

**DRAFT**  
**Rochester Higher Education Development Committee**  
Meeting Minutes for December 16, 2005

Time: 7 a.m. – 10 a.m.

Location: Edina Realty Rochester, 1301 Salem Road SW, Rochester, MN

**Members Present:**

Al Berning

Al DeBoer

Drew Flaada

Bob Hoffman

Dr. Wendy Shannon

Marilyn Stewart

Dr. Claire Bender

Michael Vekich

Dwight Gourneau

Dr. David Metzen

**Member not present:**

Jayne Rankin

**Others Present:**

Dr. Cheryl Maplethorpe

Don Supalla

Dr. David Carl

Dick Westerlund

Senator Nancy Braatas

Ed Cook

Alison Good

Matt Stolle

Rev. Bruce Buller

Representative Tina Liebling

Gail Sauter

Jim Clausen

Russ Lohmann

Faith Zimmerman

Dr. Barbara Brandt

Dr. Robert Jones

Mike Denny

Harvey Turner

Dr. Lincoln Kallsen

Kathy Meyerle

8:40 a.m. Chair Stewart called the meeting to order.

The December 8 minutes were approved as amended.

The Committee approved spending up to \$65,000 for an RFP for an economic impact study of the effect of the collaboration between higher education and businesses in Rochester and the surrounding area.

The Committee approved paying Simon Tripp up to \$1,500 to provide economic impact information for the Committee's report and to review the report.

The Committee approved spending up to \$3,000 for the expense of having an outside expert testify to the legislature about the economic impact effects of the collaboration between higher education and the businesses in Rochester and the surrounding area.

Chair Stewart asked Member DeBoer and Jim Clausen to provide suggestions for implementation of the recommendations to be made by the RHEDC to the Governor and the legislature.

Work Groups reported what they had discussed in their meetings held before the Committee's meeting.

## **PROGRAMS**

Member Shannon said the number one program would be biomedical engineering/health informatics. She will provide later another slide of the program's work group that will prioritize the program areas. Other areas will be an Executive Master of Health care Administration (MHA) program and a doctorate of nursing practice. It is important that world renowned research be in Rochester not only in the Twin Cities. Students must be assured that the courses they take elsewhere will be transferable and accepted into the program.

Member Berning asked about the timeline.

Member Flaada said that the Allied Health Programs would have a head start on the process.

Member Shannon said the work group hoped to know more about the timing at the January 6 the Committee meeting.

## **FUNDING**

Member Vekich said his work group had lots of help and had received more information than he thought they could get. They have projected information out to 2015. The UM Rochester currently has 416 students. One third are undergraduate students, two-thirds are graduate. The cost of serving these students is \$7.9 million - \$6.1 million comes from the UM campus allocation and the rest from tuition. That means 77% of the funds come from the appropriation from the state through the main university campus. There is 6% tuition and fee growth projected. The work group broke down the expenses between Allied Health Programs and research facilities.

The move to downtown will have expenses. The work groups suggested 60,000 square feet for a facility which will be in the \$30 million dollar range. There is currently \$3 million for next fiscal year. There is a need to have a special educational allocation from the legislature. There may also be some funds from the Rochester sales tax fund. There is a total of \$11.4 million in that fund but the control rests with the City Council of Rochester. There will be a public private partnership, research income, endowments, contributions from alumni and scholarships. The Development Office at the UMR should work on a lead gift for the launch of the project

The new facility should be ready by 2012. The "rock star" professors should be here in 2010. They would apply for grants in 2011. For 2007, the work group thinks there will be a funding gap of \$4 million. It will be closer to \$7 or \$8 million as we ramp up.

As we look at building the facility, the funding gaps will be huge. We should take a look at projecting out that far but what we ask for will only be on a biennial basis. We have a good template to work from.

Member Metzen asked about the debt service.

Member Vekich said the debt service was from when a building was built in 1995 on the UCR campus. The University debt service is about \$150,000 a year for the space in the UCR building.

Member Hoffman asked for clarification on the second paragraph in the first draft of the report. It said "Expansion of the University's commitment must be funded by providing new resources, not by supplanting or shifting current levels of state funding from the University's existing budget."

He asked if that meant if the University were to close a program in the Twin Cities and move the program to Rochester that the money would follow and the University of Minnesota couldn't play games with the funding by asking for new money to fund the program in Rochester.

Member Vekich said he thought that was correct and asked Dr. Carl, the provost at the UM Rochester what he thought.

Provost Carl deferred to Vice President Jones who was also in the audience.

Vice President Robert Jones from the University, was a part of the FUNDING work group. He commented about University of Minnesota funding new programs. He said it depended on the value added of the new program. The University might scale down a program but not close it. The strategy would be to not close parts of the system but to find new opportunities in Rochester. President Brunininks was clear that he did not want to close down parts of the University to fund opportunities in Rochester. It must be new money.

Member Hoffman said that if the University closed a program on the Twin Cities campus that cost \$1 million and started the same program in Rochester, the money won't just move to Rochester. The money will go somewhere else in the Twin Cities campus. It must be new money dedicated for Rochester.

Member Vekich said the tuition would come to Rochester if the program was in Rochester.

Member Metzen said the University can't look as if it is closing programs in the Twin Cities to fund programs in Rochester. That would be bad policy and politically a huge mistake. If it is a good business model, that is something else.

Member Shannon asked Member Vekich if his work group had looked at what would have to happen to get an endowed Program Chair earlier than 2010.

Member Vekich said the costs were determined but not the details of how to get the person to Rochester.

Someone from the audience said that an endowed chair is about \$2 million and the support for the faculty member can take many forms – salary supplement, research support, travel expenses.

Member Berning said the genomics project had already started in Rochester. Things will happen faster than 2007 or 2008. It is better to base it on the competition from around the nation. He asked what percent of the cost is covered by research grants?

The person from the audience (Lincoln?) said the School of Public Health is supported 70% by grants and contracts. Nursing is supported much less.

Member Berning said that research money can cover a lot of expenses.

Lincoln said we are following what is happening at the National Institute of Health. They sometimes don't cover expenses.

## **FACILITIES**

Member Berning said he met with several staff from the University in his work group. The plan is to establish a downtown campus. They would start with 30,000 square feet and go up to 60,000 square feet. All in his work group said it looked like a very solid plan.

Chair Stewart asked about the current lease and debt service cost.

Member Vekich said the FUNDING group needed to add the money from the legislature and investigate the plan.

Member DeBoer asked how much space was being used now.

Dr. Carl said the UMR was using 30,000 square feet.

Member Flaada reminded the Committee that Medical Informatics and the Allied Health would just be the start and they should be sure not to “land lock” the programs.

Member Berning said the south quadrant of the downtown had a lot of places to expand so it won’t get land locked.

Member DeBoer was concerned about the downtown location and getting locked in. There has to be a way to grow the campus and the University of Minnesota Rochester needs to have an identity. There needs to be a core.

Member Berning said it could be a stand alone building or a stand alone block.

## **GOVERNANCE**

Member DeBoer referred to a sentence on page 12 of the first draft which said “The University of Minnesota Board of Regents should be the governing body for Rochester public higher Education baccalaureate, graduate, and professional programs.” The second paragraph says “University of Minnesota academic leaders should have approval authority and management responsibility for all new baccalaureate, graduate, and professional degrees offered in Rochester and the upper-division and graduate-level courses associated with them.”

Member DeBoer said the text should say that the Board of Regents is the governing body for its Rochester campus. The Rochester Community and Technical College and Winona State University are not affected at all. Any one who offers programs in Rochester is responsible for their own governance. The language is taken out of the current agreement and this language perpetuates that agreement. The University must approve any new four-year programs offered in Rochester. This avoids duplication. President Brunininks wants this language to remain.

In the last part which says “The existing UCR Management Agreement developed pursuant to State statute will be addressed.” That should be phased out. The recommendation forthcoming would eliminate the current agreement. The new programs still must be approved by the University of Minnesota for four-year and graduate programs offered in Rochester.

Another strategy would be to eliminate the paragraph all together and let the systems work in out. This could become a “flash point”. There is currently a University Advisory Committee. We could recommend that the Advisory Committee be eliminated and replaced by an advisory committee appointed by and

advisory to the UMR provost. It would be the same purpose in concept but a different focus. The focus would be on the programs offered in Rochester. Both Member Hoffman and Member Metzen were on that committee.

Member Metzen said it might seem like a demotion but it is not. It would be more affective. In eight years there was only one report. It must be made of Rochester people and based in Rochester. It should not go through the Regents.

Member Vekich said the first paragraph needs clarification. Does this also govern MnSCU and the privates?

Member DeBoer said it would be just the public colleges.

Member Vekich asked if the committee would need legislative authority.

Member DeBoer said the authority exists now because it is in the current agreement so it would not be a change from what is currently in place.

Member Vekich said that the understanding of this is different from what is in practice. So this is a potential flash point.

Member DeBoer agreed with striking the paragraph. He thought it was wrong to limit what MnSCU could do. If the University of Minnesota can't provide the programs, we shouldn't limit MnSCU. The privates can provide programs but MnSCU is limited.

Member Metzen said that President Brunininks wants this but I have supported choice in the past. We need to come up with something we can all agree with. We need the University of Minnesota on board. We need to hammer this out. It is a small paragraph but it is huge. Maybe we can't do it with just our committee.

From the audience Vice President Jones said that President Brunininks doesn't want to be dictatorial to MnSCU but the notion here is to limit duplication although we know there will be some duplication. We are working with MnSCU and Linda Baer. We are trying to clarify what this paragraph means. If the UM invests resources we can't have MnSCU targeting the same students.

Member DeBoer said the Committee needs to craft language so it doesn't sound so punitive. Minnesota has two public systems. In the past Rochester wanted a full University of Minnesota. That has evolved into the University Center Rochester. Now the UM is responsible for programs and had to approve all new programs. Now we have a new set of circumstances. This will be a break with the past so we need a new agreement. We need to get rid of the past agreement. We won't have co-mingled facilities. Maybe the marketplace should decide. It makes sense to collaborate and that brings us back to this paragraph. We don't want unnecessary duplication but someone must make the final decision.

Member Vekich said we need another clarification. On page 4 or the first draft of the report the vision statement needs a clearer definition of what we want to look like. The vision statement on page 4 says:

“The Rochester Higher Education Development Committee (RHED) recommends the establishment of a “a world class signature research and education institution focusing on programs that complement and capitalize on the region’s existing leadership roles in health sciences, bio-sciences, engineering and technology. Educational programs would be built on an economic model,

providing application to economic activities via innovative, translational research and clinical experiences. This institution would have a distinct identity and one governing entity.”

We need to be more specific.

Member Metzen said maybe there is a role for the advisory committee. Maybe two members should be from MnSCU. We can solve this with creative thinking. We need to soften the language. Maybe new programs are offered through the Advisory Committee.

Chair Stewart said the language must be softened but must be clear.

Member Berning said he agreed that a lot of what happened five or ten years ago is no longer relevant in terms of the opportunity. The reason most of us are here on this Committee is for scientific and economic opportunities that can change Minnesota and Rochester in the future. That should override everything. Turf battles of the past are no longer relevant.

Any collaboration should be the pathways. MnSCU will provide the primary feeder programs for the new programs. We need to focus of feeder pathways. Ninety percent of the programs will not overlap. The small overlap should not drag down the rest of the process.

Member Hoffman said the report doesn't needed a sweeping statement. It doesn't appear that this is going to be an issue because it will be completely different from what the University is doing now. We don't need to put in this statement about the University needing to give permission for programs.

(Member Hoffman left for another meeting at this point.)

Member Flaada said that with the first two years of college MnSCU will have a lot of involvement. The PROGRAM work group likes to emphasize co-listing which means the student is a University of Minnesota student when he or she first starts the program. When Member Flaada was in Fargo he took courses from different colleges but all tuition, transcripts, and counseling came from his main home institution. The courses he took at other colleges were automatically accepted at his home institution. That is how Rochester should work. “If they can figure it out in Fargo, we should be able to figure it out here.”

Member Gourneau reminded the Committee members that the private colleges have figured out how to cooperate in the Twin Cities because courses easily transfer between Twin Cities private colleges.

Member Flaada said that Moorhead State University is in MnSCU and if they can do it is Moorhead, they can do it here. We need to help the undergraduate students.

Member DeBoer suggested another work group be formed to work on the collaboration issue.

Member Berning suggested that the work going on between the UM and MnSCU could help provide the wording that should be used.

From the audience Vice President Jones commented that he didn't know if it was a governance issue or a program issue. Whatever we come up with in Rochester it doesn't need to be done across the whole system. It could be an agreement between particular colleges and universities and the University of Minnesota.

Member Metzen said the GOVERNANCE work group sees the University of Minnesota as governing the new programs. The University of Minnesota should tell the Committee how this would work in the future. That's going to be the heart of the discussion when we get to the legislature.

Member Bender said that it is more and more common for colleges to accept courses from other colleges.

Member Vekich said that in 1998 or 1999 we signed a compact between the UM and MnSCU that sets out some of these details. We need to look at that in more detail. There may be some answers there.

From the audience Vice President Jones said that the UM could design a partnership.

Chair Stewart asked the Committee if they need to work on the vision.

Member Vekich said the vision was fine, it just needed more definition and clarity.

Consultant, Dr. Essex, talked about the timeline for completion of the report. The final report is to be done by January 20. The Committee wants the UM Regents and the MnSCU Trustees to support the report so the report must get on their docket. President Brunininks wants to look at it before it gets on their agenda. Therefore, Dr. Essex would like all information and suggestions to her by January 4<sup>th</sup>.

From the audience Vice President Jones says getting the report by January 15 should be soon enough.

Chair Stewart said the Committee would like letters of support from MnSCU, IBM and Mayo, also. She said the Committee also needed a date for the Governor, President Brunininks and the Committee to meet before the launch of the report. So we have a lot to do before January 6.

Member Shannon suggested the work groups meet the first half of the next meeting January 6.

#### 9:55 a.m. PUBLIC COMMENTS

Representative Tina Liebling said she wanted to bring up an issue that needs to be addressed. Hearing about the UM vacating 30,000 square feet on the UCR campus I know it will be disruptive to that facility. The Legislature will at look this from the overview of both systems and will have questions about what will happen to that 30,000 square feet. That needs to be addressed.

President of Rochester Community and Technical College, Don Supalla said he heard at the GRAUC meeting that morning that the UM had members on all the RHEDC work groups but there are not members from the other two UCR partners. He requests that members from all partnership colleges be on the work groups. There are a lot of contracted services that impact the professional lives of the employees that work at one of the three institutions on the UCR campus. We have the debt services issue that you alluded to.

One thing I haven't heard mentioned is that you have the largest regional extension service in Minnesota taking up a huge amount of space at Hines Center utilizing almost all, at no cost, of the 109 acres on the east side of Circle Drive with many multi-year contracts out there with business and industry for research that needs to be done. All of those issues are issues that impact all of the partners. As I listened this morning, I can't imagine that you are having this conversation without, for instance, the Vice President of Finance at the table.

It will benefit all of us. We collectively are all going to have to sell this and I think that the first place we are going to have to sell this is to the University Center folks. Some of you mentioned this morning that we will have to get everyone on board. Bring some of those individuals that can help sell this initiative on board now, will help sell this later.

Rev. Buller said

- 1) that the downtown space needs to consider parking and housing and ancillary services not just classrooms,
- 2) The report must be well written,
- 3) Don't eliminate paragraphs before you have the new language to replace it.

10:05 a.m. Adjourned.

**FUTURE MEETINGS** will be 7 a.m. to 10 a.m. Friday, January 6, 2006; Friday, January 20.

**POSSIBLE ADDITIONAL MEETINGS** will be 7 a.m. to 10 a.m. Friday, February 3; Friday, February 24; Friday, March 17; Friday, March 31 **at Edina Realty Rochester, 1301 Salem Road SW, Rochester, MN.**