

SENATE COMMITTEE OF FINANCE AND PLANNING (SCFP)
February 23, 2016
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 represents the views of, nor are they binding on, the Senate, the Administration, or the Board of Regents.

[**In these minutes:** Collegiate Budgets; Enterprise System Upgrade Project Implementation Update; Using and Leasing University Outdoor Space: Twin Cities – Policy Update; 2015 Six-Year Capital Plan]

PRESENT: Dan Feeney, chair, Kara Kersteter, Tracy Peters, Lincoln Kallsen, Jill Merriam, Paul Olin, Gary Cohen, Robert Goldstein, Michael Korth, Fred Morrison, Sandra Potthoff, Karen Seashore, Erik van Kuijk, Emily Meyer, Adam Peterson

REGRETS: David Fisher, Catherine Fitch, Jennifer Gunn

ABSENT: Laura Kalambokidis, Richard Pfitzenreuter, Pam Wheelock, Karen Ho, Aravind Boddupalli

GUESTS: Dean Wippman, Law School; Andrea Backes, chief administrative officer, College of Biological Sciences; Joe Weisenburger, chief financial officer, School of Public Health; Sue Van Voorhis, associate vice provost, Academic Support Resources; Sue Paulson, director, Controller's Office; Amy Kucera, director, Office of Human Resources Operations; Patty Franklin, chief of staff, Office of Human Resources; Marlo Welshons, assistant to the provost, Office of the Senior Vice President for Academic Affairs & Provost and and Paige Rohman, assistant to the vice president, Office of the Vice President for University Services; Brian Swanson, chief financial officer, Office of the Vice President for University Services

OTHERS ATTENDING: Robin Dittman, chief financial officer, Law School

1. **Collegiate budgets:** Professor Feeney welcomed Dean Wippman, Law School; Andrea Backes, chief administrative officer, College of Biological Sciences; and Joe Weisenburger, chief financial officer, School of Public Health, who were invited to share their thoughts on the sustainability of maintaining the University's mission in light of budget cuts and the University's overall financial situation.

Dean Wippman began by saying the past eight years have been particularly challenging for legal education. In addition to losing state funding and other factors, the primary issue for the Law School has been a precipitous decline in Law School applications. Fundamentally, the problem is a result of an imbalance in supply and demand in the legal profession. Over the past 30 years, a substantial number of new law schools have opened and enrolled large entering classes, which resulted in enormous numbers of lawyers graduating for whom there were not enough jobs. The Law School has seen almost a 50% decline in applications in the past six years or so. Unfortunately, the decline in applications across the nation has not been distributed evenly, said Dean Wippman, and noted that the region that has been hit the hardest is the Great Lakes region.

The two states with the biggest declines in LSAT test takers are Wisconsin and Minnesota, with Minnesota being number one. The net effect of this culmination of factors is that the Law School is currently in an operating deficit. As a result, the Law School has been aggressively cutting costs wherever it can, but, given its cost structure, it is simply not possible to reduce expenditures as quickly as revenues with a shrinking class size. The cost cutting measures, added Dean Wippman, have also been magnified by the administrative reallocations that have and continue to take place. He then highlighted a number of cost cutting steps the Law School has taken.

While the Law School is still able to carry out its academic mission, said Dean Wippman, it does not have the financial wherewithal to do some things it would like to do, and it is not in a position to do some of the things it used to do. The Law School, however, is working hard to make sure it keeps the quality of its academic program very high.

Joe Weisenburger, chief financial officer, School of Public Health (SPH) said SPH is also in a structural deficit. He noted that in any given year, SPH is approximately 70% funded by sponsored funds, which creates a significant amount of volatility.

In terms of students, said Mr. Weisenburger, applications are down slightly, but not as much as they could be given the number of public health schools has doubled in the last 15 years or so. The University's SPH remains a top 10 school, which helps to attract applicants. With that said, applications are expected to decline somewhat over the next five years for demographic reasons.

Moving on, Andrea Backes, chief administrative officer, College of Biological Sciences (CBS), said CBS has not had a lack of applicants, and, in fact, has more applicants for fewer positions. CBS, however, is unable to change this because it is limited by the University's inability to accept more undergraduate students. CBS has actually had a slight increase in enrollment over the past five years, which has resulted in some additional tuition revenue, but this seems to have plateaued. CBS has taken cuts as well, but is working to try and shield student services and direct mission support from these cuts. A lot of the cuts have been taken in the dean's office and upper level administration. For example, in the last few years CBS has eliminated its human resources director, chief of staff, director of communications, director of technology and facilities innovation, assistant dean for undergraduate education, and biology program director. Another unpopular thing CBS did to cut costs was to combine its administrative staff from two departments into one space. Unfortunately, this has impacted faculty because their staff are now in a different building, which affects their ability to deliver on the mission. Aging facilities is another issue CBS is spending a lot of its balances on. Additionally, all new hires are now nine-month appointments.

Professor Feeney asked the guests about the use of reserve funds. Mr. Weisenburger said SPH is dipping into its reserves. He added that other issues for SPH include the fact that the cost pool charges are continuing to increase, and the school is not able to invest as much as it would like in new faculty because of the administrative costs associated with doing so. Dean Wippman responded that if the Law School had any reserves, which it does not, they would be applied toward the school's deficit. Lastly, Ms. Backes replied that CBS has not yet started dipping into its reserves, but anticipates that this will change this year.

In response to a question from Professor Cohen about long-range budget planning, Dean Wippman replied that while long-term planning is attractive in the abstract, in the case of the Law School and its current situation, he is not sure whether a long-range plan would have had any utility beyond the first year because of the drastic changes that have taken place over the course of a short amount of time. A lot of the effectiveness of long-range planning depends on the operating assumptions used and the stability of these assumptions.

Each school has painted a different picture of why financial issues are occurring, noted Professor Seashore, and some are external factors, which are more difficult to control, but in the case of CBS and the limit on the number of students it can accept seems to be something that the University could do something about. Who makes the decision about how many students can be accepted into each college? Mr. Kallsen said this decision is a function of a number of different factors such as demand, etc. Both the Board of Regents and the senior administration are debating what the overall size of the undergraduate class should be. Professor Seashore commented the traditional budget model is inadequate for these times; nowadays colleges need to find other funding streams. Mr. Weisenburger said SPH is turning to philanthropy and has hired a development director. Professor Potthoff agreed with Professor Seashore that there are different reasons in the different colleges for why they have budget deficits, and, because of this, there will never be a one-size fits all solution. Dean Wippman mentioned a few things the Law School is considering, but many require a significant upfront investment, which he said the Law School does not have right now.

The committee continued its discussion about collegiate budgetary issues in significant detail and talked about the need to think outside the box in order to address them, and recognizing, as mentioned earlier, that what could help one college may not help another. At the conclusion of the discussion, the sustainability of the University's financial situation remained a concern.

Professor Feeney thanked the guests for their candor given the sensitivity of this subject matter and for taking time out of their busy schedules to attend today's meeting.

2. Enterprise System Upgrade Project (ESUP) implementation update: Professor Feeney welcomed the ESUP guests and called for a round of introductions.

Sue Van Voorhis, associate vice provost, Academic Support Resources, began by walking members through a PowerPoint presentation, *Beyond the Upgrade*, and began with some background information and went on to talk about the scope of the upgrade in a fair amount of detail.

Ms. Van Voorhis then highlighted the ESUP goals, which included:

- Reducing risk with the software platform. The University was on the verge of no longer being supported on the old system.
- Promoting Operational Excellence goals, an integral part of the University's Strategic Plan.
- Focusing on change management and communications.

Fewer modifications in the system, said Ms. Van Voorhis, served to:

- Reduce costs.
- Curtail upfront development and testing requirements.
- Diminish the chances of breaking related processes in the system.

The upgrade went live in April 2015, noted Ms. Van Voorhis, and, overall, it went well, e.g., adoption of new MyU successful, student self-service successful, Moodle integration for grade entry successful, etc. However, there was a problem at the start of the fall semester that resulted in the inability for faculty to get class lists, and students to get class schedules, etc. Fortunately, because the University's system had fewer modifications than the old system, Oracle and the portal people were able to resolve the issue, which ended up being an Oracle bug.

Next, Ms. Van Voorhis highlighted the main user pain points with the new system, which include:

- Dislike of new look and feel of delivered processes reports.
- Frustration over use of pop-up windows.
- Delivered class search does not provide needed information.
- Dissatisfaction with Recruiting Solutions and posting a position in the system.
- My Advisees tab showing notifications & holds.

A number of things were learned from the implementation, said Ms. Van Voorhis, and these included:

- Change is difficult.
- Human Resources, the student, finance, portal and IT are not siloed systems, they must move forward and work together.
- The University can now call upon the vendor for support when issues arise.
- There is value in involving faculty and staff early and often when there is going to be change.

Ms. Van Voorhis then shared the upcoming overall priorities:

- Ensure the system stays stable and the production support piece is in place.
- Compliance technical maintenance, e.g., PeopleTools 8.54 upgrade, which is scheduled mid-late April.
- Solicit user feedback and plan for future enhancements.

After highlighting the overall priorities, Ms. Van Voorhis, Sue Paulson, director, Controller's Office and Amy Kucera, director, Office of Human Resources Operations, walked members through the specific priorities for the various parts of the system MyU, Student/Academic, Finance, Human Resources and Enterprise Data Management Reporting (EDMR).

In terms of community involvement, explained Ms. Van Voorhis, MyU users included not only students, but also faculty, staff and others such as parents of students. A lot of outreach was done to involve the various constituencies such as usability participation, sharing information with governance groups, surveys.

Looking forward, said Ms. Van Voorhis, the Executive Oversight Committee (EOC) will continue to meet. This group has developed a collaborative, cross-functional two-year technology planning process that it has put in place.

Regarding whether the upgraded system will actually save the University money, Ms. Van Voorhis said, while there is never a specific dollar amount with this kind of upgrade, she believes there will be cost savings and she is confident that when the next upgrade takes place that it will not cost as much.

When the books were closed after the upgrade was complete, asked Professor Cohen, were there overruns in terms of cost or did the project come in at or under budget? Ms. Van Voorhis said the project came in a little under budget, which helped because it allowed Human Resources to retain some of the consultants longer to address issues that came up.

Regarding the payroll issues that arose from the upgrade that needed to be corrected, asked Professor Cohen, did the University have to pay overtime, did staff quit? While there were some payroll issues, said Patty Franklin, chief of staff, Office of Human Resources, the central payroll staff maintained a good attitude, learned a lot, and had ideas for how to make things work more smoothly with each new business cycle. She said she was grateful for their hard work and would say the same for the unit partners. Ms. Kucera added that the team is definitely learning to understand the system better as it is stabilizing. It will be important to continually communicate to the units about the system and to be as proactive as possible.

In light of time, Professor Feeney thanked the guests for the information. He said if members have additional questions regarding the ESUP upgrade to forward them to Renee Dempsey, Senate staff, who will send them on for answers.

3. Using and Leasing University Outdoor Space: Twin Cities – policy update: Professor Feeney welcomed Marlo Welshons, assistant to the provost, Office of the Senior Vice President for Academic Affairs & Provost, and Paige Rohman, assistant to the vice president, Office of the Vice President for University Services, and called for a round of introductions.

Following introductions, Ms. Welshons began by saying that all administrative policies go through a comprehensive review every three or four years, and it is time for the Using and Leasing University Outdoor Space: Twin Cities policy to go through its review. The purpose of the comprehensive review is to look at whether the policy is still needed, if the purpose and goals of the policy are being met, if changes are needed to improve its effectiveness, and whether the education, training, etc. related to the policy is current.

Ms. Welshons went on to provide the following information about the review of the policy and highlighted the following:

- The group reviewing the policy coalesced around three areas of feedback:
 - Confusion about when a permit is required.
 - Confusion around the procedural details – <http://outdoor.umn.edu/>.
 - Confusion concerning the sound amplification restrictions, which were thought to be too narrow and inconsistently applied.

- Based on this feedback, the following changes are being proposed:
 - Reordered language in the policy to start with what was permissible as opposed to what is not permissible.
 - Moved the procedural language that was on a separate website (<http://outdoor.umn.edu/>) and put it into a formal appendix and procedure document that is part of the policy.
 - Clarified the sound amplification clause and made an exception that allows for a single bullhorn without a permit, but still keeping the restrictions on music and other plug-in amplification devices.

To date, the feedback on the revised policy is overall quite positive. The one question that continues to come up, said Ms. Welshons, is about the 50 participant maximum threshold for not having to obtain a permit. This is the one area that the group needs to continue to think about.

Tracy Peters said the Real Estate Office is concerned about the use of the verbiage “other gatherings” in the policy. Mr. Rohman reported having had a conversation with the Director of Real Estate Susan Carlson Weinberg about this concern. He agreed that “other gatherings” could be perceived by non-University entities that they would not need to get a use agreement. Mr. Rohman said he and Ms. Carlson Weinberg talked through alternative language that would clarify that other gatherings by non-University entities must follow the Use and Lease of Real Estate policy (<http://policy.umn.edu/operations/realestate>).

Professor Cohen recalled last year when this discussion began there was significant debate about how to manage the 50 participant maximum threshold. What happens, for example, if there is a spontaneous gathering that goes over the 50 participant threshold? Ms. Welshons said she shares Professor Cohen’s concern about this issue. Aside from policy language itself, a lot goes into operationalizing and implementing a policy. The question of how the policy will actually work needs to be answered. This is an area in the policy or procedure document(s) that still needs work.

Professor Morrison asked why there is a 50 participant limit. Ms. Welshons said the idea of having a limit has to do with once the number of people reaches a certain point whether adjacent building occupants need to be notified, if members of the University community need to be notified that there could be traffic issues, etc. The theory behind having a maximum capacity limit for not needing a permit is about being able to accommodate and plan for larger events.

What is the criteria for denying a permit, asked Professor Morrison? Ms. Welshons said this is a good question, but she does not know because she does not issue the permits. Why isn’t this information in the policy, asked Professor Morrison? Ms. Welshons explained that this information is in the procedures document. Professor Morrison noted that not having the criteria in the policy is a First Amendment violation. Ms. Welshons and Mr. Rohman thanked Professor Morrison for this information and said they would make sure this information is clearly stated.

In response to a question from Professor Goldstein about how long it takes to get a permit, Ms. Welshons said that if needed, permits can be issued quickly; however, the directions request submitting a request a minimum of 10-days in advance of the event.

Student member Adam Peterson asked about the ramifications if a spontaneous event occurs that breaches the 50-person threshold. Ms. Welshons said if a group does not get a permit and there are more than 50 people this would be a violation of University policy, and the Student Conduct Code could be invoked, which would be a worse case scenario. If the Conduct Code is invoked, then due process procedures kick in.

Professor Seashore commented that in her opinion the word “event” is quite ambiguous, and suggested it be defined. For example, is a spontaneous gathering considered an event? Does an event require deliberate planning? Policies should always define the key terms used in them.

Professor Feeney thanked Ms. Welshons and Mr. Rohman. He added if members have additional questions to send them to Renee Dempsey, Senate staff and she would forward them on for answers.

4. Six-Year Capital Plan update – Professor Feeney welcomed, Brian Swanson, assistant vice president, from the Office of the Vice President for University Services, who was invited to provide an overview of the University’s Six-Year Capital Plan. Mr. Swanson distributed copies of the 2015 Six-Year Capital Plan Project Funding Report and a narrative that addresses the process, etc. to members and walked them through the documents highlighting the following:

- There is a Board of Regents policy that requires the University do a capital plan. The plan is made up two parts 1) annual capital budget (beginning of the project implementation process), and 2) the six-year capital plan outlining what the University should do as an institution. The Board approves all capital projects over \$500,000.
- The plan is a balancing act between the academic priorities of the institution, what needs to be repaired/renovated, and how much money the University has to spend. Every year the vice presidents, deans and chancellors are asked to identify their most important program priorities as part of the budget planning process.
- The 2015 Six-Year Capital Plan was designed to further the following objectives:
 - Advance the Strategic Plan priorities.
 - Enhance the campus-based experience.
 - Align projects with revenue.
 - Increase the use and functionality of the University’s physical assets.
 - Complete the projects that are started.
 - Reduce total campus (or at least slow the growth) square footage.
- The 2015 Six-Year Capital Plan has four main themes:
 - Renovating and removing critical buildings. The University has a total of 29 million square feet of space and almost 8 million square feet is in poor and critical condition.
 - Advancing the health sciences – This plan proposes three large investments in improving the education and clinical research spaces for the Medical School and the other Academic Health Center (AHC) schools.
 - Modernizing the St. Paul campus research laboratories.
 - Expanding capacity in STEM programs.
- Higher Education Asset Preservation and Replacement (HEAPR) funds are the single most important source of money for maintaining existing campus facilities.

- Projects in the 2015 Capital Plan were highlighted. Examples include 1) replacement of the Plant Growth Research Facility, Pillsbury Hall renovation, replacement of Child Development, repurposing 10 Church Street S.E. (old Bell Museum, critical facilities renewal, and three large investments in improving the education and clinical research spaces for the AHC schools. The end goal of advancing the health sciences is to have modern teaching and clinical research spaces, and to tear down the Mayo Building.

Members' comments and questions included, but were not limited to:

- Professor Cohen asked if classroom maintenance or improvement projects are paid for through the capital budget or through the Office of Classroom Management's budget. Mr. Swanson said it depends; these projects could actually be paid for out of both sources.
- Professor Potthoff asked about the timeline for tearing the Mayo Building down. Mr. Swanson said ideally it would be nice to have the Mayo Building down by 2022; however, realistically, it usually takes 12 years to get through a 6-year plan. Mr. Kallsen added that the University has known for a long time that it needs to take down the Mayo Building, but the building has so much square footage that it is taking awhile to get there.
- What is happening with Piek Hall asked Professor Seashore? Mr. Swanson explained that, unfortunately, the University has a lot more needs than it has money. While Piek Hall was on the plan for some time, it shifted off the list. Basically, until there is a way to move the College of Design to the Minneapolis campus and out of McNeal Hall on the St. Paul campus, the people from Piek Hall cannot be moved to the St. Paul campus.
- Professor van Kuijk asked about the plans for the Phillips Wangenstein Building (PWB), which is now half empty. Mr. Swanson explained that one concept for the new Education and Learning Center in the AHC had been to repurpose PWB. With that said, there needs to be further discussion about what should be done with PWB in the long-term; regardless what is decided it will be an expensive project.
- In terms of the University's financial situation as it relates to facilities, asked Professor Goldstein, will there be enough savings from new and renovated buildings to pay the interest and principle going forward or is building new or renovating yet another drain on University resources. This is a good question, said Mr. Swanson. New buildings and most renovations do not save money. Removing buildings from the inventory does save money. The reality is that the University should be spending twice as much money as it does on facility renewal to keep it in the condition it is in. Another way to look at this is that the University has twice as many buildings as it can afford. The University needs to either recognize it has to get rid of existing buildings, or put more money into maintenance. Professor Morrison added the University needs less square feet rather than more. The bottom line, noted Professor Goldstein, is that this will be expensive even if two-thirds of the University's facilities costs are paid for with legislative money.
- Professor Cohen asked about the Athletics Village and whether funds will be loaned to Intercollegiate Athletics for this capital improvement. Mr. Swanson deferred to Vice President Pfitzenreuter for an answer to this question, but affirmed that there is a debt component to the project.
- Will the previous occupants of PWB be responsible for maintaining the space until it is repurposed, asked Professor Olin? Mr. Swanson said this is a good question, and said University Finance is working on a more formalized space release policy, but this has not

been completed. No decisions have been made about how the vacated space in PWB will be handled. The current space snapshot, which is effective through FY17, has the responsibility going to the occupants who were in the building in October 2015.

- Professor Seashore said she was a member at one time of the Space Utilization Committee, which met briefly and is now defunct. She recalled from discussions at these meetings that some of the most underutilized spaces in the University are faculty offices. Mr. Swanson agreed that there was discussion several years back about faculty office space. He added that the conclusion was that there were other places the University could go to first to improve utilization without having to go down the faculty office space path. Professor Seashore said she raises the issue because she believes new buildings should have smaller faculty offices like the Life Sciences Building, and a majority of space should be dedicated to what people are really using the building for, e.g., meeting space, lab space. To this point, Professor van Kuijk said the new Clinics and Surgery Center has no office space, only touchdown space.

Professor Feeney thanked Mr. Swanson for his presentation.

5. **Adjournment:** Hearing no further business, Professor Feeney adjourned the meeting.

Renee Dempsey
University Senate Office