Minutes
Wednesday, April 1, 2015
8:00-10:00 a.m. Old Main Boardroom


Absent: M. Burke, V. Del Casino, G. Goldman, S. Hill, M. Jonen, M. Miller, K. Whisman

Guests: M. Fleming, A. McClure, D. Dellinger, T. Miller, J. Sun

Call to Order
Co-Chair M. Galilee-Belfer called the meeting to order at 8:02 a.m.

Approval of the Minutes of March 4, 2015
The minutes of March 4, 2015 were approved.

Guest--President Ann Weaver Hart
President Hart discussed with the Committee the highly turbulent environment the UA is encountering with decisions concerning the Arizona state legislature and funding decisions. She thanked SPBAC for its role in the current budget discussions. She is confident that the UA will continue to be an institution where people can grow and have a positive impact on the future.

UA tuition hearings will take place on April 20th and tuition setting by ABOR is scheduled for May 4th, with final budget recommendations being made in June. As with most budgets the numbers will continue to move and adjust as needed. Dr. Hart is very pleased with the thoughtful student input and support for the tuition setting dialogues; there was give and take on both sides. Hart feels there are three key principles that are moving forward as relate to budget setting: everyone needs to share the pain; the UA must continue to invest in the future; and the UA needs to work diligently to find revenue from sources other than the state.

Hart is confident that the UA will not only be able to honor the tuition guarantee, but will probably be offering a tuition lock-in to those who elected not to take part in the guarantee last year. The tuition guarantee is only for four years of study; if a fifth year is needed the cost would revert to the guaranteed lock available to the students who are a year behind. The plan is to have students incentivized to graduate within five years. It was noted that mandatory fees will now be part of the tuition guarantee, although course and program fees will not be included.
K. Urquidez said that parents actually cheer when they are told about the tuition guarantees at the orientation meetings, as parents and students are able to know the cost of a four-year education.

Z. Brooks told members that Graduate and Professional Student Council (GPSC) members will be attending more meetings at the state and federal levels to help legislators to better understand the value of higher education.

Members asked Dr. Hart about new sources of funding for the UA. She discussed the partnering with Banner Health and the UA medical center. While the medical school and the UA have to give up some control when they partner with Banner, the benefits to the UA as a whole, especially in the area of clinical care, should be worth it. Banner has committed $40M to the UA, half discretionary and half committed to clinical care.

As examples of areas in which partnerships might be considered, Dr. Hart mentioned learning opportunities that could come through the mining and mineral engineering industries best practices. She also mentioned the many benefits that come through fine arts outside of the UA setting.

Members asked about and discussed the possibility of the UA becoming a semi-private or private institution like a Cornell. Hart said that although there have been preliminary discussions and fact finding about how universities that have followed that path have been able to change their financing model, that is not something that is being considered at this time. She said that T. Thompson, Senior Vice President for University Relations and members of her office have been working with the new Arizona state treasurer to explore legislative bills that would be beneficial to the UA. Dr. Hart feels there is a definite need to help legislators better understand the benefit to the state of Arizona that the UA provides.

Members asked if ABOR supported the many bills that have been presented to the legislature on behalf of higher education. Dr. Hart said that the Regents are not all of one mind. Many Regents attended a meeting with the Distinguished Professors’ group Tuesday night. Dr. Hart said there have been discussions concerning the benefits and problems associated with each of the three Arizona public universities each having their own board and appropriations. There are examples in other states of that practice being beneficial.

Members asked to discuss whether there is a mechanism in place that will help with decision making concerning the funding cuts that will have to be made. Hart said that cuts will be made in line with the UA mission, core values and goals. Currently, there are seven focus areas that are driving priorities, as laid out in Never Settle, the UA’s strategic plan. Hart indicated that G. Goldman, Senior Vice President for Financial Affairs and Chief Financial Officer, would like to see the cuts shared across the UA and the auxiliary units.

President Hart noted that in budget and other decisions, shared governance is very important and evident across the UA, and involves faculty, the Faculty Senate, Appointed Professional Advisory Council, Staff Advisory Council, the Associated Students of the University of Arizona and the Graduate and Professional Student Council. President Hart feels that the UA is very unique in this respect.
Employee Related Expense (ERE) Discussion
Nicole Salazar, Assistant Comptroller, from the Financial Services Office (FSO), discussed with the Committee the work her office is doing to simplify ERE, among other processes. Salazar explained the proposed changes to ERE that will be coming forward for AY2016.
One proposed change would be to identify a single ERE rate for all employees (except graduate assistants and other students, e.g., hourly wage undergraduates). Another proposed change concerns the payout of accumulated vacation time. The maximum of 176 hours of accumulated vacation time would not change. What would change would be which units could be responsible for the payout. Currently, the present employing unit is responsible for the entire 176 hour payout, regardless of where the employee earned the vacation. The proposed change is to have the units where the vacation hours were accumulated be responsible for the payout. If an employee retired from a unit where he/she had accumulated 176 vacation hours, that unit would be responsible for the payout. However, if an employee accumulated half of the 176 vacation hours in one unit and half in his/her current unit, both units would contribute half of the payout.
A third proposed change deals with graduate student ERE, which in the past included graduate tuition. In the proposed change, graduate tuition would not be recovered from ERE, but would be identified as a separate cost, as is done at many peer institutions.
Relative to the first proposed change (one ERE rate for all) Provost Comrie commented that a pool system that includes all employees will be more stable than the current model, which incentivizes hiring some employee categories (such as part-time) based on ERE rates rather than on mission or need. Members asked how this would impact auxiliaries. Provost Comrie explained it would be a one-time reset. J. Florian explained this new design will need SPBAC members’ help to inform and explain the benefits of such a proposal to the campus.

Budget Discussion
Co-chair Gallilee-Belfer briefly outlined a Budget Recommendations handout provided to members. The handout summarizes responses to a request to the campus community made by institutional leaders for input on how the UA might best address budget cuts. After reading the summary, members provided feedback. Comments included questions about the possible value and downsides of outsourcing some services provided by auxiliaries, such as catering, parking and transportation, IT, and the bookstore. A cautionary note was raised with the example of another university which outsources parking wherein the result was that faculty and staff can no longer afford to park on campus. Provost Comrie reiterated that many of the decisions on actual numbers cannot be made without first knowing the outcome of tuition setting. He asked that SPBAC members contact him if they have suggestions and/or comments on how to address upcoming cuts.

Adjournment
The meeting was adjourned at 10:03 a.m.

Future Meetings
April 15, 2015 8:00-10:00 a.m. Old Main, Silver & Sage
May 6, 2015 8:30-10:00 a.m. Old Main Boardroom
May 20, 2015 TBD