

Minutes*

Senate Committee on Finance and Planning

Tuesday, April 5, 2011

2:00 – 4:00

238A Morrill Hall

- Present: Russell Luepker (chair), Gary Cohen, Devin Driscoll, Will Durfee, Steen Erikson, Lincoln Kallsen, Judith Martin, Kathleen O'Brien, Paul Olin, Shruti Patil, Richard Pfutzenreuter, Terry Roe, Michael Rollefson, Karen Seashore, Mandy Stahre, Jeremy Todd, Lori-Anne Williams, Aks Zaheer
- Absent: Jon Binks, Kara Kersteter, Lyndel King, Fred Morrison, Gwen Rudney, S. Charles Schulz, Thomas Stinson, Michael Volna
- Guests: Peter Radcliffe (Office of Planning and Analysis); Provost E. Thomas Sullivan, Suzanne Bardouche, Jill Merriam, Amelious Whyte (Office of the Provost); Gail Klatt (University Auditor)

[In these minutes: (1) inaccurate and misleading data; (2) unit review: Office of the Senior Vice President for Academic Affairs and Provost]

1. Inaccurate and Misleading Data

Professor Luepker convened the meeting at 2:00, welcomed Professor Cohen, who is serving while Professor Chambers is on sabbatical, and turned to Dr. Radcliffe to discuss data drawn from the Delta Project and recently published in *The Chronicle of Higher Education*. Those data have received a lot of attention, he noted, but many who have examined it say it is not correctly done.

The data published in *The Chronicle* came in an article titled "Education Financing for Major Public Universities: Which Ones Get the Most and the Least," and purported to report the "subsidy for education and related expenses per student in 2008." The figure for each institution is said to be "the share of educational spending not covered by tuition," and "for many but not all flagships, state appropriations finance a significant portion of this subsidy." UNC-Chapel ranked first on the list, at a \$26,373 subsidy for education and related expenses per student; the U of Washington was second, at \$19,575, UC Berkeley was third, \$16,165, and so on; the University of Minnesota-Twin Cities was eighth at \$13,616.

Dr. Radcliffe said that he has examined the methodology used by the Delta Project; it is not reported as clearly as one might wish. They use data similar to that reported by colleges and universities to the federal government (Integrated Postsecondary Education Data System, or IPEDS), which is good for high-level aggregate analysis. People use the data, however, to answer questions the data are not organized to answer. The data for any institution, for example, will depend on the mix of programs it offers.

* These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate; none of the comments, conclusions, or actions reported in these minutes represents the views of, nor are they binding on, the Senate, the Administration, or the Board of Regents.

Professor Luepker said he did a rough calculation when he first saw these data: He divided the state appropriation by the number of students on the campus and came up with a number similar to that in *The Chronicle*. It sounds like a simplistic approach.

Vice President Pfutzenreuter said his comments about the data in the article were less kind. He noted that the data are for "education and related expenses" per student. He also pointed out a second, later article that appeared in *The Chronicle* that explains why the data in the earlier article are not accurate. He said he believes that the Delta Project has an agenda—and one that is not friendly to higher education.

To get to the \$13,616 figure for the Twin Cities campus, Mr. Pfutzenreuter explained, "education and related expenses" are defined as a proxy for the full cost of education, which includes direct expenditures plus an estimate of support. "Education and related expenses" is not a common term in higher education. The Delta Project pulls data from IPEDS and manipulates them (in a way that is not clearly explained) to arrive at their definition of "education and related expenses," take net tuition (which is not clearly defined) and subtract it from "education and related expenses," to get a subsidy figure. The graph in the report is titled "A snapshot of state subsidy patterns for education and related expenses—public research sector," but *The Chronicle* article points out that the "subsidy figure is not necessarily finance by state appropriations at all flagships." (The author of the second article points out that for the University of Washington, the Delta Project reported a subsidy of \$19,575—but the state-funded subsidy per student in 2008 was \$9,797 per student, which put Washington at 28th among the 50 flagship institutions.) But as a result of the publication of these data, Mr. Pfutzenreuter concluded, people (including legislators) think the University is well-subsidized. There are people passing the Delta Project numbers around to claim that the University is over-funded.

Professor Martin noted that the number for the University of Michigan is very close to that for Minnesota, \$13,309, and anyone who knows anything about the financing of the University of Michigan knows that number is ridiculous if it is claimed it represents state support. Mr. Pfutzenreuter said that the University of Minnesota spends a lot of non-state money to support the educational mission. There is no reason to pay attention to these numbers, he said; they are just bad numbers.

Professor Roe said the University needs to put together its own numbers. If one wants to determine state support for education, Mr. Pfutzenreuter said, one could divide the state support of the University by full-year-equivalent students, but the University's mission is research, public service, and education, so many of the state funds are not for education.

Professor Cohen noted that both SUNY-Buffalo and Nevada at Reno have subsidy amounts greater than Minnesota, and those are not institutions with which the University competes, so it may be hopeless to try to clarify the fallacies in the numbers. If the University puts out good numbers, it looks self-serving. Is the AAU or any other national organization preparing good data? They are not, Dr. Radcliffe said, and it is difficult to assemble comparable data.

Mr. Pfutzenreuter said they struggle with how to respond to the use of bad numbers. The University has not done much about responding to them and he asked whether it should be more aggressive in doing so. There are those who write blogs and commentary, and what they write appears to be the truth, but there is no fact-checking so they define the numbers. Mr. Driscoll asked when Mr. Pfutzenreuter's office might be able to respond; not until after the budget is completed. Mr. Pfutzenreuter responded that his office is working on identifying what pays for research, education, public service, financial aid, and so on, based upon the attribution of both direct and indirect costs, in order to determine the "fully-loaded" cost of instruction and other mission activities.

Professor Zaheer suggested it would be useful to have comparable numbers from peer institutions. Mr. Pfutzenreuter said he did not know of any other institution that was calculating a fully-loaded cost of instruction, so it would not be possible to compare data. Professor Martin asked about the CIC. Dr. Radcliffe said that all of the institutions use IPEDS data, which are problematic for these kinds of analyses. The University is able to do the analysis because revenues are coded and because of its budget model, so there is a reasonable methodology for the attribution of indirect costs, and they will do the analyses by college. Professor Roe commented that the University should be doing these kinds of analyses anyway so that it knows more about its cost drivers.

The Delta Project data, Mr. Pfutzenreuter said, represent the usual "garbage in, garbage out" phenomenon. They particularly disadvantage research universities, Dr. Radcliffe said, because they massage IPEDS data to reach the conclusion they wish. If institutions code data consistently, what goes into IPEDS is good, but it is not clear that institutions code consistently. Ms. Patil asked if other institutions have responded. The second *Chronicle* article was a response, Mr. Pfutzenreuter said. Dr. Radcliffe said he has listed "providing accurate and comparable data on administrative costs" as one of the top concerns for the roundtable discussion at next month's meeting of the AAU Data Exchange.

Professor Luepker observed that "things happen fast," and by the time the University gets numbers out, the damage has been done. And when data like these come out, they are damaging—they achieve currency as reality. The University responds four months later. University Relations is in transition, but the University needs a system to respond. While it is not within this Committee's purview to respond, it can ask questions about how the newly-appointed Chief of Staff proposes to deal with the need for a response. Professor Roe suggested it would be useful for the University to have a website with data that people can look at.

Professor Durfee commented, apropos of the "education and related expenses" developed by the Delta Project, that the University could ask the legislature what numbers would be useful while also responding to data like these. Dr. Radcliffe commented that the best numbers are those closest to direct costs; while there is a need to measure indirect costs, there are problems with doing it accurately.

Mr. Pfutzenreuter turned next to an explanation of "Institutional Support" in the University's budget from 2005-2010. He first noted that there are function codes grouped into various categories: instruction, research, public service, institutional support, academic support, operation and maintenance of plant, student services, auxiliary enterprises, scholarships and fellowships, and agency activity. Function codes "answer the question, 'How does this transaction accomplish the mission of the University?'" and they serve to track expenditures. He said he wished to speak about the "institutional support," which has been the subject of public comment, including "garbage that damages the reputation and integrity of the institution" and that is not checked for facts. Some of what has been published has led the public and the legislature to believe that administrative costs are out of control, but people have not bothered to check the facts.

"Institutional support" function codes identify expenditures for such activities as "(1) central executive-level activities concerned with management and long-range planning, . . . such as the governing board, planning and programming, and legal services; (2) fiscal operations including the investment office; (3) administrative data processing; (4) space management; (5) employee personnel and records; (6) logistical activities that provide procurement, storerooms, safety, security, printing, and transportation services to the institution, (7) support services to faculty and staff that are not operated as auxiliary enterprises; and (8) activities concerned with community and alumni relations, including development and fundraising." It also includes, in addition to central administrative offices, cash management,

institutional research, insurance, property accounting, payroll, equal opportunity and affirmative action, the patent office, human resources, legal proceedings, Sponsored Projects Administration, public relations, and so on.

From 2005 to 2010 the institutional-support expenditures rose from \$107.8 million to \$234.3 million, which has led to statements that the cost of administration has exploded at the University, Mr. Pfutzenreuter said. He explained the major categories in "institutional support" and the increases that occurred over the six years 2005-2010; they have increased, but not for the reasons that have been identified by those who have not checked the facts.

1. Salaries: increased from \$88.7 million to \$121.0 million (+\$32.3 million). This increase reflects the fact that the University installed a new enterprise system (EFS) and salary costs in the Office of Information Technology increased noticeably as a result (\$5.1 million). The remainder of the increase, \$27.1 million, reflects pay changes and modest growth in number of employees in a few central units.
2. Fringe benefits: increased from \$7.8 million to \$51.9 million (+\$44.1 million). The increase reflects growth in the cost of fringe benefits but also reflects a change in federal rules regarding reporting of fringe benefits. This change is booked to a central account and represents \$19.1 million in volatility of reporting according to federal rules, not a growth in administration. There are increases in direct department charges (which correlate with salary expenses) of \$12 million, and the University also offered an early-retirement program, the cost of which shows up in this category as \$11 million.
3. Supplies: increased from \$21.2 million to \$62.4 million (+\$41.1 million). One benefit of adopting the new financial system is that they discovered several accounting practices that were wrong, Mr. Pfutzenreuter explained. The implementation of EFS provided the University with an opportunity to review old budgeting and accounting practices. One major adjustment was related to the accounting for royalty distributions from Glaxo for the HIV drug Ziagen; the correction to the accounting practice resulted in a jump in expenditures of \$29 million which had previously been netted against revenues in the same account. This category also includes new software license fees at \$3.7 million; the University bought a new financial system. This category also includes \$3.4 million in endowment fees for the Consolidated Endowment Fund, which began to be accounted differently beginning in 2009, and a change in the accounting practices related to addressing and mailing services, which also resulted in a \$2.1 million increase in the recording of expenditures. Mr. Pfutzenreuter explained that the four examples outlined account for \$38.2 million of the \$41.1 million increase.
4. All Other: increased by \$8.9 million and related to a variety of accounting entries and minor changes in expenditures over time.

In total, Mr. Pfutzenreuter concluded, of the \$126.5 million increase in "institutional support" expenditures over the period, \$80.3 million had nothing to do with a growth in the administration, despite what outside commentators may claim. A majority of the remaining \$46.2 million growth in expenditures relates to pay changes and associated fringe benefit costs along with minor changes in supplies and service spending.

Professor Luepker asked that a comment made later in the meeting by Provost Sullivan also be reported at this point in the minutes: When President Bruininks took office in 2002, there were 74 individuals in executive positions (deans, vice presidents, associate vice presidents, etc.). When he leaves office on June 30, 2011, there will be 74 individuals in executive positions. There will be no change in the number even though the institution's budget has increased by about \$1 billion, enrollment is up by

one-third, the number of degrees granted is up by 40%, and research funding has reached about \$823 million.

Unfortunately, it is unlikely anyone will pay attention to these explanations, Professor Martin commented. Ms. Stahre agreed that people do not find it interesting that there was a change in the reporting system for royalty income.

Professor Luepker observed that there are two large categories of apparent cost increases: accounting changes and swings in fringe benefits. Mr. Pfutzenreuter agreed and noted that the Retirement Incentives Option and rules governing reporting fringe benefits account for about \$30 million of the \$44 million in that category.

Professor Zaheer commented that one can also demonstrate that the University is a larger enterprise than it was six years ago, so these expenses are likely not a larger percentage of the total budget. But much of the increase is simply due to changes in accounting practices, Mr. Pfutzenreuter pointed out. Professor Seashore suggested that one could look at the amount salaries increased, which have grown some and are 65% of the budget, and then look at all the rest, which is accounting procedures.

The core dilemma is whether it is worth the effort to refute erroneous claims, Mr. Pfutzenreuter said. Several Committee members were emphatic in responding that it is. Professor Cohen said this happened before and the University needs to get the numbers out. Professor Zaheer observed that they may have to hire someone to do the work; Professor Olin said that any comment needs to take into account the increase in the number of students.

Professor Seashore said that anything Mr. Pfutzenreuter says will be viewed with suspicion. This Committee, however, is a representative group of faculty, staff, and students, and it needs to say something. Individuals may blog or comment publicly to express opinions about the University's budget, but the Committee members have looked at the data and know that those expressing the opinions are "full of beans."

There is also a need for a discussion about how to fund things, Mr. Driscoll commented, a subject in which students are very interested. But without common facts, it is difficult get through the noise-driven discussion created by the Delta Project and bloggers. It is dignified not to respond but it may hurt the University not to do so. It would behoove University Relations to provide a responsible faculty/staff/student voice.

Professor Martin said there would be value in having the Committee come up with a response. Committee members pay a lot of attention to the budget over a long period of time and they know the numbers much better than outside commentators. Professor Roe agreed, pointed out that the views from the Committee must be genuine, and suggested that a subcommittee look at Mr. Pfutzenreuter's numbers and certify the Committee's support.

Professor Seashore commented that is not just a local phenomenon and noted that *Inside Higher Ed* had an article about a national effort to paint higher education as an easy target: All universities need to do is cut the number of vice presidents they have. While one would like to think Minnesota would be immune, it will not be. Note the events in Wisconsin and Michigan, she pointed out. The Committee can respond to a national trend of misunderstanding administrative costs. Or purposefully misrepresenting them, Professor Martin added.

Professor Luepker asked for volunteers to serve on a small subcommittee that would also include representation from University Relations. It would not be just about facts but about how to deliver the message, he said; Committee members are not experts in that arena. Professors Martin and Roe agreed to serve, as did Mr. Driscoll. Professor Luepker said he would contact Ms. Phenix, the new Chief of Staff, about other membership, and would also draft a charge to identify what the Committee would like to see at the end of the effort.

Professor Luepker thanked Vice President Pfutzenreuter and Dr. Radcliffe for joining the meeting.

2. Unit Review: Office of the Provost

Professor Luepker welcomed Provost Sullivan and his colleagues, Suzanne Bardouche, Jill Merriam, and Amelious Whyte, and also welcomed the University Auditor, Gail Klatt. He recalled that the Committee wished to learn more about vice-presidential units, and Provost Sullivan agreed to be the first one to meet with the Committee.

Provost Sullivan said he was pleased to participate in the Committee's review of units because it provides an opportunity to reflect on the Provost/Chief Academic Officer office and to review the responsibilities of the office. He distributed to Committee members a copy of the organizational chart of the Office of the Senior Vice President for Academic Affairs and Provost, a chart with the expenditures for FY10 (except sponsored funds) and the allocation for FY11 (the current year) for each of the units within the Provost's office, a list of the staff responsibilities in his office, and a one-page summary of the responsibilities of each of the vice provosts in his office (for Faculty and Academic Affairs, for Distributed Education and Instructional Technology, and Dean for Graduate Education, and Dean for Undergraduate Education, and for Student Affairs). He noted that 17 deans report to the Provost; he has an Executive Assistant, a Principal Secretary, and an Associate Vice President/Chief of Staff, who in turn has five individuals reporting to her.

Provost Sullivan touched briefly on each of the vice-provostal offices. The Vice Provost for Student Affairs, Mr. Jerry Rinehart, serves in the role as the Dean of Students, in charge of student life, providing support for students, responsible for the quality of the student experience from the point of enrollment to the point of graduation. The Vice Provost for Distributed Education, Dr. Billie Wahlstrom, is the academic office of University facilitation of web-based communication and education. The Vice Provost for Faculty and Academic Affairs, Dr. Arlene Carney, shepherds promotion-and-tenure files as her primary responsibility (two vice provosts read files, and they all come to him); she also runs the New Faculty Orientation, new chair orientation, and is the one-stop office for any questions dealing with faculty from recruitment to retirement. The Vice Provost and Dean of Graduate Education, Dr. Henning Schroeder, is finishing the reorganization of the Graduate School and involved in every phase of graduate education. The Vice Provost and Dean of Undergraduate Education, Dr. Robert McMaster, has direct responsibility for the recruitment, admission, enrollment, and tracking of all undergraduate students, and also leads the liberal-education effort and has responsibility for student financial aid.

They recently completed a review of institutes and centers at the University, of which there are over 300, Provost Sullivan said, and all but six are at the college or department level. Through the review process, there are six University-wide centers, and each one reports to a vice president or senior vice president. Two of them report to him: The Institute on the Environment and the Consortium on Law and Values in Health, Environment, and the Life Sciences.

He has a finance director for his office, Ms. Merriam, who also handles the finances for the President's Office, Senior Vice President Jones' office and the academic units that report to him, Human Resources, Equity and Diversity, and Student Affairs and Undergraduate Education in the Provost's office. Provost Sullivan also noted that Vice Presidents Friedman (Academic Health Center) and Mulcahy (Research) have a dual reporting relationship to the Provost and the President, to the President through the Provost so there is a collective understand about the decision-making process.

Professor Durfee inquired about the funding for Boynton Health Service, which reports to the Vice Provost for Student Affairs (the vast majority of its funding comes from student health-insurance fees), and asked about other sources of income. Ms. Merriam reported that it receives student fees, has endowment income, and also has sales.

Professor Cohen asked if the Chief of Staff has line responsibilities, because it appears that there is a lot of activity going through her office. She does, Provost Sullivan said, and is also an Associate Vice President; she oversees the responsibilities of the staff assistants on a day-to-day basis. He reviewed briefly the responsibilities of the Director of Strategic Projects, Mr. Ziegenhagen (prepares accountability reports for the legislature, supports the Provost's Interdisciplinary Team, and reviews institutes and centers). The other assistants to the Provost carry out all of the duties identified on the list of staff responsibilities he provided: oversee major change efforts and strategic priorities as identified by the Provost; develop data, information, and analysis for the executives; coordinate University-wide centers and institutes; evaluate college and campus proposals for new, discontinued, and modified programs; manage institutional accreditation; coordinate the college compact planning process; manage the Imagine Fund (research support for faculty in the humanities); manage the Guy Stanton Ford lecture; gather research materials and background for drafts of speeches, memos, white papers, reports, and other major communications from the Provost's office and the Provost; produce annual accountability reports to the Board of Regents and State of Minnesota; prepare material for presentation to the Board of Regents and the legislature; represent the Provost's Office to external groups (e.g., CIC); serve on major University committees on behalf of the Provost; staff decanal and vice-presidential searches; staff external reviews (e.g., NCAA certification, e-learning, budget model); staff the Provost's Interdisciplinary Team, and serve as the Interdisciplinary Team liaison to the Provost's Research Council.

Professor Martin observed that what is new is that the Academic Health Center deans report to the Provost. How is that going and how has it changed the work in his office?

It is going very well, Provost Sullivan replied, although it has put greater pressures on calendars. He began meeting with the AHC deans last fall, informally, and meets with all 17 deans one-on-one for an hour each month. He also meets with the Twin Cities Deans Council once per month, does all the compact meetings, and does an extensive annual evaluation of each dean. He said he must thank his colleagues who help manage all of this and demanding calendars. He has joined the AHC Deans Council and also meets with the AHC FCC. He said he is comfortable with what has been established and the ongoing patterns. This is a large and complex university and he gets together with the deans a great deal and is accessible to them. The most important thing the Provost does regularly each year is lead the compact meetings, for three hours each, and listen to the dean's vision, aspirations, stresses, and how they align priorities with that vision. As Provost, he can help the college elevate itself to where it wants to go; this is more stressful with the University's budget problems, but he said he believes the compacts and the 20 questions he asks annually each dean to address help the process. It looks like an enormous job, with 68,000 students and 4,000 faculty members, but with great colleagues and disciplined control of calendars it is manageable.

With the process he has gone through with the compacts, Professor Martin asked, is he seeing collaborative possibilities with the AHC deans?

He is, definitely, the Provost said. And they welcome it. The President recommended creating another, broader deans' council beyond the AHC in order to increase interdisciplinary opportunities, so they have added the deans of Biological Sciences, Science and Engineering, Food, Agricultural, and Natural Resource Sciences, Education and Human Development, and Liberal Arts. It is not a budgetary or policy group but it can discuss curriculum, faculty hiring, research, clinical practice, interprofessional relationships, and space. For the first several months, the group has worked well.

Professor Seashore asked how the planning for the various cuts at different levels in each college is going in terms of service and staff.

There are two structures to help them do this, Provost Sullivan said, the compact process is one. That take the information from the compact discussions to the "Budget 5" (which has six members: Vice President Mulcahy, Senior Vice President Jones, Vice President Pfutzenreuter, Vice President Friedman, Julie Tonneson from Budget and Finance, and him). They discuss all the compact documents very thoroughly from January to the time the budget is final, usually in May-June. They make five or six passes at reviewing everything and by consensus take recommendations to the President on both cuts and investments, and they talk about the consequences and implications of the recommendations. The organizational piece, more ancillary, is that he co-chairs the Budget Model Advisory Committee. He asked the President if they could look at the underlying principles, how the budget model works, and have made substantial recommendations for change, each of which is now being implemented, and a number of which are still being dealt with.

How are things working in his office, Professor Seashore asked?

They do the support unit compacts in the fall, Provost Sullivan said; the units receive instructions and must respond to questions. He receives a great deal of help from Ms. Merriam, Mr. Kallsen, and Ms. Tonneson, and those conversations with the units are similar to those held with the colleges.

Professor Seashore said she was glad to hear that the Provost's office is in the process of laying good groundwork. There will be serious repercussions in the academic environment if services that are provided from his office are changed due to cuts. At the moment, the academic units don't know about this planning—do they need to know about service cuts?

Provost Sullivan said they have been having these conversations with support-unit leaders and the deans (there is no break in the cycle—it starts again in July for the new round of planning for the next budget cycle). Each unit this year modeled 5% cuts, although the actual cuts will not be across the board. He said he was pleased when he finished the compact discussions last week, because each unit took it very seriously; they had the blue-ribbon-committee reports and the deans are preparing a three-year strategic and budget plans.

Administrative units did the same, Professor Seashore asked? Not exactly but they had the functional equivalent, Provost Sullivan said, including multi-year plans that looked at what they are doing, what they are not doing, what they need to do, what they may stop doing, and with benchmarks to measure results. Everyone worked very hard this year and the planning was better than in the previous six years, probably because of the blue-ribbon committees. It will be painful at the end but there was a strong planning process and he believes the University will be well-prepared for the ultimate results.

Professor Luepker noted that the Committee had posed questions to be answered:

1. What is the unit's mission?
2. How is the unit organized for reporting and accountability? What are the reporting subunits?
3. How does the unit add value to the institution?
4. To what extent are the unit's activities duplicated in the colleges?
5. To what extent does the unit provide service to the Twin Cities only versus services to the entire system? Are the unit's activities duplicated in the coordinate campuses?

Provost Sullivan turned first to the mission. The responsibilities of the Chief Academic Officer in this administration are broader than the term might suggest. President Bruininks wanted to align the budget as closely as possible with academic priorities; the Provost has had an opportunity to play a role in that process, to be aware of the consequences and implications of every decision made. Individually, the Provost has two primary responsibilities: Hire and evaluate deans and the promotion-and-tenure process. Those are the most important academic responsibilities for the Provost at the University, to pick the academic leaders who, with the department chairs and heads, choose the faculty. The Provost is also involved in about two-thirds of the faculty retention cases. He also serves as the intramural referee to deal with tensions from time to time. He also needs to be sure that when priorities are set and implemented, he protects the "small fish from the larger fish" (for example, small and excellent programs without access to external funds); the Provost is the spokesperson for quality at the University.

The second question he covered earlier.

In terms of #3, adding value, that is for the Committee and others to judge, Provost Sullivan said. If he is doing his job right, it is focused on the quality of the student experience and academic opportunity for everyone—it is about advancing academic quality.

With respect to #4, Provost Sullivan said there is overlap; there are advisers in the colleges and at the University level. But there is not very much one-to-one duplication; it is more a matter of supplementing and supporting.

In terms of the campus versus the system, the Senior Vice President title connotes University-wide responsibilities. The Provost approves promotion and tenure for all campuses except Duluth (the bargaining contract governs that process); all curriculum changes must be approved by the Provost (regardless of campus); all budget decisions include the coordinate campuses (the Provost works with the Senior Vice President for System Academic Administration).

One big question is this, Professor Luepker said: These discussions with the units came out of the chronic faculty complaint that there are too many administrators who make too much money and their numbers continue to increase. That complaint becomes more strident in tough financial times. Has the Provost's office grown, remained the same, or shrunk? As one looks at the organizational chart, one can ask why some of the units are in the Provost's office.

It has grown smaller, Provost Sullivan said. It is important to understand why the office is needed, if it adds value to the academic issues broadly defined, as can be seen by reviewing the organization chart.

Professor Luepker asked about the two University-wide centers, the Institute on the Environment and the Consortium on Law and Values in Health, Environment, and the Life Sciences. The latter was a decision made before he arrived in the office, Provost Sullivan said. As he noted earlier, the directors of University-wide centers are to report to a vice president—if it is that important to the University, and central funds are invested, it should report centrally. The University-wide centers are allocated among the vice presidents for reporting purposes. As for the Consortium, when he was Dean of the Law School, it reported to Provost Bruininks, so he inherited it when he became Provost. He shepherded and designed the creation of the Institute on the Environment, wanted it to be a showcase of interdisciplinarity, so it was seen appropriate that it report to the Provost.

In terms of his immediate office, they have two fewer people than when he took office, and in the fall semester there will be four fewer. There are also now three fewer deans on the organizational chart. There is also one fewer vice provosts with the departure of Rusty Barcelo.

Provost Sullivan noted that he has informed the Faculty Consultative Committee that central administrative budgets have been decreased by \$36 million from 7/1/08 to 6/30/11 and they have eliminated 150 positions centrally, with savings of more than \$10 million. There were 74 senior officers when President Bruininks took office; there will be 74 when he retires on June 30, 2011. The total number of senior positions is about four-tenths of one percent of total University employees.

Mr. Driscoll noted that part of the responsibility of the position of Chief Academic Officer is to interact with students. Provost Sullivan agreed and reported that he meets once per week with Vice Provost Rinehart, who informs him about student affairs matters; he meets regularly with undergraduate and graduate student representatives, meets once or twice per semester with the student groups, and meets with individual student groups. There is substantial informal and formal contact.

Professor Durfee asked about the compact for the Provost's central office, for about \$7 million. Provost Sullivan said that Ms. Merriam manages the budget and brings him all relevant information for a meeting with Vice President Pfitzenreuter and Ms. Tonneson. At that time he answers the same questions that everyone else does. Mr. Kallsen also noted that the Provost also has a compact meeting with the President.

One reason this Committee started the process of reviewing units, Professor Seashore said, was because of a sense that coordination between units might be difficult. One question that came up with respect technology: How to make it as efficient as possible, since it is focused on students, and how to coordinate it so it is beneficial to them. That is an area that needs attention, Provost Sullivan agreed, and he has been working on it for about a year (in e-education). He forecasted that certain decisions and recommendations would be made soon.

Professor Zaheer commented, about the organizational chart, that the Provost appears to have 28 direct reports. That is about three to four times as many as there should be in classic management theory. Does he feel understaffed? He does not, the Provost said, because he has an extremely well-organized office that is very efficient and works harmoniously. He works by open communication and is comfortable with the calendar management. It works because he has great staff who he tries not to micromanage. Mr. Driscoll reported that he and Ms. Stahre have dealt with the Provost's calendar and it does work; the Provost gives time to them.

Provost Sullivan concluded that when one considers the staff numbers, and the 74 executives, when over a period of nine years the University's budget has increased by \$1 billion, undergraduate

enrollment has increased by 4,000 students and degrees granted are up by nearly 3,000, there has been an additional campus opened (Rochester) in the University system, and research has grown to about \$823 million, one must look at administrative support in the context of the size and growth of the University and budget to support the growth.

Professor Luepker thanked the Provost and his colleagues for their report and adjourned the meeting at 4:10.

-- Gary Engstrand

University of Minnesota