



Board of Regents Special Meeting

April 2020

April 21, 2020

9:30 a.m.

Videoconference

BOR - APR 21, 2020 - Special Meeting

1. Principles to Guide Academic & Financial Decision Making in Response to COVID-19 Pandemic – Review/Action

Docket Item Summary - Page 3

Proposed Principles - Page 5

Presentation Materials - Page 6

2. Update on Incoming Freshman Enrollment Systemwide

Docket Item Summary - Page 13

Enrollment Update - Page 14

Presentation Materials - Page 19

3. Operating Budget Assumptions and Options – Review

Docket Item Summary - Page 28

Resolution - Page 31

Presentation Materials - Page 32

4. Financial Risks in Academic Medicine and Affiliated Organizations – Review

Docket Item Summary - Page 41

Resolution - Page 42

Presentation Materials - Page 43

5. Consent Report - Review/Action

Docket Item Summary - Page 49

Project Narrative - Page 50

Project Map and Visuals - Page 52



BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

April 21, 2020

AGENDA ITEM: Principles to Guide Academic & Financial Decision Making in Response to the COVID-10 Pandemic

Review **Review + Action** **Action** **Discussion**

This is a report required by Board policy.

PRESENTERS: President Joan T.A. Gabel

PURPOSE & KEY POINTS

The purpose of this item is to review and act on the principles to guide academic and financial decision making in response to the COVID-19 pandemic.

In light of the Governor’s Stay-at-Home executive order that went into effect March 28, 2020, and the University’s COVID-19 pandemic response efforts to date, President Gabel is charging two work groups to advise on strategies and opportunities to advance the University in the midst of the challenges posed by the pandemic. The work groups will be forward-looking and critical to the University’s ability to be strategic, innovative, and nimble regarding pandemic response.

Given uncertainty about how the pandemic will evolve, the work of the work groups will come in phases, with preliminary recommendations submitted to the President by June 1, 2020.

- **Academic & Research Work Group** – The first work group, focused on sustaining the University’s mission, will examine academic and research strategies for the University to thrive. This will include potential new approaches to enrollment, programming and courses, research, and other efforts to ensure the University remains a destination of choice for students, faculty and staff.
- **Finance & Operations Work Group** – The second work group, focused on finance and operations, will examine strategies for operational and personnel cost savings and efficiencies, with an emphasis on maintaining employees in recognition of everyone’s value and contribution to the enterprise. This emphasis is intended to help ensure that the University is appropriately staffed and ready when regular operations resume.

The item will also include an update on administrative decisions regarding pandemic response that have been communicated since the Board’s April 7 special meeting.

BACKGROUND INFORMATION

- April 7, 2020: *COVID-19 Pandemic: Comprehensive Student Fee Refund Plan Amendment – Review/Action*, Board of Regents Special Meeting

- April 7, 2020: *COVID-19 Pandemic: University Comprehensive Planning and Response Efforts*, Board of Regents Special Meeting
- April 7, 2020: *COVID-19 Pandemic: Early Estimates of Financial Impact on the University*, Board of Regents Special Meeting
- April 3, 2020: *COVID-19: Comprehensive Student Refund Plan – Review/Action*, Board of Regents Special Meeting

PRESIDENT'S RECOMMENDATION

The President recommends approval of the principles to guide academic and financial decision making in response to the COVID-19 Pandemic, as described in the docket.

Board of Regents

Principles to Guide Academic & Financial Decision Making in Response to the COVID-19 Pandemic

Academic & Research Work Group

- Ensure the safety, health, and wellness of our students, faculty, and staff
- Ensure the continuity of the student academic experience and support research-related initiatives, including MNtersections
- Leverage the world class excellence of our teaching, discovery, and engagement with an emphasis on research and discovery that directly addresses the challenges of the COVID-19 pandemic and serves the local, state and world communities
- Examine the delivery of instruction and consider evolving learning models for the short- and long-term
- Make decisions with respect, transparency, and timeliness, and with the best interests of our students, faculty and staff in mind

Finance & Operations Work group

- Support the University's academic, research and outreach mission with emphasis on research that directly addresses the challenges of the COVID-19 pandemic
- Prioritize the retention of our current workforce to the greatest extent possible
- Balance strategic financial decisions with maintenance of the institutional mission
- Scrutinize all existing budgets to identify efficiencies
- Position the University for both short-term and long-term financial viability
- Make decisions with respect, transparency, and timeliness, and with the best interests of our students, faculty and staff in mind

Principles to Guide Academic & Financial Decision Making in Response to COVID-19 Pandemic

President Joan T.A. Gabel
Board of Regents Meeting
April 21, 2020



COVID-19 Pandemic: Updates

- President and President's cabinet volunteering 10% cut in pay
- Approx. 200 senior leaders contributing 5 days of unpaid work
- No merit increases
- CARES Act = \$18M in federal funding for student support
- Governor's *Stay at Home* Order extended through May 4
- Summer courses offered online
- Summer (non-curricular) programs/activities canceled through June 30
- Virtual commencement in May, in-person ceremonies in the fall
- Employees allowed to temporarily suspend parking contract during extended reduced operations



COVID-19 Pandemic: Work Groups

- Two representative work groups
 - *Academic & Research*
 - *Finance & Operations*
- Advise on strategies and opportunities to advance the University in the midst of the challenges posted by the COVID-19 pandemic
- Core commitment to shared governance
- Guiding principles will influence each work group's recommendations to the president



Guiding Principles: Academic & Research Work Group

- Ensure the safety, health, and wellness of our students, faculty, and staff
- Ensure the continuity of the student academic experience and support research-related initiatives, including MNtersections
- Leverage the world class excellence of our teaching, discovery, and engagement with an emphasis on research and discovery that directly addresses the challenges of the COVID-19 pandemic and serves the local, state and world communities
- Examine the delivery of instruction and consider evolving learning models for the short- and long-term
- Make decisions with respect, transparency, and timeliness, and with the best interests of our students, faculty and staff in mind



Guiding Principles: Finance & Operations Work Group

- Support the University's academic, research and outreach mission with emphasis on research that directly addresses the challenges of the COVID-19 pandemic
- Prioritize the retention of our current workforce to the greatest extent possible
- Balance strategic financial decisions with maintenance of the institutional mission
- Scrutinize all existing budgets to identify efficiencies
- Position the University for both short-term and long-term financial viability
- Make decisions with respect, transparency, and timeliness, and with the best interests of our students, faculty and staff in mind



Questions?





UNIVERSITY OF MINNESOTA

Driven to Discover®

Crookston Duluth Morris Rochester Twin Cities

The University of Minnesota is an equal opportunity educator and employer.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

April 21, 2020

AGENDA ITEM: Update on Incoming Freshman Enrollment Systemwide

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Rachel Croson, Executive Vice President and Provost
Robert McMaster, Vice Provost and Dean of Undergraduate Education

PURPOSE & KEY POINTS

The purpose of this item is to discuss preparations for summer and fall enrollment systemwide, in response to the COVID-19 pandemic. The item will include:

- An overview of activities in place to ensure a robust summer curriculum and enrollment.
- Details of new virtual student recruitment activities.
- Current enrollment status.

Presenters will discuss scenario analyses of best, moderate, and severe cases, and the enrollment actions taken so far in the cycle.

BACKGROUND INFORMATION

- June 2019: *System Enrollment Update*, Mission Fulfillment
- May and March 2019: *UMC, UMD, UMM, UMR Enrollment Plans - Action*, Board of Regents
- February 2019: *Twin Cities Campus Enrollment Management Plan Update*, Mission Fulfillment

University of Minnesota Board of Regents
Update on Incoming Freshman Enrollment Systemwide
April 21, 2020

The University is monitoring events and preparing for summer offerings and new student enrollment in fall 2020.

Preparations for Summer 2020 Enrollment

In the spring 2020, faculty and staff across the University responded quickly to transition course delivery to new modes. For summer 2020 semester, however, University instructors and instructional support staff are preparing to deliver courses in the new environment with the benefit of time to plan and with shared goals for furthered instructional excellence and innovation.

Units such as the Center for Educational Innovation along with campus and collegiate academic technologists, instructional designers, and faculty with established expertise are supporting course planning and instructor goals with initiatives such as the following:

Extending support resources:

- Reallocated staff to address the immediate, short-term, and longer-term teaching needs of faculty, instructors, and graduate students at all five campuses during the move to alternative instruction.
- Identified support from an outside partner to provide faculty and instructors support for future course conversations to online delivery.
- [New tools that supports remote teaching](#)
- *Guidelines for Online Teaching and Design* – [A searchable and practical guide](#) to student learning in online courses and programs for faculty, instructors, administrators, instructional designers.

Providing training and instructional development:

- [Targeted workshops and events to support future online instruction.](#)
- An online course design seminar, [Developing Effective Online Learning Spaces.](#)
- Convening faculty groups to consider labs, art studios, music instruction, and community engagement at a distance.
- Daily drop-in help sessions with topics such as Maintaining Connections and Motivation, Making Best Use of Video Right Now, Shifting Your Assessment Plans, Strategies for Online Discussion Forums, Supporting Students (and Yourself), Teaching Assistant Session: Remote Teaching Discussion, Teaching & Learning with Limited Internet Access, Teaching in Transition: Supporting our Teaching and Learning, Communities (part of the Diversity Community of Practice), Use of Video & Multimedia (part of Making a Good Online Course Even Better).
- A 5-week seminar, *Making a Good Online Course Even Better.*
- Delivering the *Online Teaching and Design Certificate* Program during summer.

In addition, the University remains focused on student support during this difficult time. Although each campus is different, the Twin Cities campus continues with the S/NS grading option for undergraduates. All campuses continue their commitment to advising, instructor flexibility, and financial support. Finally, the University is pausing its loan collections.

New and Increased Course Offerings

Colleges and departments on each campus monitor closely summer enrollments and the opportunity to help students manage COVID-related challenges by offering more summer courses. Students who had their spring semester plans disrupted due to study abroad or other changes may use the summer to maintain pace, while others who may have had summer employment or other plans cancelled may choose to take summer courses to get ahead. For these students, adding capacity in high-demand or required courses will be particularly helpful.

In addition to extended offerings of regular courses, the University is introducing timely courses in summer 2020 for students who are interested in studying topics tied to COVID-19 or otherwise shaping our current situation. University Relations will be assisting with the promotion of these courses to students via social media and through umn.edu. Faculty and instructors will be submitting ideas through May 1. Courses scheduled for the summer include the following, with [courses descriptions available here](#):

Managerial:

- Logistics and Supply Chain Management (Emphasis on the Impact of COVID-19) (MGMT 3255, Crookston campus)
- Special Topics in Health Services Management – Medical Supply Chain Management in the Face of COVID-19 (HSM 3910, Crookston campus)
- Special Topics in Information Technology Management – Cyber Security and COVID-19 (ITM 3190, Crookston campus)

Health and Biology:

- Introduction to Immunology and Infectious Disease. (Biol 1054, Morris campus)
- Introduction to Epidemiology (PUBH 4561, Rochester campus)
- Introduction to Public Health (PUBH 2561, Rochester campus)
- Medical Terminology (BIOL 1310, Rochester campus)
- Anthrax, Ebola, and COVID-19: A Review of Public Health Investigation and Response Strategies: Past, Present and Future (PUBH 3210, Twin Cities campus)
- Special Topics in Environmental Sciences – Living with COVID-19 and Environmental Hazards in a Changing World (BIOL/ENSC 349, Crookston campus)
- Towards Conquest of Disease (BIOL 3700, Twin Cities campus)

Historical:

- Plagues, Peoples, and Persistence: The Role of Infectious Disease in the Human Past (Anth 2521, Morris campus)
- Epidemics, Empires and Environment (Hist 3245, Rochester campus)
- History Making: Epidemics, Politics, and Coronavirus (HMED 3940, Twin Cities campus)
- Panic and Plague in 1720 & 2020: The View from Here (HIST 1000, Twin Cities campus)

Societal and Economic:

- Advanced Topics in Literature: Epidemics in Literary History (ENGL 4007, Crookston campus)
- Economics of COVID-19 (ECON 2020, Twin Cities campus)
- The Politics of Pandemics (AMST 3920, Twin Cities campus)

Preparations for Fall 2020

Brief reports of campus recruiting efforts to enroll a high-quality incoming class and descriptions of enrollment projections are outlined in the following sections.

New and Adjusted Student Recruitment Activities

The University has stepped up recruitment on every campus in response to the COVID-19 pandemic and with new activities designed to increase yield rates or proportion of admitted students who accept admission. Select examples of new and adjusted student recruitment activities include the following on the Twin Cities campus:

Communications and messaging:

- Communications from campus admissions counselors to students via phone, text, and email; setting up appointments and assisting with questions and next steps.
- Personal phone calls and emails to prospective students and their families by respective campus Chancellors.
- Targeted messages such as the "Why Choose Minnesota" Value email, which links to a Unique Value publication and the confirmation page for the Twin Cities campus.
- Increased social media activity by all campuses.
- 30-second highlight videos taped by admissions counselors for high school college fairs.
- Individualized videos sent to all admitted students, such the following Rochester campus examples:
 - https://mediaspace.umn.edu/media/t/0_8ls01ml5
 - https://mediaspace.umn.edu/media/t/0_a2yxiaaa
 - [Videos from the Director of Admissions regarding important Rochester Admissions updates to confirm students, admitted students and 2021 prospects.](#)
- Additional video content on campus admissions webpages with content about the academic experience and support services.

New virtual recruitment visits and activities:

- Virtual recruitment "Admit Days" and "Open House" events on every campus with students, families alumni, staff, featuring live chats and break-out sessions by major with program faculty, such as the [Experience Morris Day for admitted students.](#)
- New student led walking tours of campuses to supplement virtual visits.
- Virtual 1-on-1 appointments on every campus with admissions counselors financial aid educators via Zoom, Google Hangouts, and email.
- Virtual academic discussion and activities, such virtual theatre and music auditions on the Duluth campus.
- Admitted Student Sessions, such that provided on the Twin Cities campus (over 3000 clicks, with 242 students confirming enrollment after viewing) on:
 - [CLA](#)
 - [CSE](#)
 - [CBS](#)
 - [CFANS](#)
 - [CSOM](#)
 - [CDES](#)
 - [CEHD](#)

Virtual campus tours:

- [Twin Cities campus virtual tour shared with prospective students](#)
- [Video viewbooks and digital tours of the Crookston campus](#)
- [Virtual tour of the Rochester campus and a new digital viewbook](#)
- [Duluth campus tour](#) and [Duluth campus Housing and Residence life virtual tours](#)

Collegiate recruitment efforts and coordination:

- Events and recruitment communications sent directly from the Twin Cities colleges including:
 - Video messages from Twin Cities associate deans
 - CSOM - "Ask an Expert" panel and CSOM Ambassador outreach
 - CLA - "Discover the CLA Advantage" panel
 - CFANS - Mailing seed packets to admitted students "Grow with CFANS," additional Dean's Reception communications
 - CDES - "Zoom Room" Presentations - admission counselor and faculty provide weekly presentations on aspects of a CDES education (such as studio spaces, portfolio review)
 - CBS - Virtual visits with CBS ambassadors
 - CSE – Staff and current student panel - recording of student panel with FAQs emailed to admitted students
 - CEHD - TRIO and PES panel (recording of student panel with FAQs to be emailed to admitted students, drop-in phone advising option)
- Events and recruitment communications sent directly from the Duluth colleges, including:
 - Welcome messages from Duluth collegiate associate deans.
 - Live admitted student sessions on Zoom for seven colleges, hosted by the collegiate admissions counselor with live chat.
 - Collegiate academic advisor virtual meetings with prospective students.
 - Collegiate faculty and professional advisor calls to unconfirmed students.
 - Contacting students regarding Living Learning Community (BizDogs).
 - Virtual Faculty panel and additional collegiate engagement opportunities.

To raise the proportion student accepting admission who ultimately enroll, the University has identified [or is working to identify] an external partner to help design an emotionally-fulfilling summer orientation program on the Twin Cities campus and with the potential to be leveraged across the system. The University will decide about whether to shift to a virtual Welcome Week/Orientation program at the end of May, but is making preliminary plans now.

Fall Enrollment Projections

Admission staffs and enrollment leaders monitor student admission behaviors closely and model possible fall enrollment projections on a weekly basis for freshman and transfer students. While much is yet subject to change, the number of students confirming fall 2020 enrollment appears below as compared with this time last year.

Student Confirmations (4/13/2020)

	2019	2020
Freshmen Systemwide	6,548	6,027
Crookston	68	106
Duluth	1,565	1,548
Morris	254	189
Rochester	158	196
Twin Cities	4,503	3,988
Transfer Students	1,141	1,072

Fall Enrollment Actions, Twin Cities Campus

October 1:	Admission begins
November 1:	First application deadline
January 1:	Second application deadline
February (early):	Shared several hundred student names with System campuses
April 6 (week):	Began admitting students to Twin Cities campus from waitlist
April 13 (week):	Shared over 1,000 waitlisted students with System campuses
April 13 (week):	Admitted students to Twin Cities campus from waitlist
Monitoring yield on daily basis, as is typical at this time	

Projection modeling for the fall 2020 enrollment had been developed around three scenarios along with respective tuition ramifications for each.

- Best Case (Base): Students are on campus. Assume yield similar to previous years, except for international students with non-US addresses.
- Moderate Case (Scenario 1): Hybrid instruction at start of semester; transition to in-person later in semester, while international students start in January. This is the “middle ground” between the yields of Best and Worst cases.
- Severe Case (Scenario 2): Fully online instruction for fall 2020 semester; assumes significantly reduced yield on national and international, smaller reductions in yield on Minnesota and reciprocity.

Update on Incoming Freshman Enrollment Systemwide

Board of Regents

April 21, 2020

Rachel Croson

Executive Vice President and Provost

Robert McMaster

Vice Provost and Dean of Undergraduate Education



UNIVERSITY OF MINNESOTA

Driven to DiscoverSM

Preparations for Summer 2020

Instructional Excellence, Innovation, and Student Support

Excellence

- Academic technologists
- Identifying outside partner to add capacity
- Group sessions and individual consultations
- 5-week online course design seminar
- Targeted workshops

Innovation

- Convening faculty groups
- Flipgrid: Cloud-based, engagement and assessment

Student Support

- S/N grading options
- Continued commitment to advising, instructor flexibility, and financial support.
- Pausing on loan collections



Preparations for Summer 2020

New and Increased Course Offerings

- Anthrax, Ebola, and COVID-19: A Review of Public Health Investigation and Response Strategies: Past, Present and Future (PUBH 3210; Twin Cities Campus)
- Epidemics in Literary History (ENGL 4007; Crookston Campus)
- Plagues, Peoples, and Persistence: The Role of Infectious Disease in the Human Past (ANTH 2521; Morris Campus)
- Epidemics, Empires and Environment (HIST 3245; Rochester Campus)
- Economics of COVID-19 (ECON 2020; Twin Cities Campus)



New (Virtual) Student Recruitment Activities

- Virtual student-led walking tours
- Live admitted-student sessions via Zoom
- Panels of current students outreach to prospective students
- Virtual events connecting prospective students with alumni and staff
- Collegiate “Ask the Experts” sessions
- Video messages from associate deans
- Virtual appointments with admissions counselors
- Emotionally fulfilling orientation/registration



Fall 2020 Enrollment Status

Fall Freshman (NHS) and Transfer Enrollment

Student Confirmations (4/13/2020)

	2019	2020
Freshmen Systemwide	6,548	6,027
Crookston	68	106
Duluth	1,565	1,548
Morris	254	189
Rochester	158	196
Twin Cities	4,503	3,988
Transfer Students	1,141	1,072



Fall Enrollment Actions, Twin Cities Campus

October 1: Admission begins

November 1: First application deadline

January 1: Second application deadline

February (early): Shared several hundred student names with System campuses

April 6 (week): Began admitting students to Twin Cities campus from waitlist

April 13 (week): Shared over 1,000 students names with System campuses

April 13 (week): Admitted students to Twin Cities campus from waitlist

Monitoring yield daily, as is typical at this time



Fall Enrollment Scenarios

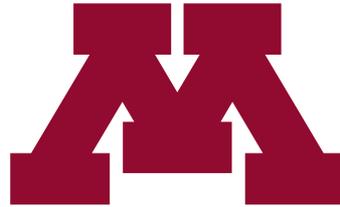
- **Best Case (Base):** Students are on campus. Assume yield similar to previous years, except for international students with non-US addresses.
- **Moderate Case (Scenario 1):** Hybrid instruction at start of semester; transition to in-person later in semester, while international students start in January. This is the “middle ground” between the yields of Best and Worst cases.
- **Severe Case (Scenario 2):** Fully online instruction for fall 2020 semester; assumes significantly reduced yield on national and international, smaller reductions in yield on Minnesota and reciprocity.



Team Planning for Hybrid Scenario

- Participants: Public health experts, academic leaders, and operational representatives
- Addressing how to deliver in-person education safely (social distancing, classrooms, residence halls, dining halls)





UNIVERSITY OF MINNESOTA
Driven to DiscoverSM

Crookston | Duluth | Morris | Rochester | Twin Cities

©2014 Regents of the University of Minnesota. All rights reserved.
The University of Minnesota is an equal opportunity educator and employer.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

April 21, 2020

AGENDA ITEM: Operating Budget Assumptions and Options

Review **Review + Action** **Action** **Discussion**

This is a report required by Board policy.

PRESENTERS: President Joan T.A. Gabel
Brian Burnett, Senior Vice President
Julie Tonneson, Associate Vice President and Budget Director

PURPOSE & KEY POINTS

The purpose of this item is to set a context for further discussion on the impact of the COVID-19 pandemic on the President’s Recommended FY 2021 Annual Operating Budget (operating budget). The item also presents for review, as a component of the operating budget, a systemwide tuition freeze with three exceptions. The discussion will outline the University’s current resource capacity and generation and provide an update on the University’s allocation from the federal CARES Act. The item will also describe financial stringency and fiscal emergency as defined by Board of Regents Policy: *Faculty Tenure*.

FY 2021 Budget Scenarios

The administration is developing, with varying assumptions, three FY 2021 operating budget scenarios for review by the Board in May and action in June:

1. Base operating budget with the following assumptions:
 - o Extended reduced status through a portion of the summer.
 - o Summer session offered online only.
 - o Ramping into fall semester for “regular” operations.
2. Contingency 1
 - o Extended reduced status through October 2020.
 - o Begin fall semester online.
 - o Ramping into the second half of fall semester for “regular” operations.
3. Contingency 2
 - o Extended reduced status through fall 2020.
 - o Normal operations by spring 2021 semester.

Impact on Budget Review and Approval Process for FY 2021

The President will bring forward her recommended FY 2021 operating budget for the Board’s review at its May meeting and action at its June meeting. While this recommendation will be informed by the Board’s discussions on April 3 and April 21 as well as by further developments this

spring, the President's current intent is to recommend a fully balanced operating budget in alignment with Scenario #1, above. Following typical practice, if approved by the Board the operating budget will be entered into the University's financial system and implemented on July 1, 2020. This year, this operating budget will then become the starting place or the base from which contingency plans will launch should they be necessary.

The most challenging aspect of this situation remains the University's ability to estimate a more precise financial impact given lack of knowledge on the timing and duration of the pandemic's life cycle, its potential resurgence, and decisions by elected officials. Approaching budget development in a phased way as described here allows University operations to move forward in the context of uncertainty while planning for multiple outcomes.

Tuition Freeze

As part of the FY 2021 operating budget, the President is presenting for review a tuition freeze for all rates across the system for the 2020-21 academic year (three exceptions noted below). While the full budget will not be available for this meeting, the administration will describe how the tuition freeze is an assumption in the financial projections for FY 2021.

The President's tuition-freeze recommendation exempts three professional programs – Dentistry, the Medical School, and three Professional Masters in the College of Science & Engineering, Twin Cities campus. Those exemptions are based on strong demand, national ranking, and market comparisons. Rate changes for all professional and departmental masters programs are evaluated and presented separately in the budget every year, rather than falling under a standard level of increase, in recognition of their unique circumstances. These three exceptions result from that separate evaluation process.

The projections discussed during the special meeting of April 7, 2020 contributed to development of this proposed freeze, which will be discussed more fully during May review and June action on the operating budget. While the President does not wish to limit that review or alter the Board's decision-making process, it is necessary for marketing purposes to advertise now and communicate tuition rates to prospective students, particularly with the University's May 1 commitment deadline approaching. The University would communicate to all prospective students, including international and nonresident/non-reciprocity students, but make clear that the final tuition amount is subject to Board approval.

BACKGROUND INFORMATION

The Board previously discussed this topic at the following meetings:

- April 3, 2020: *COVID-19: Comprehensive Student Fee Refund Plan*, Board of Regents Special Meeting
- April 7, 2020: *COVID-19 Pandemic: Early Estimates of Financial Impact on the University*, Board of Regents Special Meeting. At this meeting the Board discussed the following:
 - University is operating from a position of strength
 - Evolving situation that included: three scenarios for revenue loss and expenditure increases
 - Impact by unit varies widely
 - Productivity loss
 - Uncertainty of situation
 - Funding plan for nonrecurring needs using “step-down” approach

Early estimates of the financial impact of three scenarios were a major component of the April 7 presentation and discussion. The methodology by which the elements of each scenario were calculated vary greatly. For each estimate, multiple and differing variables were considered. In addition, the variables themselves are changing as decisions are made and University administration knows more. As such, the estimates discussed on April 7 were point-in-time estimates given what was known at that time.

Below are examples of the differing variables included in the calculations for:

- Twin Cities Athletics: event cancellation, sponsorship losses, Big Ten and NCAA revenue reductions, etc.
- Event Cancellations/Other Sales: nine revenue categories, and for each an assessment of revenues recorded fiscal year to date compared to last year, budgeted revenue for the year, and timing of return-to-operations.
- Tuition and Associated Fees: timing on moving from on-line to in-person teaching, enrollment estimates, retention rates for continuing students, changing mix of resident vs. nonresident students, etc.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the resolution related to FY 2021 Systemwide Undergraduate and Graduate/Professional Tuition Rates.



REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

FY 2021 Systemwide Undergraduate and Graduate/Professional Tuition Rates

WHEREAS, the University of Minnesota (University), like the rest of the country, is faced with significant challenges created by the COVID-19 pandemic; and

WHEREAS, one of the University's primary goals is to support students and ensure their ability to continue their education during this difficult period; and

WHEREAS, it is President Joan T.A. Gabel's intention to propose a tuition freeze as a component of her recommended FY 2021 Annual Operating Budget; and

WHEREAS, communicating a tuition freeze as early as possible will benefit both current and prospective students, particularly with the University's May 1 commitment deadline approaching, and the University's enrollment goals.

NOW, THEREFORE, BE IT RESOLVED that as a component of the FY 2021 Annual Operating Budget, the Board of Regents freezes tuition rates systemwide at the rates it approved on June 19, 2019, with the exception of the following professional programs:

- Dentistry;
- Medical School; and
- Three Professional Masters in the College of Science & Engineering, Twin Cities campus.

Those professional programs are being exempted from the tuition freeze based on strong demand, national ranking, and market comparisons.

Operating Budget Assumptions and Options

Brian Burnett, Senior Vice President for Finance and Operations
Julie Tonneson, Associate Vice President and Budget Director

Special Board of Regents Meeting
April 21, 2020

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University



3 Possible Scenarios of FY 2021 Budget

Base Budget

Extended reduced status through a portion of the summer; Summer session offered on-line only; Ramping into Fall semester for “regular” operations.

Contingency 1

Extended reduced status through October 2020; Begin Fall semester on-line; Ramping into the second half of Fall semester for “regular” operations.

Contingency 2

Extended reduced status through Fall 2020
Normal operations by spring 2021 semester.



Preview of Recommendations to be Included in the Base FY 2021 Operating Budget Submitted for Review in May and Action in June:

- Tuition freeze – all undergraduate and majority of grad/prof rates
- 0% increase on general merit salary pool
 - Honor labor represented contracts approved to date
 - Implement faculty rank and P&A continuous appointment promotions
- Hiring freeze – take advantage of attrition for salary savings
- Required internal budget cuts
- Contingency plans for two scenarios with more significant financial challenges requiring additional internal budget cuts and elimination of and/or reductions to activities



For each contingency plan we will include the following:

- Enrollment assumptions
- Estimated tuition revenue reductions as compared to “base budget”
- Estimated other revenue reductions as compared to “base budget”
- Recurring spending cut targets communicated to units for immediate action plan development
- Plans to develop institutional-level changes for expenditure savings
- Assumptions and plans related to auxiliary operations
- Defined conditions under which we would move to implementation of contingency plans



Recommended Tuition Freeze for FY 2021

The president recommends a systemwide tuition freeze for FY 2021:

- All undergraduate and majority of grad/prof rates
- Exceptions: Dentistry, the Medical School, and three Professional Masters in the College of Science & Engineering, Twin Cities campus



Other Considerations

- Current resource capacity and generation
- Financial stringency
- Fiscal emergency
- CARES Act
 - \$36 million
 - 50% directed to assist students





REGENTS OF THE UNIVERSITY OF MINNESOTA
RESOLUTION RELATED TO

FY 2021 Systemwide Undergraduate and
Graduate/Professional Tuition Rates

WHEREAS, the University of Minnesota (University), like the rest of the country, is faced with significant challenges created by the COVID-19 pandemic; and

WHEREAS, one of the University's primary goals is to support students and ensure their ability to continue their education during this difficult period; and

WHEREAS, it is President Joan T.A. Gabel's intention to propose a tuition freeze as a component of her recommended FY 2021 Annual Operating Budget; and

WHEREAS, communicating a tuition freeze as early as possible will benefit both current and prospective students, particularly with the University's May 1 commitment deadline approaching, and the University's enrollment goals.

NOW, THEREFORE, BE IT RESOLVED that as a component of the FY 2021 Annual Operating Budget, the Board of Regents freezes tuition rates systemwide at the rates it approved on June 19, 2019, with the exception of the following professional programs:

Dentistry;

Medical School; and

Three Professional Masters in the College of Science & Engineering, Twin Cities campus.

Those professional programs are being exempted from the tuition freeze based on strong demand, national ranking, and market comparisons.



Questions?

Discussion and Feedback





UNIVERSITY OF MINNESOTA

Driven to Discover[®]

Crookston Duluth Morris Rochester Twin Cities

The University of Minnesota is an equal opportunity educator and employer.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

April 21, 2020

AGENDA ITEM: Financial Risks in Academic Medicine and Affiliated Organizations

Review **Review + Action** **Action** **Discussion**

This is a report required by Board policy.

PRESENTERS: Jakub Tolar, Dean of the Medical School, Vice President for Clinical Affairs
Pete Mitsch, CFO, Medical School and UMPphysicians

PURPOSE & KEY POINTS

The purpose of this item is:

- An update on the financial impact of the COVID-19 pandemic on University of Minnesota Physicians (UMP) and the Medical School; and
- Review of the Resolution Related to Deferment of University of Minnesota Physicians Clinical Revenue Transfers. This resolution would allow the use of Medical School clinical reserves to defer up to \$5 million in UMP clinical revenue for up to 12 months from the original transfer date(s).

Governor Walz’s Executive Order canceling all elective, non-essential surgeries and procedures has led to a significant reduction in revenue for the Medical School’s practice group. The discussion will focus on current data, outline actions taken to date and further actions being consider to cut expenses, and discuss UMPphysicians’ position as it relates to the health care market.

PRESIDENT’S RECOMMENDATION

The President recommends approval of the Resolution Related to Deferment of University of Minnesota Physicians Clinical Revenue Transfers.



REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

**Deferment of University of Minnesota Physicians
Clinical Revenue Transfers**

WHEREAS, due to the COVID-19 pandemic, University of Minnesota Physicians (UMP) has experienced significant reductions in revenue from fewer clinic visits, elective medical procedures, and ancillary services; and

WHEREAS, UMP has taken a number of steps to reduce costs and preserve liquidity; and

WHEREAS, UMP serves as the University of Minnesota Medical School's (Medical School) faculty practice organization, and transfers approximately \$78 million annually in clinical revenue to the Medical School.

NOW, THEREFORE, BE IT RESOLVED, that notwithstanding existing commitments and expectations regarding transfer of clinical revenue, the Board of Regents authorizes the President or delegate to utilize Medical School clinical reserves to defer up to \$5 million in UMP clinical revenue for up to 12 months from the date the transfer(s) would have been made.

COVID-19 Financial Impact Assessment

Board of Regents Update



Overview

- The following illustrates initial projections relating to COVID-19's impact on UMP's clinical operations:

<u>Metric</u>		<u>Initial Projections</u>
• Hospital Census	→	• No Change
• ASC Procedures	→	• 90% Decline
• Clinic Visits	→	• 70% Decline
• Ancillary Revenues	→	• 80% Decline

- As a result, UMP is incurring approximately a 45% reduction in revenue, or roughly **\$5,000,000 per week**



UMP's COVID-19 Response

- Actions taken to date:

Action

- Reduced Retirement Contributions¹ →
- Eliminate Q4 BEA Funding →
- Voluntary Leadership Salary Reductions →

Financial Impact

- \$1,400,000 (biweekly)
- \$200,000 (biweekly)
- \$150,000 (biweekly)

- Further actions being considered:

Action

- Physician Salary Reductions (10 - 25%) →
- Staff Salary Reductions (10 - 20%) →
- Non-Personnel Expense Reductions →

Financial Impact

- \$2,500,000 (biweekly)
- \$2,000,000 (biweekly)
- TBD

- Potential biweekly reduction² = **\$6,250,000**



¹ Includes physicians and staff

² Does not include leadership reductions or non-personnel expense reductions

Financial Implications

State and Federal Support

- The following illustrates the anticipated state and federal support relating to COVID-19:

Support

- State COVID Grant →
- Federal CARES Act¹ →
- FICA Deferral →

Financial Impact

- \$350,000
- \$1,700,000 - \$2,000,000
- \$2,000,000 (through 12/31/2020)

- UMP is currently projected to receive approximately **\$4,075,000 total** in federal and state COVID-19 support
 - It is important to note that FICA deferrals will ultimately need to be repaid to the federal government throughout 2021 and 2022
- UMP's projected revenue loss for the month of **April** equals approximately **\$20,000,000**



Financial Implications

Clinical Funds Flow

- The following illustrates UMP clinical transfers to the University of Minnesota Medical School:

<u>Transfer Type</u>		<u>Amount</u>
• Dean's Tax	→	• \$11,100,000
• Academic Transfers	→	• \$21,100,000
• Clinical Transfers	→	• \$78,000,000

- In total, UMP transfers approximately **\$110,200,000** to the Medical School on an annual basis
- Medical School “clinical reserves” are \$26,800,000.



Conclusions

- Initial revenue loss projections are in line with actual data as of 4/13
 - Revenue will continue to be monitored daily, and an updated forecast will be developed based on data through 4/24
- The following outlines the number of weeks UMP has in financial reserves assuming a \$5,000,000 per week revenue reduction and maintaining 30 days COH in order to meet payroll:

No Expense Reduction

- 30 days (June 7)

\$2.5M/Week Expense Reduction

- 3 months (July 12)

\$2.5M/Week Expense Reduction + \$1.5M/Week Financial Support

- 4 months (August 30)





BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

April 21, 2020

AGENDA ITEM: Consent Report

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Brian Burnett, Senior Vice President

PURPOSE & KEY POINTS

The purpose of this item is to review and act on a schematic design for the following project:

- Larson Football Performance Center Recovery Suite (Twin Cities campus)

A project data sheet is included in the docket and addresses the basis for request, project scope, cost estimate, funding, and schedule for the project. A map locating the project on the Twin Cities campus is also included.

Please note that this project was first envisioned, and planning work began, before the COVID-19 pandemic began to impact the University in a significant way. Donor funds raised to support the Recovery Suite are restricted to this project.

BACKGROUND INFORMATION

Approvals are sought in compliance with Board of Regents policy as follows:

- Schematic Designs: *Reservation and Delegation of Authority*, Article I, Section VIII, Subd. 9.

This project was approved as a Capital Budget Amendment at the Board’s March 2020 meeting as a component of the Finance & Operations Committee consent report.

PRESIDENT’S RECOMMENDATION

The President recommends approval of the Consent Report.

**Schematic Design: Larson Football Performance Center Recovery Suite
Twin Cities Campus – East Bank
Project No. 01-137-20-2105**

1. Basis for Project

The purpose of the project is to create a new recovery suite for all student athletes. Gopher Athletics sees a need for space that can facilitate different methods of body injury recovery and the promotion of physical and mental health. To continue the success of Gopher Athletics, including the football program, more progressive facilities for both current athletes and new recruits are an important addition to athletic support.

2. Scope of Project

The Recovery Suite will be created by renovating approximately 1,400 sf of the existing second floor mezzanine in the Larson Football Performance Center within Athletes Village. Interior renovation of this mezzanine allows the University to maximize open floor space and amenities while introducing new program requirements: sauna room, float tank suites, sleep pod suite, and wellness recovery equipment. Project scope includes minimal demolition, and construction of new rooms and finishes.

3. Master Plan

The project complies with the Twins Cities Campus Master Plan dated March 2009.

4. Environmental Issues

This project has no anticipated environmental issues.

5. Cost Estimate

Construction Cost	\$1,075,000
Non-Construction Cost	\$ 425,000
Total Project Cost	<u>\$1,500,000</u>

6. Capital Funding

Donor Funds*	<u>\$1,500,000</u>
Total Capital Funding	\$1,500,000

* Funding for this renovation project includes University debt to bridge donor pledges.

7. Capital Budget Approvals

This project was approved as a Capital Budget Amendment at the March 2020 Board of Regents' meeting.

8. Annual Operating and Maintenance Cost

The facility operating cost is estimated to be \$11.42/SF.

9. Time Schedule

Proposed Design Completion:	May 2020
Proposed Substantial Completion:	July 2020
Tenant Occupancy:	August 2020

10. Project Team

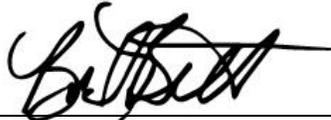
Architect:	BWBR Architects
Contractor:	Mortenson

11. Recommendation

The above described project scope of work, cost, funding, and schedule is appropriate:



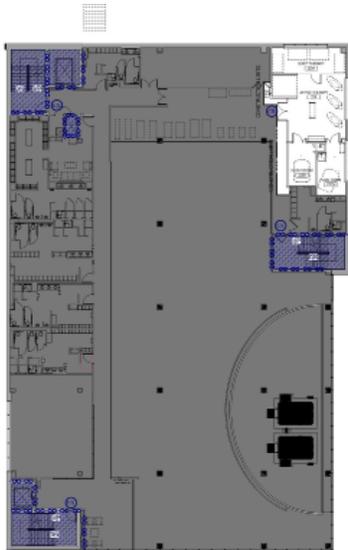
Mark Coyle, Director of Intercollegiate Athletics



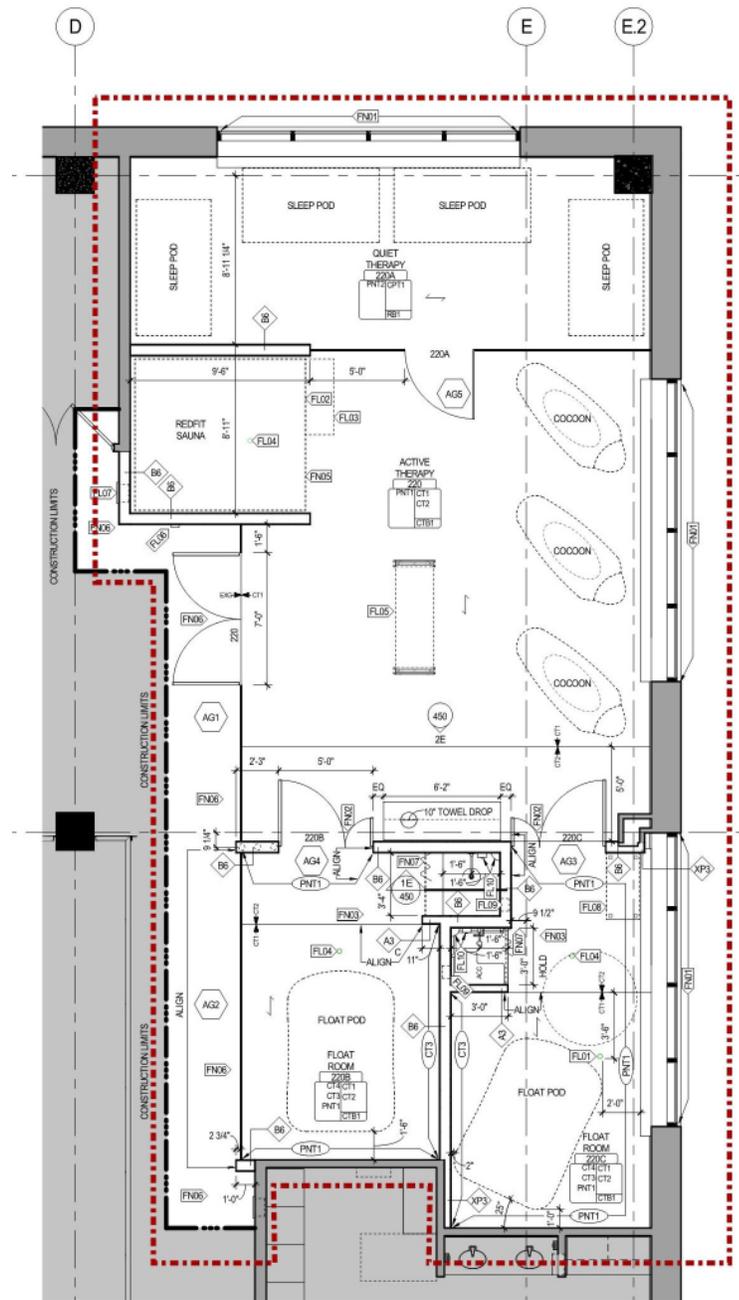
Brian Burnett, Senior Vice President for Finance and Operations



LOCATION MAP



KEY PLAN



2ND FLOOR