

Strategic Planning and Budget Advisory Committee

Faculty Center
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Minutes

Wednesday, December 16, 2020
8:15-9:50am *via Zoom*

- Present: B. Brummund (**Co-Chair**), S. Helm (**Co-Chair**), D. Ayoun, B. Berrellez, E. Cantwell, E. Cheu, S. Colina, P. Dourlein, J. Duran, J. Florian, L. Folks, G. Heileman, M. Hingle, J. Hunter, J. Jones, D. Liverman, A. Miller, I. Moore, S. Moore, G. Perry, C. Ramirez, H. Rodrigues, L. Rulney, T. Singleton, R. Stephan, J. Summers
- Absent: M. Abecassis, L. Benson, S. Keim, L. Rankin, J.P. Roczniak, S. Sen, M. Taylor, S. Troutman, B. White
- Guests/Observers: A. Blandeburgo, J. Burstein, R. Hammer, C. Henderson, M. Klotz, A. Kraus, T. McDonald, R. Miller, G. Nazarenko, J. O'Neil, S. Pawar, C. Rocha, A. Romero, P. Scott, R. Toomey, M. Trevino
- Presenters: Derek van der Merwe, Assistant Vice President / Chief Operating Officer – Athletics; Todd Millay, Executive Director, Arizona Student Unions; Jim Sayre, Executive Director, Parking and Transportation; Debby Shively, Associate Vice President, Auxiliary Services; Robert Smith, Vice President, University Planning / Design and Operations; Kendal Washington White, Vice Provost, Campus Life / Dean of Students

Call to Order

Co-Chair Helm called the meeting to order at 8:15am

Approval of the Minutes of December 9, 2020

The minutes of December 9, 2020 were approved.

Presentation and Discussion: Auxiliaries and Athletics Review

Presenters: Alexander Blandeburgo, Executive Director, Housing & Residential Life; Derek van der Merwe, Assistant Vice President / Chief Operating Officer – Athletics; Todd Millay, Executive Director, Arizona Student Unions; Jim Sayre, Executive Director, Parking and Transportation; Debby Shively, Associate Vice President, Auxiliary Services; Robert Smith, Vice President, University Planning / Design and Operations; Kendal Washington White, Vice Provost, Campus Life / Dean of Students

Washington White presented a definition of auxiliary units on campus and focused the presentation on the largest units. She stated there were about 20 auxiliary units on campus. She gave an overview of the auxiliaries and stated the primary clients for these units were students, community, institution, and researchers/entrepreneurs. She addressed the narrative that auxiliaries have required investment from

the University and stated auxiliaries are self-sustained and largely do not require financial support. The bookstore, residential life, and technology parks auxiliaries were all self-sustaining. Washington White added many students seek employment in auxiliary units and end up staying on campus. Auxiliary units employed a total of more than 7,500 people and the University employed more students (4,700) in auxiliary units compared to peer institutions.

Washington White said the auxiliaries provided over \$27m annually to the University and funds went to academic activities and subsidized positions. Auxiliaries are also responsible for their debt service. She said this was more than \$38m annually (average over the last five years) and units maintained cash on hand to respond to issues.

Auxiliary Unit Group Presentations:

UA Bookstores: Shively informed the committee the UA Bookstores were integral to the Wildcat journey and were 100% self-supporting with 33% of revenues going back to UA. UA Bookstores were responsible for 53% of student union debt but occupied 17% of the total square footage. She added the unit had developed academic partnerships across campus and provided student scholarships and learning lab competitions. According to Shively, affordability initiatives in collaboration with UA Libraries had saved over \$6m while providing \$5m in support to the campus at large. She also informed the committee of community focused initiatives such as founding the Tucson Festival of Books and developing an elementary literacy program. Shively said UA Bookstores had \$20m in local economic impact.

Parking and Transportation: Sayre stated parking and transportation was 100% self-supporting. 85% of revenue came from annual parking permits/hourly garage parking, 8% from event parking, and 7% from metered parking and citations. Revenue from this unit supported business services such as on-demand transport for students/employees with disabilities, bike valet, reduced cost City of Tucson transit passes, CAT TRAN, and ridesharing services. Parking revenues paid the annual \$5.1m debt service for parking garage construction. Sayre said the unit made a \$2.9m contribution to UA and provided 130 student jobs.

Student Unions: Millay informed the committee the Student Unions were self-sustaining through sales of food products. He stated there were 35 restaurants, 3 of which are dining hall focused. Millay explained the modified free market model utilized by the student unions. 55% of revenues for this auxiliary were generated by campus residential students and there were over 1,000 students on staff. Profits grew from 2% to 12% over the last five years. Millay stated profits left over were divided with 1/3 for supporting UA, 1/3 for facilities, and 1/3 for future improvements or construction projects.

Housing and Residential Life: Blandeburgo stated Housing and Residential life was also completely self-supporting with revenue generated through rent and fees. He stated since 2004 the unit completed \$44m in renovations and deferred maintenance. There were no layoffs in this unit.

Intercollegiate Athletics: Van der Merwe presented an overview of the unit's obligations and structural elements. He said the primary revenue streams included PAC12/NCAA revenue, ticket sales/priority seating, annual/capital gifts, debt management funding, media rights, concessions, licensing, and student fees. Overall revenue totaled \$88m. He expressed support for compensation packages for coaches and added 25% of all media mentions of UA had a connection to athletics. Monetary returns to the University from this unit included Student Union concessions revenue, tuition and fees paid by athletics, administrative service charges, and facilities management.

Committee members discussed with Sayre comments regarding parking pricing and paying for permits when not needed or in use. Sayre informed the committee that charges were set a rate equal to what it cost to provide services and rates were set by benchmarks and peer institutions. He added the occasional use permit had been introduced to fill the gap for individuals who worked remotely and came to campus intermittently.

Members asked van der Merwe about student fees supporting athletics. He responded that student government made the decision regarding what was appropriate for capital funding in athletics.

Members asked how janitorial services were paid for and where the revenues for UA Libraries originated. Smith stated that a portion of RCM rates were utilized to fund custodial services. Committee member Perry stated UA Libraries had a mixed revenue portfolio that included student fees, library technology fees, and the UA Press.

Committee members discussed how to overcome the narrative that the University had to "bail out" auxiliary units. Member Rulney stated auxiliaries used savings from furlough and fund balances to cover losses. She added auxiliaries may be helped with debt restructuring to offset some of the savings lost due to shortening the furlough program.

Committee members discussed the number of layoffs due to the pandemic. Shively stated there had been 11 total layoffs at UA Bookstores. Member Rodrigues added there were 117 total layoffs in FY2020 but not all were pandemic related. Members asked van der Merwe if reducing coaches' salaries was possible. He responded that coaches' compensation was market based/competitive and it was not permitted to cap and control salaries.

Non-COVID-19 Senior Leadership Updates and Updates on Re-entry

President Robbins

Robbins suggested a symposium across the University to answer questions regarding auxiliaries. He said it was possible to concession/outsource auxiliaries, but that would lead to the loss of commitment from employees. Robbins updated the committee on the search for a new football coach.

Liesl Folks, Senior Vice President for Academic Affairs and Provost

Folks updated the committee on efforts toward a new process for administrative review of programs and policies related to graduate and undergraduate education. She stated CAC will be split into two separate groups: one for undergraduates chaired by Greg Heileman and one for graduates chaired by Andrew Carnie. She said members were being assigned to the new groups from colleges and all would be *ex-officio* representatives.

Lisa Rulney, Senior Vice President and Chief Financial Officer, Business Affairs

Rulney thanked the committee members for their work.

Steve Moore, Senior Vice President, Chief Marketing/Communications Officer

Moore informed the committee that due to the pandemic new commercials were not possible, so animation and music were utilized. He stated Arizona Arts students performed the music for the Wonder campaign. Future animated spots will be completed by Arizona Arts students.

Betsy Cantwell, Senior Vice President, Research and Innovation

Cantwell informed the committee that close to 100% of research programs were operating at some level. She stated all programs have a checklist for safety during the pandemic. She added

many were operating in a reduced mode and may not be charging as much to grants leading to reduced F&A collections. Cantwell stated TRIF was moving from a guaranteed allocation to annual approval process.

Jessica Summers, Chair of the Faculty

Summers informed the committee she will begin a sabbatical in 2021 but will still attend some committee meetings.

Tara Singleton, ASUA President

Singleton stated the fall semester was difficult for students. She said there was an MOU for \$10,000 for CAPS and she will push during the spring semester to ensure greater access to CAPS.

Adjournment

The meeting was adjourned at 9:50 am.