



UNIVERSITY OF MINNESOTA
TWIN CITIES

College of Education

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MINUTES

SENATE FINANCE COMMITTEE

December 5, 1985
3:00 - 4:30
503 Morrill Hall

Members present: John S. Adams, Charles Campbell, Paul Gassman, Linda Hanson, William Hanson, Harry Hogenkamp, Becky Hurst (for Gerald Klement), Wendell Johnson, Sally Jorgensen, Ronald Kubik, Jack Merwin (Chair), Jeffrey Moser, W. Donald Spring.

Guest: Vice President V. Rama Murthy.

1. Report of the Chair. Professor Merwin summarized the Management Committee's decisions regarding 1985-86 mental health coverage. The University will cover outpatient mental health treatment up to the level of 1984-85 Blue Cross-Blue Shield's limit for BC-BS subscribers who were in treatment in 1984-85, and for those very few former subscribers who were in treatment under BC-BS last year but changed to a new insurer this fall during the open enrollment period. There will be no deductibility because that was determined to be too difficult to administer.

Asked about cost, Vice President Murthy said \$700,000 remains the estimated maximum.

2. Working with the Management Committee to establish guidelines for the next biennial request. Vice President Murthy said that the sources for shaping those guidelines are the Management Committee members in their formal meetings and the vice presidents in their weekly breakfast meetings, and that President Keller has suggested using the Senate Finance Committee as a third contributor. Dr. Murthy volunteered to serve as courier, conveying SFC's suggestions to the Management Committee and keeping SFC informed in turn. In answer to Professor Merwin's question as to whether there was enough time for SFC to participate, Dr. Murthy said he doubted the University would construct its request for the next biennium until close to the end of the 1986 legislative session when it can see how its supplemental request has been dealt with.

3. Preparation for unallotment anticipated because of state revenue shortfall projections.

Vice President Murthy reported to SFC that the University had informed the state of its plan to borrow up to \$21 million to return to the state treasury, and then to retrench up to \$5 million per year for five years to repay that

loan. The state officials have told the University to submit by December 11 a plan for how it will save the \$5 million per year in ways which are consistent with the University's prior planning, with Commitment to Focus, and with the University's upcoming legislative requests. Vice President Murthy requested SFC's thoughts and suggestions by December 9 regarding such a plan.

Dr. Murthy asked the SFC members to meet with him on December 9 in an advisory capacity.

The following points were made in the discussion and in response to questions:

Murthy: \$1.2 million out of a state special (County Papers--pmts. to University Hospitals for indigent patients) which is unneeded, will be returned and hence subtracted from the unallotment.

Gassman: The first place to tap should be the \$800,000 of Cycle II retrenchment still unrecouped.

Murthy: If the level of cut is substantially less, we will not prorate across the plan but rather reassess in line with U priorities.

Murthy: \$5 million is about 1.25% of U's legislative appropriation and about 0.5% of U's entire annual budget; however, nearly all of the budget is pre-committed.

Murthy: Regents need not approve plan going now to the Governor, which will represent our current best judgment; regental approval is needed before a plan is submitted to legislature, at which point plan becomes firm.

Spring: This ad hoc effort undermines the planning process. Units that are going to have to retrench need time to make the best possible plan. The longstanding understandings entered into in the planning process continue to hold.

Hanson and Murthy: Greatest attention will be paid to the past 4-5 years of planning; C_tF is not very useful as a budgetary planning guide. The vice president is making extensive use of the Cycle II and Cycle III documents.

Spring: The call to cut comes at one of the worst possible moments. We see that units have been materially affected by events subsequent to their planning; deans are now going to be asked to plan again, and C_tF will affect those plans.

Murthy: Legislature does understand University has a planning process.

4. Graduate tuition fellowships. Professor Campbell asked if there is yet new information on the exact mechanism for funding the fellowships. Vice President Murthy said the University now has official approval to fund them, but exactly how to work it out is still under study.

5. Attracting and retaining a strong faculty. Vice President Murthy reported that the Faculty Consultative Committee had earlier this date begun a discussion with President Keller and himself on this objective, touching on the number of new supports available. He distributed to SFC copies of two sheets of data, "ICR and Graduate School Research Funds for Faculty Development," and "Retention Table" (showing, unit by unit, sums used for retention).

6. Increases in Indirect Cost Recovery charges to grants. Professor Campbell requested that SFC be explained the rationale by which decisions are made for ICR increases. He noted that instructions are to charge 42% next year and 43% the following year.

7. Anticipatory hiring. Professor Hogenkamp set out an argument for overlapping hiring and retirements. He said it would be to the University's financial advantage because the young faculty bring in more money.

Vice President Murthy said that in some locations in the University that concept is being put into practice. Basically, however, it requires a little fund earmarked for this purpose. He told SFC he would certainly entertain requests in this area. He noted that the administration is developing plans to enable phased retirements.

Professor Spring recommended that these be subjects for future SFC discussion.

The meeting was adjourned at 4:30 p.m.

Meredith Poppele,
Secretary