UNIVERSITY OF MINNESOTA

ing where students will go following graduation.

In response to several questions from Regent Hsu, Ames agreed that while it is difficult to control where students go following graduation, students from rural areas are more likely to return to a similar community after graduation. He noted that stu dent debt and income potential are also factors that influence where a student will settle. Ames suggested that if

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unit. Rather, the plan is intended to recognize the strengths of each campus and identify ways to strengthen the system s impact.

Es have been key in developing the system-wide plan. He stressed that the purpose of the system should be more than locations on a map; it should be an active entity that add

Delgado reported on outreach efforts of the UMD academic community. He explained that much of the research addresses the needs or issues of the surrounding communities, environment, and economy. He stated that faculty are highly engaged in outreach with other educational programs, such as volunteering their time with K-12 education providers and in community activities throughout the region.

Erwin reported on student engagement. She noted that students participate in internships and co-ops, which benefit student development and help local businesses. She explained that students are involved in programs designed to build positive relationships with their campus neighbors. Erwin added that students have led initiatives to improve transportation options in and around campus, including increased bus lines, a car share program, and a student cab service. She reported that students provide countless volunteer and service hours to the community through organizations, clubs, and Bulldog athletics.

Black remarked on the many partnerships UMD has cultivated with the community, including area colleges. He described collaboration with a local developer in the construction of a near-campus, mixed-use residential complex, which provides housing and retail to both students and the local community. Through its police department, the campus has established relationships with the Duluth police and fire departments, and the St. Louis C department. Black emphasized that these partnerships mutually benefit the campus and its community partners.

Regent Omari noted a common misconception about community engagement and community service. He offered that service is often a quick fix or fleeting involvement, without a true understanding of the issues. He added that he is community engagement and the development of reciprocal relationships.

FY 2018 BUDGET FRAMEWROK

Chair Johnson invited Senior Vice President Brian Burnett and Associate Vice President Julie Tonneson to report on the FY 2018 budget framework, as detailed in the docket.

Tonneson provided an overview of the budget development process and reviewed the revenue sources. She discussed recurring expense drivers, including required and variable costs, and strategic costs pools. Tonneson reported that the target compensation pool for FY 2018 is based on a 2 percent salary increase. Burnett noted that this increase is slightly lower than the local market and higher education. Tonneson reviewed variable costs, including facilities repair and replacement, network upgrades, and the Promise Scholarship program. She explained that the strategic cost pools include biennial budget request initiatives and system-wide investments.

Tonneson reviewed the two categories of resource drivers: new and repurposed resources. She reviewed the state appropriation request, noting the critical importance of core mission and student success in keeping tuition increases low. She explained that the goal is to minimize undergraduate tuition increases and freeze tuition rates for the system campuses. She reviewed tuition

and offers made are also down from last year but that confirmations are higher; from fewer offers there is a higher yield. He emphasized that it is early in the admissions process and the data are for the Twin Cities campus only; any conclusions should be drawn with caution.

In response to a question from Regent Hsu, Interim Vice President Michael Berthelsen explained that without the new power plant, utility cost increases would have been significantly higher. He estimated that the net utility cost savings will be approximately \$2 million per year. Hsu asked about the feasibility of freezing resident undergraduate tuition and increasing NRNR tuition to compensate, sharing his belief that NRNR increases are not as aggressive as they should be. Tonneson committed to providing data on options for freezing resident tuition.

Regent Beeson reminded the Board of key priorities established in past years, including being a high-value institution. He emphasized that improvements and initiatives require investment. He suggested that modest increases to resident tuition may be needed to maintain the quality of the institution.

In response to several questions from Regent Sviggum, Burnett responded that about 95 percent of gifts are restricted. Tonneson explained that funds are often restricted by unit and not to specific expenditures; a donor can either restrict their funds to specific uses or allow a unit to have discretion over allocation. She clarified that to be counted in the \$90 million, personnel changes must be from administrative support or leadership positions, not from faculty or research. She reported that most personnel changes resulted from attrition, though there were a few layoffs, and affected all employee groups.

Regent Hsu observed that the 2 percent compensation pool does not guarantee that all employees will receive a 2 percent increase. Burnett agreed, noting that salary increases will be merit-based and each unit will determine how to allocate its 2 percent pool. Hsu suggested that if the University is willing to pay market rates, then it should charge market rates for tuition. He observed that the NRNR tuition rates remain well below Big Ten peers. He also urged greater increases to the sticker price.

Regent Omari suggested that the drop in NRNR appl tuition increases, and noted he is eager to see additional enrollment data. He stressed the importance of student jobs and urged for careful consideration of these positions when determining unit reallocations.

REPORT OF THE COMMITTEES

Chair Johnson reported that the committees did not meet this month.

Johnson remarked on a recent report of sexual assault involving a student and members of the Gopher football team. He emphasized the severity of these allegations and the importance of learning from the situation. He announced the launch of an independent review to assess the facts and process related to those events and actions; clarify accountability; and identify areas of improvement for addressing similar challenges in the future. Johnson expects the review to be completed by May 2017.

The meeting adjourned at 11:57 a.m.

BRIAN R. STEEVES Executive Director