



UNIVERSITY OF MINNESOTA

University Senate Consultative Committee
N307 Elliott Hall
75 East River Road
Minneapolis, Minnesota 55455
Telephone: (612) 626-1850

**FACULTY CONSULTATIVE COMMITTEE MEETING
AND
DISCUSSION WITH PRESIDENT KELLER**

**THURSDAY, JUNE 4, 1987
10:15 AM - 12:00 NOON
300 MORRILL HALL**

AGENDA

FOR INFORMATION:

- 10:15 - 10:30
(15)
1. Chair's Report
 2. Planning Task Force: Professor Campbell, Chair

FOR ACTION:

- 10:30 - 10:35
(5)
3. Approve further faculty nominations and appointments to committees as reported by Professor Clark, chair, nominations subcommittee.
- 10:35 - 10:40
(5)
4. Steer and discuss "Disclosure of Financial Arrangements with Industry Draft," approved by Senate Research Committee (attached: Draft forwarded by Dave Hamilton, Chair, Senate Committee on Research

FOR DISCUSSION:

- 10:40 - 11:00
(20)
5. Revised University Grievance Procedures (Background material: 3/6/87 Striebel letter, 4/14/87 Pazandak and Freier memo, minutes of 4/30 FCC meeting). Guests: Professor Charlotte Striebel, Academic Staff Assistance Officer and Professor Amos Dienard, Chair, Senate Judicial Committee.
- 11:00 - 11:15
(15)
6. Special Faculty Senate Committee to Evaluate the Professional Academic Class: Interim Report. Guest: Professor H. E. Mason, Chair.

DISCUSSION WITH THE PRESIDENT:

- 11:15 - 12 Noon
(45)
7. Status of Commitment to Focus.
 8. The President's items.



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MINUTES
FACULTY CONSULTATIVE COMMITTEE MEETING
AND
DISCUSSION WITH PRESIDENT KELLER

Thursday, June 4, 1987
300 Morrill Hall
10:15 - 12:25

Members present: Ellen Berscheid (Chair), Mark Brenner, Shirley Clark, Richard Goldstein, Joseph Latterell, Cleon Melsa, Paul Murphy, Ronald Phillips, W. Phillips Shively.

Absent: Charles Campbell.

Guests: Amos Dienard (Chair, Judicial Committee), Stephen Dunham (Vice President and General Counsel), President Kenneth Keller, H. E. Mason (Chair, Special Committee to Evaluate the P&A Classification), Marsha Riebe (assistant to the president), Maureen Smith (of University Relations), Charlotte Striebel (Academic Staff Assistance Officer), James VanAlstine (FCC member-elect).

The first portion of the meeting was closed to consider several personnel items.

1. Special hearing panel regarding a proposed suspension.

Professor Berscheid referred to Section 14.6 of the Tenure Code, which calls for the Vice President of Academic Affairs to present evidence to a special panel of the FCC and to receive their report before suspending a faculty member during proceedings in cases of unrequested leave of absence or termination or suspension of a faculty appointment for cause. Vice President Benjamin has asked the FCC to appoint such a panel. Professors Berscheid, Brenner, and Phillips will hold the hearing on June 9.

2. Nominations subcommittee. Professor Clark.

A. Assembly Committee on Intercollegiate Athletics. The subcommittee proposed the names of five faculty members from which to secure two for three-year terms to complete the new make-up of ACIA.

B. Student Legal Services Board. The subcommittee proposed inviting the two outgoing faculty members (Peggy O'Hare, General College, and Warren Gore, Rhetoric) to continue; should either one or both of these ask to be replaced, three possible replacements were identified.

C. Senate Finance Committee. Professor Clark has agreed to chair SFC for 1987-88. FCC must name one faculty member at large from the Twin Cities Campus and one at large from a coordinate campus. FCC members agreed to report their recommendations during the next week to Professor Shively or Professor Clark and to have those two members then select the appointees. It was noted that one new member should probably come from IT, since it is the major unit is not represented in the currently anticipated SFC membership.

3. Report of the Chair. Professor Berscheid.

A. FCC's luncheon meeting with the Regents will be June 11 at the Campus Club. It is hoped that all FCC members will be able to attend the luncheon and discussion exploring alternatives to the present structure for interaction between the Board of Regents and the FCC as well as the entire faculty-student governance system.

As one example of the need to monitor business which is important to the faculty but which may be put before the Regents without consultation, Professor Berscheid reported on a telephone call this morning from Professor George Copa, Chair of the Senate Committee on Tenure. He sought the FCC's approval for the administration to report as an information item to the Board of Regents in July, prior to the required submission for information to the Faculty Senate in the Fall, revisions to certain tenure code procedures, as approved by the Tenure Committee and the Vice President for Academic Affairs. (The next meeting of the Senate is October 29; Professor Copa had reported that the administration hoped to be able to publicize changes to the units before the start of the new academic year.) Professor Berscheid had told Professor Copa that SCFA, the FCC, and the Senate should examine and have the opportunity to comment on the changes prior to their being reported to the Regents; the FCC wholeheartedly agreed.

B. Professor Berscheid reported that President Keller has asked FCC to suggest possible faculty for appointment to a small search committee. The FCC agreed upon the names of six colleagues to forward to the President.

The meeting was opened at this point.

4. Disclosure of Financial Arrangements with Industry.

Members had copies of the May 15 draft of the disclosure document,

as forwarded by the Chair of the Senate Research Committee, David Hamilton. Vice President Dunham, who had joined the meeting, clarified for FCC that the policy is to apply only to the kind of research contract where the firm has an ongoing interest in the result.

FCC members generally approved the document, but made four suggestions for minor modifications:

a) Rather than totally remove the \$25,000 threshold, lower it to \$10,000 or \$5,000; b) Under #4.a) PERSONNEL, insert "academic professional" before the word "staff;" c), Under 5.g) PUBLIC STATEMENTS, for clarification, specify again that this pertains to sponsored research; and d) Under IMPLEMENTATION, identify the applicable University BA Form 23 by its name as well as by its number.

Vice President Dunham said he would convey FCC's suggestions to Assistant Vice President Tony Potami; Professor Berscheid will submit them in writing to Professor Hamilton.

5. Revised University Grievance Procedures. Guests: Professor Charlotte Striebel, Academic Staff Assistance Officer, and Professor Amos Dienard, Chair, Senate Judicial Committee.

Professor Berscheid thanked Professor Striebel for volunteering, together with Professor Morrison, to work this summer on streamlining the Freier-Pazandak grievance procedure document. Professor Dienard has agreed to assist in that effort. Discussion addressed the multiplicity of special grievance procedures within the University and their horrendous complexity. Professor Striebel has been particularly dismayed by the slowness and inefficiency of many parts of the system.

Prominent questions are: (1) where should salary cases and allegations of research fraud be considered? (2) should the Committee on Academic Freedom and Responsibility Appeals have any judicial role? (3) can the conflict-resolution approach, or mediation, serve participants fairly?

6. Special Committee to Evaluate the Professional Academic Classification. Guest: Professor H. E. Mason, Chair of the special committee.

Professor Mason, whose committee, charged by the FCC in January in fulfillment of a Faculty Senate resolution passed at the time of approval of the new tenure code (June, 1984), told the FCC that questions about performance review and job security are very difficult to address because the personnel category is so side and dispersed thinly throughout the University. He said his committee's report, intended for completion in early summer, will identify perceived problems meriting further study. The FCC asked that the report include as much distribution information as possible.

7. Discussion with President Keller: The Legislative Session

A. Status of Commitment to Focus. President Keller distributed

copies of a letter about to be sent to all faculty describing the outcome of the legislative session. Gains were said to include the language of CTF contained in the appropriations bill (decoupling enrollment from funding), the 4.5% faculty salary increase appropriation, full funding for all parts of the libraries request, and restoration of the money retrenched last year. Problems include the legislature's refusal to fund either the fuel and utilities deficit or the operation of new space.

The president reported a new distribution procedure: central administration has met with the chancellors and disbursed to each their entire year's allotment, including a portion of the flexible funds.

B. Search Committee for a new Vice President for Institutional Relations (See also #3 above). The President wants a small search committee and wants to use the new search guidelines for administrators passed at the Senate's May 14 meeting. A wider range of responsibilities will be collected in the office of the new vice president, all concerning the representation of the University outside its boundaries.

The FCC voiced its support for the idea of using an executive search firm.

C. Ongoing legislative relations. President Keller told FCC his goals include making the Twin Cities legislative delegation active, instead of passive, supporters of the University, and getting the faculty broadly involved in legislative support for the U.

The meeting adjourned at 12:25 p.m.

Respectfully submitted,

Meredith Poppele
Executive Assistant



UNIVERSITY OF MINNESOTA

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N307 Elliott Hall
75 East River Road
Minneapolis, Minnesota 55455
Telephone: (612)626-1850

May 6, 1987

Honorable Charles F. McGuiggan
Chair, Board of Regents
104 West Redwood Street
Marshall, Minnesota 56258

Dear Dr. McGuiggan:

As we indicated at our Fall meeting, at our Spring meeting with you on June 11 we should like to continue our discussion of the faculty-student governance system and its proper relationship to the Board of Regents.

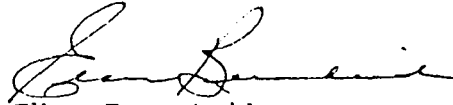
We have now received the individual reports from our three external reviewers who visited us in February, and we are attaching these for your information. As you shall read, none find the present situation entirely healthy and all believe the Academic Senate to be in need of strengthening. On the other hand, not one believes that adding a non-voting faculty representative to each of the four working committees of the Board would remedy our problems; indeed, they believe the current existence of student representatives to these committees to be unfortunate for a number of reasons, including its symbolic meaning to the faculty and its pernicious influence upon the Academic Senate, particularly the Student Senate.

The Faculty Consultative Committee is currently discussing the matter, involving in this discussion recent past chairs of the FCC and other faculty leaders, as well as the leadership of the Student Senate Consultative Committee, preparatory to full Senate Consultative Committee discussion.

We confess, then, that we have not yet formulated an alternative proposal to discuss with you. Since all agree that the present situation is unsatisfactory, however, we will attempt to construct other suggestions. We remain aware, of course, that it is for the Regents to decide what kind of relationship they wish to have with the Academic Senate; our obligation, as we have perceived it, is only to tell you of our dissatisfaction with the present arrangement and our reasons, to systematically seek external opinion, and to suggest possible alternatives. To be frank, we are hopeful that the Board, experienced as its members are in dealing with questions of the proper representation of varying viewpoints and also with organizational matters, may itself have some ideas about possible solutions. It is in this spirit, so that the Board has all the information we have, that we are enclosing the three reviewers' opinions. If there are other materials or information we can provide, please let us know.

Finally, since the matters to be discussed importantly engage the student portion of the Academic Senate, at some future point the Board may wish to invite the Chair and Vice-Chair of the Student Senate Consultative Committee to meet with it and with the Faculty Consultative Committee in a joint discussion.

Sincerely,



Ellen Berscheid
Chair, Senate and Faculty
Consultative Committees

EB:mp

c: Honorable Wendell R. Anderson
Honorable Charles H. Casey
Honorable M. Elizabeth Craig
Honorable Jack P. Grahek
Honorable Wally Hilke
Honorable Elton A. Kuderer
Honorable David M. Lebedoff
Honorable Wenda W. Moore
Honorable David K. Roe
Honorable Stanley D. Sahlstrom
Honorable Mary T. Schertler
Shirley Clark
Associate Chair, Senate and Faculty Consultative Committees
W. Phillips Shively
Chair-elect, SCC and FCC
Ronald Phillips
Associate Chair-elect, SCC and FCC
President Kenneth H. Keller
✓ Barbara J. Muesing
Secretary, Board of Regents

Encl.: Letter from Mark Filip, dated April 20, 1987
Letter from Kenneth Mortimer, dated April 14, 1987
Letter from Martin Trow, dated March 19, 1987

UIC FCC 6/4

College of Education

MAY 20 1987



UNIVERSITY OF MINNESOTA
TWIN CITIES

Department of Vocational and Technical Education
Vocational and Technical Education Building
1954 Buford Avenue, Room 210
St. Paul, Minnesota 55108
(612) 624-1221

May 18, 1987

To: ✓ Ellen Berscheid, Chairperson, Consultative Committee
Marilee Ward, Clerk, University Senate

From: George Copa, Chair, Senate Tenure Committee *George Copa*

Subject: Minutes of April 29 Meeting of Tenure Committee

Attached are copies of the minutes of the April 29 meeting of the Tenure Committee. Note that we have amended the Procedures for Reviewing the Performance of Probationary Faculty. The amended Procedures next go to Vice President Benjamin for adoption and then to the Senate and Board of Regents for information. We hope they can be distributed to the administration and faculty yet this Spring.

GHC:mg
Attachment



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May 1, 1987

Professor Fred Morrison
Past Chair, Senate Committee on Tenure
324 Law Center

Professor Charlotte Striebel
Academic Staff Assistance Officer
105 Vincent Hall

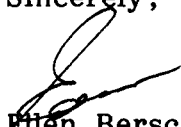
Dear Fred and Charlotte:

Paul Murphy has reported to the Faculty Consultative Committee that each of you is willing to work on the Pazandak and Freier University grievance procedures document to try to remedy some of the problems Charlotte outlined in her letter to me of March 6. The FCC was very sympathetic to these concerns and accepts your generous offer. In revising the document, we hope you will be in periodic consultation with Phyllis and Carol, and the Tenure, Judicial, and Academic Freedom and Responsibility Committee chairs, as well as Steve Dunham's office. Paul Murphy has agreed to continue as FCC's liaison until this matter is either buried as hopeless or resolved. You should feel free to proceed on the project at your own convenience.

The FCC is scheduled to hold its last meeting of the academic year on the morning of June 4 and would appreciate talking with you about the project. For example, at our meeting several members commented that we need a standard of de minimus established, or what is too little to grieve. Do your respective schedules permit you to join us for a brief conversation then, probably somewhere between 10:15 and 11:00?

Meredith will call you within the week to learn whether you can take part in a June 4 meeting.

Sincerely,


Ellen Berscheid
Chair, Faculty Consultative
Committee

EB:mp

c: Paul Murphy
Carol Pazandak
Phyllis Freier
Steve Dunham

bc: Shirley Clark



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June 15, 1987

Professor David Hamilton
Chair, Senate Committee on Research
Department of Cell Biology and Neuroanatomy
4-135 Jackson Hall

Re: Disclosure of Financial
Arrangements with Industry

Dear David:

I should like to clarify the context in which the FCC made Point #1 in my letter to you of June 8 (in which we comment on the "Disclosure" document): The FCC was reacting to the Administration's proposal to completely remove the \$25,000 threshold and require any amount above zero to be reported. The FCC thought this would be a headache for the Administration and the investigator and believed, at least on the basis of the information we had available to us, it to be unreasonable. The \$5,000 to \$10,000 dollar suggestion was a spur of the moment compromise and shouldn't be construed to mean that the FCC thought the current threshold should be lowered; rather, the intent of this suggestion was to prompt the Administration to reconsider its proposal to lower the threshold.

Sincerely,

Ellen Berscheid
Chair, Faculty Consultative Committee

EB:mp

c: Paul Gassman
Phil Shively
Shirley Clark
Tony Potami
Geoffrey Maruyama

MAY 22 1987



UNIVERSITY OF MINNESOTA
TWIN CITIES

Department of Cell Biology and Neuroanatomy
4-135 Jackson Hall
321 Church Street S.E.
Minneapolis, Minnesota 55455
(612) 624-1123

22 May 1987

Professor Ellen Berscheid
Professor of Psychology
N309 Elliott Hall
Minneapolis Campus

Dear Ellen:

I am sending to you, as Chairperson of the Faculty Consultative Committee, the revised Disclosure of Financial Arrangements with Industry drawn up by the committee chaired by Paul Gassman. The Senate Committee on Research reviewed this document and, with minor changes (which have been incorporated in this copy), unanimously approved it.

As I understand it, it should now be considered by your committee, and possibly should be reviewed by the Faculty Affairs and Finance Committees.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D. Hamilton' with a large circular flourish at the beginning.

David W. Hamilton, Ph.D.
Professor and Head

DWH:bv

Enclosure



UNIVERSITY OF MINNESOTA
TWIN CITIES

Office of Research and Technology
Transfer Administration
Division of Research Administration
1919 University Avenue, 5th Floor
St. Paul, Minnesota 55104

RECEIVED

MAY 19 1987

**CELL BIOLOGY
& NEUROANATOMY**

May 18, 1987

TO: Paul Gassman, Chair
University/Industry Relationships Committee

David Hamilton, Chair
Senate Committee on Research

FROM: A. R. Potami, Assistant Vice President
Research and Technology Transfer

RE: Disclosure of Financial Arrangements
with Industry Draft

Enclosed is the latest draft of Disclosure of Financial Arrangements with Industry with incorporated changes. The draft should be submitted to the Faculty Consultative Committee for review at their June meeting.

You should be aware that the Administration is considering removal of the \$25,000 threshold per grant, requiring the policy to be effective for all industrial sponsored projects, regardless of dollar amount.

ARP/nr

Enclosure: 1

UNIVERSITY OF MINNESOTA
DISCLOSURE OF FINANCIAL ARRANGEMENTS WITH INDUSTRY

1. PREAMBLE

The University of Minnesota actively encourages and participates in interaction with private companies as an important component of its research, education, and public service missions. Research agreements between the University and private companies provide a valuable source of funds, equipment, and topics for University research. Consulting arrangements and other contacts between faculty and private companies advance the faculty's ability to provide a high quality research and educational experience for students and enhance employment opportunities for students. Licensing by the University to private companies, consulting services by faculty for private companies, assistance by faculty in new company starts, and other forms of technology transfer are critical to meeting society's needs. The University, therefore, clearly has a responsibility to foster the free flow of ideas and individuals between the University and the private sector.

The commitment of the University to this responsibility is reflected by its policies and guidelines relating to interaction with industry. The Patent and Technology Transfer Policy, Policy on Outside Consulting, and Guidelines on Interaction with Industry all recognize the value of various types of relationships with the private sector and provide the means to advance these relationships. These policies and guidelines are supported by the integrity of the faculty and by the adherence of the faculty to principles of good scholarly and professional practice. In view of the increased interaction between the University and the private sector there is a need for a vehicle to safeguard the University's independence, credibility and primary missions and the integrity of those University staff members involved in such interactions. Accordingly, this statement of principles is intended to facilitate and encourage interaction with the private sector by ensuring an environment in which University personnel are permitted the maximum freedom to enter into and continue various types of relationships outside of the University, while at the same time furthering the principal missions of the University and maintaining high standards of professional and ethical conduct.

2. OTHER APPLICABLE POLICIES AND LAWS

This policy complements the provisions of other applicable policy, regulation, and laws, including the Policy on Outside Consulting, the Patent and Technology Transfer Policy, the statement "On Preventing Conflicts of Interest in Government-Sponsored Research at Universities", and applicable state and federal law. This policy is intended to help implement and expand upon these other related

requirements. It should be noted that this policy does not apply to Medical School consultation practices that are in accord with the Regents' Policy on Private Consultation Practice.

3. GENERAL PRINCIPLES

With the acceptance of appointment or employment, an individual makes a commitment to the University and accords the University his or her primary professional loyalty according to the terms of appointment or employment. Every person is expected to arrange outside obligations, financial interests, and activities so as not to conflict or interfere with this overriding commitment to the University. At the same time, no one benefits from undue interference with the legitimate external activities of individuals who fulfill their primary full-time duties--teaching at the University, conducting scholarly research under its sponsorship, and meeting the other obligations to students and colleagues. Indeed, the involvement of individuals in outside professional activities, both public and private, often serves not only the participants but the University as a whole. It has been, and continues to be, assumed that all individuals will be alert to the possible effects of outside activities on the objectivity of their decisions, their obligations to the University and the University's responsibility to others.

The areas of potential conflict may be divided into two broad categories. The first relates to conventional conflicts of interest--situations in which individuals may have the opportunity to influence the University's decisions in ways that could lead to personal gain or give improper advantage to their associates. The second is concerned with conflicts of commitment--situations in which an individual's external activities, often valuable in themselves, interfere or appear to interfere with their paramount obligations to students, colleagues, and the University. Researchers and scholars are given great freedom in scheduling their activities with the understanding that their external activities will enhance the quality of their direct contributions to the University.

Currently, universities customarily use the term "industry" in the generic sense, to encompass their relations with all facets of the private sector. Throughout this policy, therefore, the term "industry" is not used in any restrictive sense, but rather applies generally to all private enterprise. This policy is intended to apply solely to sponsored research, technology transfer and other written agreements as provided for in Section 5.f.

4. DEFINITIONS

- a) PERSONNEL shall mean all persons appointed, employed and/or compensated by the University, including faculty, visiting faculty and researchers, staff, civil service employees, research and teaching assistants, residents, fellows, and trainees.

- b) COMPANY shall mean any corporation, partnership, proprietorship, firm, association or other legal entities worldwide, excluding government entities in the United States.
- c) INTEREST shall mean any of the following interests in the aggregate held in a COMPANY by PERSONNEL and/or PERSONNEL's spouse and/or dependent children:
 - (i) an investment comprising equity or options to purchase equity with a total current value of more than \$1,000.00 or representing more than 5% of the total COMPANY equity; and/or
 - (ii) personal payments (excluding consulting fees), gifts, and other benefits, including personal loans and services, received from a COMPANY to PERSONNEL within the previous twelve months with a total current value of more than \$1,000.00; and/or
 - (iii) a consulting arrangement with a COMPANY or other agreement to provide services to a COMPANY which is or should be disclosed in accordance with the Policy on Outside Consulting;
 - (iv) status as a director, scientific director or member of the scientific board of advisors, officer, partner, trustee, or employee (other than a consultant) of a COMPANY.
- d) SPONSORED RESEARCH shall mean any research sponsored by a COMPANY at the University which is governed by a contractual agreement, written or oral, in which there is ongoing expectation or interest by the COMPANY in information developed under the research, the results of the research and/or property rights in the product of the research.

5. OPERATING PRINCIPLES

- a) General. PERSONNEL may form relationships with COMPANIES, including acquiring an INTEREST in a COMPANY, provided that such relationships satisfy this policy and any other applicable policies and laws. The University encourages all PERSONNEL to form relationships with COMPANIES which further its education, research, and public service missions. For example, effective transfer of University technology may require that the PERSONNEL who originally developed the technology have a consulting agreement with or otherwise assist the COMPANY in acquiring rights in the technology. Under such circumstances, equity in the COMPANY may be an appropriate means to compensate the PERSONNEL. The COMPANY may also desire to fund further University research concerning the technology to be conducted by those PERSONNEL. These combination relationships and other relationships are permissible, and may indeed be very desirable to meeting University objectives, provided that the disclosure requirements in this policy are satisfied. Disclosure will allow the opportunity for review to ensure that the performance of PERSONNEL's duties is not compromised.

- b) Actual Conflicts. PERSONNEL shall not enter into or allow conflicts of interest or conflicts of commitment to the University, as those terms are annunciated in the General Principles. Determination whether an actual conflict exists shall be made by the appropriate vice president. If PERSONNEL wish to initiate or continue such a conflicting relationship with a COMPANY and remain associated with the University, they shall seek a suitable leave of absence, reduction of appointment, or other arrangements with the University.
- c) SPONSORED RESEARCH Proposals. PERSONNEL with an INTEREST in a COMPANY and who propose SPONSORED RESEARCH to be funded at a level in excess of \$25,000.00 per year by that COMPANY shall disclose the existence of the INTEREST. To the extent allowed by law, such disclosure shall be considered private until the project is awarded. The disclosure shall be public information after the project is awarded.
- d) SPONSORED RESEARCH Participation. PERSONNEL with an INTEREST in a COMPANY and who participate in SPONSORED RESEARCH funded by that COMPANY at a level in excess of \$25,000.00 per year shall disclose the existence of the INTEREST. Such disclosure shall be considered public information.
- e) Technology Transfer. PERSONNEL with an INTEREST in a COMPANY shall disclose the existence of that INTEREST in the instance that the University is considering the transfer of rights, by license or otherwise, in technology developed by PERSONNEL to the COMPANY. To the extent allowed by law, disclosure shall be considered private.
- f) Other Written Agreements. In addition to restrictions in applicable law, PERSONNEL with an INTEREST in a COMPANY shall not propose, negotiate or approve on behalf of the University a contract or other commitment concerning that COMPANY without full disclosure of the INTEREST. The disclosure shall be considered public information. This paragraph applies to all written agreements including, but not limited to, lease agreements, and orders and requests for goods, services, or personnel from COMPANIES (including equipment, consulting services, and legal services). This provision does not cover research grants and contracts and relationships otherwise covered by Section 5.c., 5.d. or 5.e. above.
- g) Public Statements. PERSONNEL are expected to refrain from making public statements (statements for use by the press and/or to individuals with an interest in the stock of the COMPANY) regarding the research prior to publication of the results in recognized scientific literature or presentations at recognized scientific meetings. Whenever possible, the University shall include a clause reflecting this principle in each industry sponsored grant, contract or agreement.

6. IMPLEMENTATION

Compliance with this policy requires a three step determination:

1. Does an INTEREST exist?

The existence of an INTEREST is determined by applying Section 4.c. to the situation.

2. When an INTEREST exists, must it be disclosed?

This is determined by applying Sections 5.c., 5.d., 5.e. and 5.f. to the situation.

3. When an INTEREST exists, must approval of a vice president be obtained?

This is determined by applying Section 6.b. to the situation or, when a BA Form 23 is not involved, by the appropriate department head or dean after consultation with PERSONNEL involved.

- a) Disclosure under Sections 5.c. and 5.d. shall be made in the manner prescribed by BA Form 23. These disclosures will be made as part of the proposal process and shall be updated as PERSONNEL are added to the project or as INTEREST of PERSONNEL changes during the term of the project. After acknowledgment by the appropriate department head and dean, the BA Form 23 and accompanying proposal shall be sent to the Office of Research and Technology Transfer Administration. The Office of Research and Technology Transfer Administration will forward the BA Form 23 to the appropriate vice president for approval when required.

It is required by University policy that all SPONSORED RESEARCH be covered by a BA Form 23. However, disclosures made during the term of the project and disclosures not made on a BA Form 23 shall be in the form of a memo to the appropriate department head and dean for their acknowledgment. The memo shall then be sent to the Office of Research and Technology Transfer Administration for consideration and for forwarding to the appropriate vice president when approval is required.

The memo shall define the nature of the contract or other agreement and the COMPANY involved. Where possible, appropriate documentation from the COMPANY shall be attached. This memo shall be submitted in a timely manner so as to permit consideration by appropriate administration officials prior to consummation of the relationship.

- b) Approval of the appropriate academic vice president must be obtained prior to submission of the SPONSORED RESEARCH proposal to the COMPANY or participation in SPONSORED RESEARCH, and approval of the Vice President for Finance and Operations must be obtained prior to the transfer of rights in technology developed by PERSONNEL to the COMPANY, when PERSONNEL have an INTEREST in the COMPANY that is:

- (i) an investment comprising equity or options to purchase equity with a total current value of more than \$25,000.00 or representing more than 5% of the total COMPANY equity; and/or
- (ii) personal payments (excluding consulting fees), gifts, and other benefits, including personal loans and services, received from a COMPANY to PERSONNEL within the previous twelve months with a total current value of more than \$2,000.00; and/or
- (iii) a consulting arrangement with a COMPANY or other agreement to provide services to a COMPANY which is or should be disclosed in accordance with the Policy on Outside Consulting and with annual compensation of more than \$10,000; and/or
- (iv) status as a director, scientific director or member of the scientific board of advisors, officer, partner, trustee, or employee (other than a consultant) of a COMPANY.

Faculty may wish to seek the above approval in appropriate cases where an INTEREST exists but does not meet the above definitions. Approval shall be granted or denied within two weeks of submission to the vice president.

Factors that will be taken into account by the appropriate vice president determining approval include:

- (i) THE PROMINENCE AND SIGNIFICANCE GIVEN THE UNIVERSITY AFFILIATION. Where the name and/or authority of the University (as opposed to that of the researcher) is more clearly being invoked, the University should institutionally examine research affiliations more carefully.
 - (ii) THE EFFECT OF THE OUTCOME OF THE PROJECT ON EXPECTED BEHAVIOR OF OTHERS. Where endorsement of a project or policy will result in people in significant numbers using a product or investing money or otherwise changing their lives, the University must bear responsibility to maintain objective evaluations. Where these first two factors combine to suggest the University, or a segment thereof, is acting as an independent evaluative laboratory, University responsibility is at a maximum.
 - (iii) DEGREE OF INVOLVEMENT AND DANGER OF OVER-COMMITMENT TO DETRIMENT OF UNIVERSITY MISSIONS. The University has the duty to scrutinize requests in the light of its own missions. High quality research should be encouraged. The extent of involvement of PERSONNEL in a project should not conflict with University activities.
- c) Disclosure under Section 5.e. shall be in the form of a memo to the Assistant Vice President for Research and Technology Transfer Administration. This memo shall be submitted in a timely manner so as to permit consideration by appropriate administration officials prior to consummation of the relationship.
 - d) Disclosure under Section 5.f. shall be made by memo to PERSONNEL with no INTEREST in the COMPANY who have final authority over

negotiations and approval. The memo shall define the nature of the contract or other agreement and the COMPANY involved. Where possible, appropriate documentation from the COMPANY shall be attached. This memo shall be submitted in a timely manner so as to permit consideration by appropriate administration officials prior to consummation of the relationship.

- e) The University will maintain a standing committee to deal with issues concerning this policy. This committee shall have the following principal functions:
- (i) to assist in the implementation of this policy;
 - (ii) to answer questions concerning this policy (the identity of PERSONNEL asking questions and the specific facts of questions shall be kept private to the extent allowed by law);
 - (iii) to review and comment on any disciplinary action to be taken under this policy;
 - (iv) upon the request of affected faculty, to review a decision by an administration official that an INTEREST constitutes an actual conflict of interest. The results of this review shall be forwarded to the appropriate vice president and President of the University for final action; and
 - (v) to periodically review this policy, including the set financial thresholds established in Sections 4.c., 5.c., 5.d., and 6.b.

This committee shall be comprised of:

- 1 member of the Senate Research Committee
- 1 member of either the Senate Faculty Affairs or Judicial Committees
- 1 member of the Patent and Technology Transfer Council
- 1 member of the Medical School
- 1 member of the Institute of Technology
- 1 member of the other colleges
- 1 member of the coordinate campuses
- 1 ex officio member of the Office of Research and Technology Transfer Administration
- 1 ex officio member of the University Attorney's Office

The members from the Medical School, the Institute of Technology, the other colleges, and the coordinate campuses shall be appointed by the Vice President for Academic Affairs in consultation with the other vice presidents. Members from standing committees shall be appointed by the standing committee. The member from the Patent and Technology Transfer Council shall be appointed by the Council.

- f) Appropriate disciplinary action may be taken by the University against PERSONNEL who violate this policy.

PROPOSED ADDED LANGUAGE TO BA 23

16. Disclosure of Financial Arrangements with Industry

(This section must be completed if the proposal is to a COMPANY and is for more than \$25,000.00 per year). The disclosure is required by the policy on Disclosures of Financial Arrangements with Industry. A copy of this policy may be obtained from the Office of Research and Technology Transfer Administration

Yes No An individual associated with this proposed research has an INTEREST in the COMPANY that is the proposed sponsor⁷.

Yes No Approval is required by the appropriate vice president.

If yes, state the nature of the INTEREST as defined in footnote 8. (For example "I have a consulting arrangement that pays more than \$10,000.00 annually" or " A technician in my lab received a gift in excess of \$2,000.00 from the COMPANY last month).

Approved; Signature _____ Date _____
Appropriate Vice President

Footnote⁷ (on reverse side)

SPONSORED RESEARCH Proposals. PERSONNEL with an INTEREST in a COMPANY and who propose SPONSORED RESEARCH to be funded at a level in excess of \$25,000.00 per year by that COMPANY shall disclose the existence of the INTEREST. To the extent allowed by law, such disclosure shall be considered private until the project is awarded. The disclosure shall be public information after the project is awarded.

SPONSORED RESEARCH Participation. PERSONNEL with an INTEREST in a COMPANY and who participate in SPONSORED RESEARCH funded by that COMPANY at a level in excess of \$25,000.00 per year shall disclose the existence of the INTEREST. Such disclosure shall be considered public information.

- a) PERSONNEL shall mean all persons appointed, employed and/or otherwise compensated by the University, including faculty, visiting faculty and researchers, staff, civil service employees, research and teaching assistants, residents, fellows, and trainees.
- b) COMPANY shall mean any corporation, partnership, proprietorship, firm, association or other legal entity, excluding government entities.



UNIVERSITY OF MINNESOTA

Office of the President
202 Morrill Hall
100 Church Street S.E.
Minneapolis, Minnesota 55455

June 5, 1987

Dear Colleagues:

Since the close of the legislative session a few weeks ago, a number of people have asked me how we fared. They, as I, have read almost daily reports in the newspapers suggesting that we did well or badly or, more particularly, that Commitment to Focus (CTF) succeeded or failed. As you might expect, such simple analyses seldom convey the whole story and so I am writing to offer my assessment of the session.

We must not overlook that the University is actually governed by a Board of Regents which sets policy and determines direction. Changes such as those contemplated in CTF do not need legislative approval, per se. However, the Legislature does provide a significant fraction of our funding. Moreover, the approach taken in determining our level of funding certainly does affect our ability to make changes.

Our Biennial Request -- the request we make for operating funds over the next two years -- had four important parts:

-- A request that we be excused in the future from the formulaic coupling of student numbers to appropriations so that we could reduce the number of students enrolled without losing funds. This is the heart of CTF. We made a related request, a bit difficult to explain briefly, for a change in tuition for selected high-cost programs that would help us to hold down tuition for all students as our enrollment decreases.

-- A request for \$24 million to correct the under funding of instruction (the dollars spent per student) in programs where we did not expect to reduce student numbers. We called this a Funding Rank Adjustment, although the media kept identifying it as CTF funding. Ironically, if the CTF approach had been rejected, the need for funds in this category would have increased markedly since we would have been able to correct shortfalls in instructional funding only by adding even more dollars to the budget. The \$24 million in Funding Rank Adjustment represented about 15 percent of the total increase we requested for the biennium.

-- A request to cover needed increases in existing programs. Fuel and utilities, building repairs, supplies and expense increases, hazardous waste disposal were typical expenses in this category. It also included a reasonable salary increase, support for the libraries, and other items that have a direct and important effect on the quality of the University. This part of the request was the largest, containing about \$133 million in increases.

-- Requests to cover expansion in a number of special activities. Agricultural research and extension; special centers such as the Productivity Center, the Biological Process Technology Laboratory, the Microelectronics and Information Systems Center; programs such as the Graduate School Research Grants program. In all, this part of the request asked for about \$11 million.

We faced two major problems at the beginning of the session. First, there was a great deal of misunderstanding about CTF and concern that its emphasis on quality might be elitist; that its emphasis on reducing size might restrict access unreasonably; that its emphasis on the University as a research university might signal a turning away from undergraduate education; and that its efforts to focus our activities might mean that the coordinate campuses would be neglected. Second, the Legislature found that the automatic budget increases for the next biennium exceeded available resources by \$800 million before even beginning the appropriations process -- the well-publicized \$800 million deficit.

How, then, did we fare? First, I think it is fair to say that we were able to clear up most of the misunderstandings about CTF and to change a number of legislators' minds on its merits. As a consequence, the appropriations bill contains the following very important language:

It is the intention of the Legislature that the University's Commitment to Focus plan and enrollment targets provide the basis for funding in subsequent biennia.

This sentence is critical to our future, for it uncouples the University's funding from enrollments. Indeed, the Legislature actually went further and conditioned the release of the Funding Rank Adjustment funds on the adoption by the Board of Regents of a plan for reducing enrollments by 8,000 undergraduates over the next six years. A decade from now, we may well look back on this legislative session and this single sentence as having ushered in a new era for the University of Minnesota.

On the funding side, results were mixed; and the assessment of whether we did well or badly depends very much on the perspective one

takes. Overall, we received about 38 percent of the net increase we had requested. That is less than we would have liked but is workable. In a session in which there had to be large tax increases simply to avoid a deficit, the University received a biennium to biennium increase of about 12 percent, compared with an average State increase of 9 percent. Because of the way in which these calculations are made, the 12 percent biennial increase translates into a University spending increase of approximately 4 percent in each year of the biennium.

Much has been made of the fact that we received only \$6 million of \$24 million request for Funding Rank Adjustment. While this category is important to bring us to a proper level of instructional funding, CTF does not rise or fall on the basis of this request which was only a small part of our total request. The modest amount of funding in this category does mean that improvements in quality of instruction in this next biennium will depend even more heavily on our reducing student numbers and making choices in our activities. That is the purpose of the planning process now being carried out under Strategies for Focus.

In the more important category of funding, the third part of our request, there were some positive outcomes. We received a 4.5 percent appropriation for faculty salary increases, almost double that provided to any other higher education institution or state agency. We also received the entire amount we requested for library acquisitions and new staff. We received funds for increased graduate fellowships and, in the second year of the biennium, we will be able to retain another \$1 million of our indirect cost recovery. For the first time, we were appropriated a substantial amount of money (about \$4 million per year) to make needed maintenance repairs on our buildings and received monies to help us with the enormous increases in the costs of hazardous waste disposal.

We did not fare as well in such areas as fuel and utilities, insurance premiums, and costs of operating new space. Because these are unavoidable expenses, we will have to do some internal reallocation to fund these items. These additional costs will amount to about \$3 million per year. Certainly, this offsets some of the positive news in the preceding paragraph, although I can assure you that we will not be taking funds from faculty salaries or library acquisitions funds to cover these unfunded items. Nevertheless, these allocations will affect our academic activities. Dr. Kegler and I have tried very hard to explain this situation to legislators, but it is obvious that we have not yet been successful in making the point.

In the fourth section of our request -- that serving special needs which build on our academic programs -- we received almost no new funding. With the exception of support for the Biological Process Technology Laboratory and some small allocations, we received only inflationary increases. Thus, there will be no new funds in agricultural research and no new funds in any of the special areas of high technology in which we might contribute

University Faculty
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to economic development in the State. While I believe that the central mission and operations of the University should have a higher priority than these more specialized areas, there is no question in my mind that these special programs are also important for the State. The failure to invest in an expansion of them will have a damaging effect on the State's future.

Is there a simple characterization that one can make of this legislative session? I think not. I am extremely pleased that CTF has received the support demonstrated by the language of the appropriations bill. I am glad that the Legislature has recognized our needs in the areas of faculty salaries and libraries, and I appreciate their efforts in the face of difficult fiscal circumstances. Nevertheless, we must continue to work to convince the people of the State and their representatives of the vital importance of a research university. Moreover, they must appreciate that we are not funded either as well as we should be or as well as many similar institutions in other states.

Our willingness to make responsible planning choices as we move forward with Strategies for Focus is perhaps the single most useful way of building the credibility we will need in the next few years. This will convince the State of our value, our ability to use resources well, and our need for adequate funding. I interpret the actions of the Legislature this year as an initial vote of confidence, a cautious endorsement of our new directions, and an openness to future discussions of our needs. I have no doubt, however, that our success in those discussions will be determined not by our arguments in this past legislative session but by our record over the next two years in carrying out our commitments within the resources available.

Sincerely yours,



Kenneth H. Keller

KHK:kb