

MINUTES

SENATE FINANCE COMMITTEE

May 22, 1986

1:45 - 3:55

Regents Room, Morrill Hall

Present: Gerald Bauer, David Berg (Assistant Vice Pres. for Management Planning and Information Services), Charles Campbell, Paul Gassman, Linda Hanson, Wendell Johnson, Sally Jorgensen, Gerald Klement, Jack Merwin (Chair), V. Rama Murthy (Vice Pres. for Academic Affairs), and Frank Sorauf.

Topic: Development of the 1987-89 Biennial Budget Request and Capital Request.

Dr. Murthy distributed copies of the following materials:

- President Kenneth Keller's April 1985 "Response to the Task Force Recommendations;"
- "1987-88 Tentative Capital Request, Fourth Iteration, 05/20/86;"
- "Academic Affairs Legislative Request Budget Items for 1987-89" (base increases sought);
- "FY 1988 & 1989 Appropriations Request Working Schedule #2 -- A 1 -- Amounts Tentative;"
- "Summary of Planning & Budgeting for 1983-85," April 7, 1986 (update on retrenchment and internal reallocation).

Vice President Murthy told FCC that a few copies exist of those summaries which were made of the most recent unit plans; however, there had not been enough staff time to summarize the plans from every unit.

Dr. Murthy said the institutional planning document entitled "Commitment to Focus," which was drawn from earlier planning documents, serves as the operational document on which the budget and biennial request are being formed. Budgeting decisions are based on the relevance of items to C_TF and the seven themes enumerated in the capital campaign. Dr. Murthy is sharing with the Finance Committee the vice presidents' working documents.

CAPITAL REQUEST DRAFT. Dr. Murthy called attention to the principal addition to the list, which is an Earth Sciences building for IT; \$3,063,000 is sought now for schematics. He said the building would tie into legislative intent regarding natural resources, and into Mechanical Engineering's need for new space.

Dr. Murthy and Mr. Berg responded to questions prompted by the list:

- The Walter Library request is for storage areas; there will probably be a future request for Wilson Library expansion.

- The (minority student) Cultural Centers are presumably to be relocated from Temporary North of Appleby, but the officers did not know where their new home was intended to be.

- Fraser Hall work is to include remodeling, air conditioning, redoing of some office spaces; there is a tentative plan to use part of Fraser for some CLA office space.

- Certain items are starred, indicating state funds will be sought as matches for funds being raised in the capital campaign.

Professor Campbell expressed surprise that II.H., "Upgrade General Purpose Classrooms," was so far down on the priority list; the Wallace Report on the Student Experience called for improving five major lecture halls. Vice President Murthy called the seven projects above it in the list highly specific items which have been in the mill a long time. Mr. Berg suggested that item IV., "Repairs and Betterment Catch-up" could also underwrite classroom improvements if it fared better than the classroom remodeling item.

Professor Sorauf remarked that while there are University and legislative constituencies for office space and laboratories there is unfortunately none for general purpose classrooms; he has been surprised and disappointed that students don't make themselves this constituency. Mr. Berg remarked that currently the governor and his staff, with their concern about the state's infrastructure, do represent a constituency for the classrooms. Vice President Murthy said that at least over the last two years, with impetus from the Wallace and Page reports, central administration has given a priority to upgrading classrooms from an internal fund.

Problems with cost estimates. Professor Gassman asked how prospective costs are arrived at, and described the unfortunate consequences of the too-conservative estimates for Chemistry's renovation. By statute a state board must choose the architects; the architects chosen were without experience regarding chemistry laboratories. Many changes and corrections have had to be made resulting in cost overruns of two to three million dollars. The consequence is that in the last stages Chemistry has had to cut corners and the appearance is sadly short of what it should be.

Physical Plant Planning makes the estimates, Dr. Murthy said. Professor Campbell pointed out that the industry standard is for a 10% overrun, but the state legislature locks the University into one figure.

Mr. Berg identified the three major problems respecting capital funding;;

- the appropriation is often less than the request;
- building planners change their plans in the course of the work;
- architects and engineers are assigned who lack the background for the work.

He said that the Regents have not in recent years chosen to challenge the statute requiring that a state board choose the architects, or to challenge its applicability to the University; however, he said, the University could make that challenge and the Finance Committee could take a position on it if it chose to do so.

Ms. Hanson suggested that since planning student space would come at the beginning stages when schematics are being done, there should perhaps be more student weight on the building committees. She added that perhaps the Finance Committee also should have some weight in review, but other members noted how hard it is for anyone not an architect to read a blueprint. Building committee members are readier to sacrifice student space than their own space, Professor Sorauf observed, and he added that while building committees are necessary they should perhaps have less authority. Professor Gassman pointed out that space is lost to add the air conditioning often included in renovation.

Vice President Murthy suggested that the point at which to be sure to include student spaces is in the answer to that primary planning question: what one wants to do with the building. Mr. Bauer said that because the students, who are mostly commuters, find it hard to get themselves organized, central administration should support the need for student study space. Vice President Murthy said someone has to champion this cause.

Dr. Murthy agreed to carry this Committee's sense of priorities back to the other vice presidents.

BIENNIAL REQUEST: ACADEMIC AFFAIRS (DRAFT). The officers and the Committee perused this list of base increases sought for O&M items.

Item 1: Faculty (& P/A) Market and Retention: seek \$4 million for each year. (Comments: the situation keeps getting worse and this would help address the deficiency.)

Item 2: Rank Funding Adjustments (in several identified academic units): seek \$13.1 million over the biennium. (Vice President's comments: The University's first request for a rank funding adjustment was based on its argument to achieve a tie for 3rd-4th place in the Big Ten. The University has established the funding deficiency in a quantitative study as between \$32 M and \$35 M. The University must also make some programmatic adjustments, as student enrollments decline, to help reduce that deficiency. Once the University has received the rank funding adjustment, then it has to decide on the internal priorities for its use. The various units would be the beneficiaries of \$1 M of the Graduate School item; the other \$250,000 per year would provide for additional graduate tuition fellowships.)

Item 3: Recruitment, retention, honors, UROP, etc.

Item 4: Instructional equipment replacement;

Item 5: Twin Cities Libraries. (Comments: Libraries have an 8.2% mark-up; Twin Cities Libraries no longer need a catch-up appropriation but catch-up is sought for Law and some coordinate campus libraries.)

Item 6: Computing activities;

Item 7: International Education.

In reply to Professor Merwin's comments that the size of the increase anticipated by this draft was unrealistic, Mr. Berg completely agreed and said the lists would have to be trimmed.

UPDATE ON RETRENCHMENT AND INTERNAL REALLOCATION. Vice President Murthy referred to the updated table and said we have done a substantial part of shifting money to do new things; he termed it a substantially successful process and said little more can be done. Professor Merwin affirmed the need for flexibility and for allowing colleges to make adjustments because in their planning they cannot anticipate everything

REQUESTS ANTICIPATED FROM THE SENATE COMMITTEE ON FACULTY AFFAIRS. Professor Merwin read portions of the SCFA minutes and noted that the draft requests of the vice presidents appear to be very close to the SCFA recommendations. Professor Campbell said SCFA's agenda for May 23 included items the committee wants to see introduced into the biennial request; salaries and sabbatical support are uppermost. A direct communication from SCFA to the Academic Vice President and the President were to follow that SCFA meeting.

THE UNIVERSITY'S NEW MORTGAGE PLAN. Professor Johnson inquired about the mortgage plan recently taken to the Regents. Vice President Murthy described it as a recruitment tool. The University will be able to offer mortgages at a below-market rate to faculty and academic professionals. The lending is to be financed with \$20 million from the Permanent University Fund, but Vice President Lilly anticipates that it will be managed in such a way as to produce a steady \$20 million revolving fund.

STATE SPECIALS. The vice presidents have not yet discussed the state specials. There is no estimate yet on the size of the request for inter-collegiate athletics.

Professor Sorauf asked whether it was correct to conclude that state specials were going to be the method of choice for funding interdisciplinary programs. Vice President Murthy said funding would be divided between 0100 budgets and specials: programmatic costs would be paid through state specials for several years while the base increment will build in administrative costs for the programs. Mr. Berg reminded the committee that the legislature does not want to fund instructional costs in specials.

THE ORIGINAL COLLEGE REQUESTS. Professor Campbell asked if the Finance Committee could see the original collegiate requests and so be aware of what possibilities the vice presidents had discussed and dismissed. Vice President Murthy indicated members would be welcome to look at them in the Academic Affairs office.

Professor Merwin voiced his differing view that the SFC should not try to administer the University but rather should participate in defining the criteria for budgeting and latter assessing how well those criteria have been followed.

The meeting adjourned at 3:55 p.m.

Meredith Poppele,
Recorder