Minutes
Wednesday, August 19, 2020
8:15-9:50am via Zoom


Absent: S. Keim, I. Kron, C. Ramirez, J.P. Roczniak, S. Troutman


Presenters: Betsy Cantwell, Senior Vice President, Research and Innovation
Sangita Pawar, Vice President, Operations

Call to Order
Co-Chair Helm called the meeting to order at 8:16am

Approval of the Minutes of August 5, 2020
The minutes of August 5, 2020 were approved. The minutes of July 1, 2020 were deferred for approval pending responses from chat questions.

Discussion and Updates: Memorandum to SPBAC Members, Shared Governance, and Survey:
Co-Chair Helm asked for discussion about suggestions put forward by Professor Gary Rhoades regarding presenting to SPBAC about a memorandum sent to SPBAC members about the Ashford acquisition. Provost Folks expressed interest in a discussion about the role of shared governance in the acquisition and asked for committee member input on the topic. A committee member stated there is an ongoing discussion among faculty regarding shared governance and expressed this discussion may lead to broader participation and higher voting turnout. Additionally, the committee member shared that department heads expressed feeling left out of shared governance because Heads-up is not an official part of the governance structure. Chair of the Faculty, Jessica summers suggested a broader discussion may be needed in the future correlated to the MOU.

1 Questions asked on chat that remained unanswered during the regular meeting were forwarded to the relevant presenters for follow-up reports and answers. Presenters’ resulting answers are marked as “follow-up” in the minutes.
Helm updated the committee regarding the status of the survey sent to SPBAC members. She provided a brief summary of results and said the majority of responses were in favor of transferring funds. She responded to the question about potential agenda items and said SPBAC would be focusing on the budget and Ashford acquisition. Co-Chair Brummund added details regarding the questions about support of transferring funds. He said the results were consistent with discussion on the topic and provided a detailed overview of responses.

Committee member Liverman added the survey only asked about current reallocations of resources and stated reallocations had been made previously through weighting of RCM. She expressed concerns regarding 1-year allocations and sustained allocations. Member Colina said that the issue of transfers between units may be related to changes to RCM and a mixed model with changes to RCM may be possible. CFO Rulney responded that no changes to RCM model were made beyond those already shared in the previous fiscal year and subsidies to colleges would be held stable for 3 years. She agreed that changes to the RCM model may be necessary and stated SPBAC would be part of the conversation regarding those changes. Co-Chair Helm added the need to transfer funds to another unit may not be indicative of inefficiencies within the unit in need.

**Presentation: F&A Infographic:**

**Betsy Cantwell, Senior Vice President, Research and Innovation**

**Sangita Pawar, Vice President, Operations**

Cantwell presented to the committee the infographic which has been shared with senior leadership groups. She added in aggregate F&A recovery (overhead and indirect cost return) supports 70% of research and the remaining 30% was covered by the University (as rolled up into infrastructure and salaries that could not be paid via grants/contracts). She said the University negotiates with federal government the allowable F&A rate annually and this year the rate was 53.5%.

She gave an overview starting in 2015 at the start of RCM and indicated, at the time, $73m was collected and distributed 75% central and 25% units. With the implementation of RCM, everything up to $73m was to be distributed 75/25 and anything above that was to be 83% to units and 17% to central. She added in 2019 $93m was collected in F&A with 62% distributed to central and 38% to units and as the overall amount increased, the percentages moved closer together.

Cantwell provided details of the 2019 RII budget and services it provided, and she indicated about 23% was funded through F&A and 7% came from other funds. She added about 2.3% of funds in 2019 went to centers and institutes within RII. Cantwell explained RII is funded through a central budget and unless faculty members have a home unit outside of an RII center or institute, F&A for grants associated with these faculty members are held centrally.

Cantwell addressed growing the budget for services provided by RII using F&A. She gave an overview of TRIF and stated this was the final year of the TRIF program with collections predicted to decrease. She expected about a 5-7% reduction from FY20. She added, starting in FY22 would be revised and become annually approved, meaning there will be no guarantee of TRIF funding amounts, year-to-year funding, or large upticks or downticks. She stated this will start a new advocacy phase for TRIF and the University will need to rethink use of TRIF funding annually as stimulus packages. She expressed concerns regarding this change. Cantwell added the RCM model is shifting from the 75/25 allotment and stated F&A collections are higher this year in addition to an increase in awards.

Cantwell expressed optimism regarding the increase in collections and awards. She added that during difficult financial situations F&A is largely used to support operational matters, but that devolves the use of F&A to support research growth.
Pawar shared with the committee the importance of being able to communicate details of F&A to the campus community. Cantwell expressed the need for deeper discussions about utilizing smaller levels of available funds to stimulate and support research for the next couple of years.

**Presentation Questions:**
Provost Folks asked for information regarding aid support and to whom it goes. Pawar and Cantwell responded that aid support went directly to student support and financial aid was a historical allocation made from F&A.

Committee member Liverman expressed concerns over the changes to TRIF and annual advocacy. She stated that TRIF sometimes felt politically driven. She asked if these funds were still negotiated with the other Arizona universities. She also stated her opinion that RII should not have taken a budget cut and expressed that the budget cut may negatively affect startup funds, competition, and faculty development. Cantwell responded that development funds from central sources had not been cut. She added that the fund has been fully booked with startup packages, salaries, and award matches and protecting seed funding was a priority. Cantwell gave an overview of past efforts to secure research awards and stated that she had to work with the other Arizona universities regarding TRIF allocations which do not vary by institution.

Secretary of the University, Jon Dudas, added details regarding political issues including spending on K-12 education and not higher education. He explained ongoing efforts to advocate for higher education spending.

Co-chair Brummund asked Cantwell and Pawar about programmatic areas of funding prioritized by the State of Arizona/Arizona Commerce Authority. Cantwell responded that the University is aligned with state spending priorities and gave an overview of TRIF funding categories. She stated categories previously created may be limiting and broadly described the categories as infrastructure, workforce development, health, environment and water sustainability, and space and optics. Cantwell described ASU's ability to create a new advanced manufacturing category and direct TRIF funding for machine learning and AI to this category. Cantwell indicated she anticipates the categories will stay the same but application of TRIF funding within each category will be stretched by each Arizona university.

Cantwell responded to a question in Zoom Chat regarding the location of funds for marketing/advertising by saying RII has a small team devoted to this topic. She expressed that during difficult financial times faculty respond by upping the quality of research. She said RII was working to share information about the culture of delivery.

Co-chair Brummund said the economic impact from research generated by state investments were net positive. Cantwell expressed the difficulty of showing the value of decades-long investments.

**Updates**
**Jessica Summers, Chair of the Faculty**
Summers updated the committee on the August 17 Special Faculty Senate meeting regarding the Ashford University acquisition. She expressed the need for ongoing conversations to address unanswered questions on the topic. Summers said a survey was sent to faculty (and will reach graduate students and staff) regarding the Ashford acquisition. The purpose of the survey was to gauge attitudes on the acquisition and to identify ongoing questions and concerns.
Summers noted the upcoming ABOR meeting and expressed that borrowing options would be discussed.

**Jon Dudas, Secretary of the University**
Dudas responded to questions from the committee and also noted the upcoming ABOR meeting. He stated he was not expecting anything dramatic to occur at the ABOR meeting.

**Betsy Cantwell, Senior Vice President, Research and Innovation**
Cantwell spoke about the importance of decades long research and the challenges of supporting faculty research. She welcomed participation in a potential working group focused on the financial support of research. She expressed interest in crafting messaging for anyone who is research-active to share information with the community.

**Steven Moore, Senior Vice President, Chief Marketing/Communications Officer**
Moore updated the committee about the COVID Watch app launch. He also provided details about the upcoming press briefing. Moore said COVID messaging would continue to focus on following science and numbers of infected. He stated a presentation regarding marketing focused on the Southwest would follow in the future. Moore shared positive responses to the marketing campaign, especially in Texas. He also added the University has received positive feedback from parents regarding communications.

Committee asked about developments in North Carolina. Provost Folks gave an overview of COVID preparations and stated an increase in cases is not unexpected if there is a “super-spreader” event such as a party. She added the University has learned from other institutions what to do in case there is a rapid increase in COVID cases and UA has a plan in place in case there is an increase. Folks said 418 isolation beds were available with the possibility of ramping up to 600 if needed.

**Lisa Rulney, Senior Vice President and Chief Financial Officer, Business Affairs**
A committee member asked CFO Rulney about the implications of going fully online. Rulney responded UA was still seeing a great deal of student changes and stated the difficulty of predicting the number of students on campus. She stated if UA moved to a mostly online model it would not mean changing the tuition model but there would be a definite impact to auxiliaries. She added many auxiliaries used fund balances in spring.

Rulney shared key dates to enrollment and said that students do not have any liability for interacting with the UA system at this time. She added there were no late fees until August 25th (second day of class, $50 fee). She noted September 6th was the deadline for students to enroll or receive a refund. September 15th was the date for adding additional fees for unpaid tuition. She emphasized enrollment numbers will not be solid until the census date.

Rulney updated the committee on the ABOR conversation regarding debt. She added she was working with other Arizona university CFOs to change the ABOR policy regarding savings required on refinancing. She stated she hoped the policy change would be approved. Rulney stated guidance for changing statues related to borrowing for anything other than capital projects was on the agenda. She added a presentation asking ABOR to work with lawmakers to change the statute would occur.

Rulney will update SPBAC at the next meeting regarding these items.

**Liesl Folks, Senior Vice President for Academic Affairs and Provost**
Provost Folks updated the community on getting the campus ready to start in-person classes. She gave an overview of preparations and efforts to return to campus. She added UA continued to see a low positivity rate and this was a good time to test protocols and testing procedures. Folks added there will be a public-facing dashboard to show testing numbers and reiterated the zero-tolerance policy on face coverings.

Folks expressed excitement about the Ashford acquisition and responses from departments regarding connections and opportunities between institutions.

She added CFO Rulney’s team continued to watch the financial situation and the moderate case scenario looked to be most accurate. She said that the retention rate was high, meaning that students stayed loyal to the University.

**Adjournment**
The meeting was adjourned at 9:51am.