of University students.

Some see these facilities as amenities; they are, but they are also important to the University's strategic goals in recruitment, retention, graduation, and social integration of students into campus life: There is a significant relationship between use of these kinds of facilities and GPA, graduation rate, and long-term affiliation with the University. Dr. Turman said the research shows that campus recreational facilities are important to student life as well as to faculty and staff. There are 2500 faculty and staff who buy memberships—and the facilities have been used to recruit certain kinds of faculty. They serve all who come but the major barrier is overcrowding. The campus has nice facilities but they are drastically less than what is needed.

The new facilities will be paid for with student fees, Vice President O'Brien reported, and the project was in the June capital budget.

Mr. Miller distributed copies of visuals of the new facility, which will be on the north side of the Scholars Walk adjoining the existing facility. The design team did a great job of fitting the program into the site, he said, and while the building is highly transparent and perhaps a little more frivolous and fun than a laboratory building, it is still clearly a University facility.

Ms. Kersteter asked about the size. The existing facility has about 130,000 square feet (not including the aquatic center); the new one will have about 145,000. Student fees and revenues will also pay for maintenance of the building.

Ms. Stahre said that she uses the center a great deal and is not put off by the fees.

Professor Schulz said the building looked nice and that it should add to the health of the campus; asked how they select machines and equipment to put in it for user satisfaction and safety. Dr. Turman said they have professional staff who have been making equipment selection since 1993; the moveable equipment is changed every 3-5 years, and they talk to users about what they want. They also track the use of machines so they know what is in demand. Dr. Turman described the facilities that would be available in the new addition.

Mr. Todd inquired about the rationale for placing the facilities on the East Bank rather than the West Bank. Dr. Turman said they cannot meet demand all at once and that they are preparing for a West Bank facility. They have had to do some work to figure out the campus population of the West Bank—and it is larger than they expected. They are also looking at St. Paul, Vice President O'Brien added.

Professor Luepker thanked Mr. Rinehart and Dr. Turman for joining the Committee, and adjourned the meeting at 4:30.

-- Gary Engstrand

University of Minnesota