

Minutes*

Faculty Consultative Committee
Thursday, October 27, 2011
1:30 – 3:00
238A Morrill Hall

Present: Chris Cramer (chair), Linda Bearinger, Avner Ben-Ner, Peter Bitterman, Elizabeth Boyle, Thomas Brothen, Colin Campbell, Carol Chomsky, Janet Ericksen, Caroline Hayes, Walt Jacobs, Russell Luepker, James Pacala, George Sheets, Kathryn VandenBosch, Richard Ziegler

Absent: Nancy Ehlke, Elaine Tyler May, Jan McCulloch

Guests: Vice Provost Robert McMaster, Vice President Richard Pfitzenreuter

Other: Ken Savary (Office of the Board of Regents), Jon Steadland (President's Office)

[In these minutes: (1) several items of business; (2) differential undergraduate tuition/fees]

1. Several Items of Business

Professor Cramer convened the meeting at 1:30 and asked Committee members to take up several items of business.

-- For routing proposed policy changes for consultation, it would be easier for the administration simply to refer everything to the chair of the Senate Consultative Committee (SCC), who in turn would refer it to the appropriate committees. Rather than maintaining the elaborate consultation matrix that appears on the website of the policy library, which needs to be updated regularly, it could be retained for internal governance use. It might be useful, however, to retain it on the website in order to indicate for policy owners that new policies or changes to existing policies should be referred to the SCC chair and to indicate when it is expected that policies will go to a senate for information or action.

Professor Chomsky said it should be updated as changes occur and kept public as a reminder about consultation. Professor Cramer concurred and suggested that the title of the matrix should indicate that consultation on all policies should be coordinated with the SCC chair—and a note that historically, the committees noted are the ones with which consultation takes place. While it might be a burden on the SCC chair, there would be a benefit to that person knowing about all the policies being reviewed. Professor Cramer said he was willing to try the experiment.

-- The language of the bylaws about responsibility for Senate dockets is ambiguous, Professor Cramer reported. The Committee agreed on a proposed revision to clarify that the executive committees of the Faculty Senate and University Senate have authority to approve dockets (rather than only "preparation and distribution," or, in the case of the Business and Rules Subcommittee, "drafting").

* 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 Chomsky noted that it has always been assumed, and is practice, that the executive committees control the docket, and anyone who wishes to add an item can move to suspend the rules to bring up a matter that the executive committee may have declined to put on a docket. Professor VandenBosch agreed and said that this Committee and SCC always vote on the dockets—and remove items that appear not to be ready for presentation to a senate—because they are executive committees.

If a committee wants something discussed at the Faculty Senate, and this Committee disagrees, is there a way to bring up the item under new business, Professor Ben-Ner asked? This Committee has never told another committee to drop an item; traditionally it works with the committee to revise or rework a motion that this Committee was troubled by, Professor Chomsky said. But any committee may use new business, she affirmed. As long as any change does not repress speech, it is acceptable, Professor Ben-Ner said. Professor Chomsky said that this Committee (for the Faculty Senate) has the power to negotiate the best path, and if a committee disagrees, it can bring an item up under new business.

-- A question has arisen about what materials from a committee are to be placed on a senate docket for information. The existing protocol provides that "all resolutions" are to be presented, with the footnote that "resolution means any statement of the committee, however identified or titled, the wording of which has been agreed upon by the committee and upon which a vote has been taken. A resolution is not a policy document; it expresses the sense of the committee on the matter at hand, it may or may not seek further action, and it does not require Senate approval." Does this include letters to an administrator? Or other materials?

Professor Chomsky suggested narrowing the definition of "resolution" to something the committee wants to put in front of a senate. But all committee actions should be reported to an executive committee (i.e., this Committee, as executive committee for the Faculty Senate, for committees of the Faculty Senate), although not necessarily for presentation on a docket. Professor VandenBosch recalled an example from last year of a statement and said she can imagine circumstances where this Committee or SCC might want to transmit an opinion to an administrator to indicate that there is an issue brewing that should be dealt with before it erupts on the floor of the senate. Professor Chomsky agreed that committees should report actions to this Committee or SCC, and it could decide if items should be made public.

-- The Committee agreed it wished to have lunches with department chairs again.

-- Professor Cramer reported that Provost Sullivan has suggested that the University or its colleges should think about the terms of office for department chairs/heads. How long is a normal term, he asked? In the College of Science and Engineering, the departments have heads of varying terms. The review processes are variable across colleges, Professor VandenBosch said. That is key, Professor Luepker said: There is no systematic review, at least not in every college. In practice, the appointments in her department have been for 10-20 years, Professor Hayes commented, and reviews are not widespread. Professor Jacobs reported that in CLA, the standard term is three years. Each Chair is reviewed annually, and is usually reappointed to a second term (if she or he desires) unless bad mistakes were made during the first term. Departments can have rules setting a term limit, Professor Hayes pointed out. Professor Ericksen reported that Morris division chairs have five-year terms with review every third year, and one can be renewed as chair forever.

Professor Bitterman suggested the different collegiate practices are worth a discussion by the Committee, with a focus on the advantages and disadvantages of the various approaches in terms of improving the University.

Professor Luepker observed that in the health sciences, a department chair is often from outside the University, so there is a national search. The concept of recruiting someone on a three-year term is not in people's minds in those cases.

The Committee agreed it wished to learn more about existing practices from the deans and Vice Provost Carney.

-- The Senate Committee on Educational Policy has been discussing a proposal to identify, for students, the top 30% of instructors based on the scores from the student rating forms. Professor Chomsky pointed out that there is a legal question; the ratings are private data under Minnesota law because they are personnel data. Everyone would have the right to opt out or opt in, Professor Brothen said. Professor Cramer said he believed that the data should be provided for *all* faculty members and that every faculty member should opt in; he wondered rhetorically if anyone had ever heard of ratemyprofessors.com. Which data would faculty rather have people looking at? Professor Boyle said it appears that if the names are released, students will get the message that teachers in the 28th percentile are very different from those in the 32nd percentile; and that could become a self-fulfilling prophecy. Professor Brothen agreed that numerically there is very little difference in the student rating scores between such professors.

The Committee agreed that the Committee on Educational Policy should develop the proposal and bring it to this Committee when it is ready.

2. Differential Undergraduate Tuition/Fees

Professor Cramer turned now to Vice Provost McMaster and Vice President Pfutzenreuter for a discussion of differential undergraduate tuition and/or fees.

Vice Provost McMaster distributed a handout and began the conversation by saying that he has some ideas about differential tuition. He said he has had a number of conversations over the years on this topic, most of them with the late Dr. Zetterberg—who had strong opinions on the matter and who followed tuition patterns for 40 years. He said that Dr. Zetterberg's comments can provide a helpful historical context.

There are two issues at hand, Dr. McMaster said: differential tuition versus differential fees. He commented that there are both positive and negative aspects to differential fees and tuition.

Vice President Pfutzenreuter noted, from draft minutes of the Finance and Planning Committee (recording a discussion with three deans about differential tuition and/or fees) that had been distributed to Committee members, that it had been said that Minnesota is the only school in the CIC without differential tuition and fees. That is not entirely correct in the sense that the University already has differential college fees. He noted the fees that are approved for 2012 for colleges with undergraduate programs (for students taking 6 or more credits, per semester):

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|---------------------------|-----|
| Design | 330 |
| Biological Sciences | 230 |
| Education/Hum Development | 160 |
| CLA | 145 |
| Food/Ag/Nat Resources | 110 |
| Management | 580 |
| HHH Public Affairs | 250 |
| Science and Engineering | 300 |
| Continuing Ed | 110 |

It is already the case that students in different colleges are paying different amounts. The question is, if differential prices are to be achieved through differential college fees, how far does one go with them? But this is not a new concept, Mr. Pfutzenreuter concluded.

Vice Provost McMaster noted first the "cons" of differential tuition. One is about the intellectual value of a degree; is Philosophy worth less than Chemical Engineering? He said he did not believe so. A second is the possibility of gaming the system: Students could "hide out" in low-tuition colleges, take almost all the courses they need, and then transfer at the latest possible moment into the college in which they wish to have their major. It is possible to set up barriers, but gaming might result in any case.

On the last point, Professor Cramer asked why students do not do that now, given the wide range in college fees. Because fees are little murkier than tuition, Dr. McMaster surmised, and students may not look at the fees as closely as they do tuition.

Professor Bitterman asked what a fee is. Vice President Pfutzenreuter responded that the University has always had course fees; by Board of Regents' policy, they are to be charged for consumables used in the course, such as specialized equipment, art supplies, piano rental, and so on. The Board approves all of these fees each year—and there are many of them. There used to be technology fees, but over the years they were merged into collegiate fees. About two years ago his office started looking at what colleges were spending collegiate fee revenue and whether or not current Board of Regents' policy accurately reflect what the fees paid for. They proposed, and the Board approved, a change in Board policy to set a definition of college fees to provide that the revenue could be spent on things other than instruction, such as advising, technology, career counseling, etc. The goal of the policy change was to create a better definition and to align collegiate/campus spending of fee revenue with the new policy language.

So there are collegiate fees plus course fees, Professor Bitterman said. That is correct, Mr. Pfutzenreuter responded. With collegiate fees, course fees, and tuition, there is a wide variation in what undergraduate students pay. Is this a case of "in for a penny, in for a pound," Professor Campbell asked? If a student is enrolled at all, he or she pays the full collegiate fee? Most colleges provide a break below 6 credits, Mr. Pfutzenreuter said.

Students are already in a sense gaming the system by going to MnSCU schools before coming to the University, Professor Hayes observed. But that is a good system, one that the University encourages for fiscal reasons, Vice Provost McMaster responded.

On the question of murkiness, students do not maximize their economic gain because they do not have all the information, Professor Bearinger said—but at the same time, the University does not want them to game the system.

Vice Provost McMaster returned to the "cons" of differential tuition. A third one is the difficulty it presents for packaging financial aid.

It can be argued that the benefits of differential tuition are that it reflects the real costs of a degree (but costs vary significantly even within colleges) and that it reflects market value; some degrees are worth more in earning power after college, so students who obtain those degrees should pay more. Dr. McMaster said the University should consider the fairness of students sitting in the same class paying different amounts.

Dr. McMaster turned next to a number of points Dr. Zetterberg had made in a memo in 2009 (the following text are direct quotes, between the * * *).

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-- Undergraduate education is a campus enterprise. All undergraduate students take courses in multiple colleges. (That is the whole point of the liberal education requirements, Dr. McMaster pointed out.)

-- Instructional cost varies as much by department as it does by college.

-- All undergraduate students with the same economic background receive the same sized Pell grants and state grants and University scholarship offers as freshmen. These amounts do not vary by college. (Most institutional aid, especially for lower-income students, does not change with tuition, Dr. McMaster noted, although the University could change the Promise Scholarships.)

-- All undergraduates face the same limits on how much they can borrow.

-- Variable tuition can send the message that some colleges are better than others or of higher quality.

-- It is very doubtful that one college needs tuition revenue from undergraduate students more so than other colleges.

-- If one college wants to have a higher tuition rate then all colleges will want to have higher rates.

-- Charging upper division students a higher rate than lower division students is an especially bad practice. The University did this for many years and in some cases the annual tuition increases as students moved from lower division to upper division were more than 20%. (That tuition structure can hinder graduation rates, Dr. McMaster said, because it gives students a reason to stop out or leave the University.)

Varying Tuition at the Undergraduate Level: Background

Tuition at the undergraduate level can be varied in two different ways. First, it can be varied by student level (e.g., lower division and upper division). Second, it can be varied by program or department or college.

There are two reasons for varying undergraduate tuition by program or department or college.

1. The first reason is cost. If tuition should reflect instructional cost, then students in higher cost programs should pay more than students in lower cost programs (just as lower division students should pay less than upper division students).
2. The second reason is market, regardless of the cost of the program. If there is high demand for a program, regardless of its cost, and if a program can meet all of its enrollment goals with a higher price, why not charge what the market will bear?

Variation by Program Because of Instructional Cost

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A major consideration with the instructional cost approach is how refined one makes such a system. Pushed to its extreme an institution might vary tuition by course, charging less for a course taught by an assistant professor in an old building than for a course taught by a full professor in a new building. This would not be practical, of course, so one could move to the program level, charging slightly less for students pursuing a B.A. in physics than for students pursuing a B.S. in physics (or vice-versa, depending on what the program numbers justified). And one could then move up to the department level (all degree programs) or the college level (all degree programs).

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Professor Hayes speculated that some members of the legislature might approve of differential tuition as an economic filter. For example her college, Science and Engineering, might have low tuition whereas fine arts programs might have high tuition, and Economics might have low tuition. She said she is not necessarily for or against that approach. There are many ways to approach tuition; what is important is the message being sent to students. Some legislators have suggested that the University should direct students where the jobs are now. Her response in that case is that while market is important, students' interests also determine where they want to major. The University is not China and does not tell students where they will major—it lets student choose. Students must live with their chosen professions for their whole lives, not just in the current market. And that is why a Philosophy degree is as important as a Chemical Engineering degree, Dr. McMaster added. (It turned out, in the course of Committee discussion, that several Committee members had majored in Philosophy.)

Is the objective of a differential tuition or fee structure to create a financially-sustainable model for the University or colleges or departments, Professor Bitterman asked? What is the point? The discussion was provoked by the proposal from the Carlson School of Management to significantly increase its collegiate fee, Professor Cramer observed.

Professor Bitterman inquired who approves fees. They exist organically and are changed periodically, Mr. Pfutzenreuter said, and are reviewed in the compact process and approved by the Board

of Regents. But they are not changed in the context of the cost of instruction. In the case of the Carlson School, Dr. McMaster reported, some of the increase would be used for enhanced career counseling and student support.

Professor Brothen asked if there is any accounting from colleges on how they spend the money from the fees. Mr. Pfitzenreuter said that since the Regents' policy was revised last spring to create an umbrella definition of what the fees can be used for, they will now look carefully and on a more regularly basis at how the colleges are spending the income.

Professor Luepker recalled from the Finance and Planning Committee meeting, which included Dean Zaheer from the Carlson School as one of the three deans participating in the discussion, that she maintained that the Carlson School needs to increase the fee because of the draconian reduction in state funding, from \$14 million to \$4 million, and because they contribute \$20 million to the cost pools. Given those numbers, how could they maintain quality? Professor Luepker said that students and parents do not see a difference between tuition and fees, it's what they pay that matters. So in effect the Carlson School has higher tuition. Dr. McMaster concurred that the distinction is splitting hairs from the viewpoint of students. The Carlson School is a significant outlier in the amount of its fee; the other colleges differ by \$100 - \$200, differences which it is unlikely students or parents notice.

Professor Bearinger said she would be alarmed if, because of differential tuition, parents told their student that he or she could not major in a particular field because it cost \$500 more per semester. She noted from the draft minutes that the Carlson School takes the position that it receives little external research funding, has lost state funding, and the fees would go to financial aid, career advising, and faculty positions. If one put that plan to parents, they would say that is not a fee.

Professor Boyle commented that the Carlson School problem is a case of the tail wagging the dog. In line with Professor Bitterman's question about the purpose, there is no overall theory behind the fee; it is responding to a crisis. Carlson's state funding has been cut, but so has that to many other colleges. Like Carlson, CLA does not obtain large amounts of external research funding relative to some other colleges. If Carlson can increase tuition or fees for these reasons, other colleges should be allowed to do that as well. If one argues that students are willing to pay more and the market will allow higher fees, that is a different issue. There needs to be a bigger framework for this question, not just the Carlson School proposal.

Professor Hayes said that Carlson is making the case not only because of cuts in funding but also because it needs more advising and because its consumer base is willing to pay more. The proposal goes to the question of whether the University wants to allow colleges to charge differentially.

Professor Ben-Ner, from the Carlson School, said that the funding model whereby, not explicitly but effectively over time, tuition revenue displaces state funding adds to the "holes in the budget bucket" that need to be filled. With various institutional and political constraints that limit the level of tuition, units are forced to use imperfect tools to make ends meet, as does the University (central administration) by charging units certain fees that are not optimal. The various attempts to fill holes in the bucket, one at a time, do not look pretty, are suboptimal, cause consternation in different parts of the University, and are likely to be viewed with cynicism by the public. (The University may end up looking like banks that try to charge fees wherever they think they can and introduce various levels of silver, gold and platinum services). These attempts should be replaced with a comprehensive examination of how to fund different

parts of the University, while maintaining a *uni*versity. The recently-announced decentralization reform at the University of Virginia is worth studying. In all these discussions one needs to remember that the nature of the university and its products are such that one cannot set up profit centers at the level of colleges and other units, which would be the common business approach to decentralization for a for-profit firm of size and complexity comparable to those of the University.

Professor Cramer said that it is valuable to keep in mind the converse of Vice Provost McMaster's point. While higher tuition for some degrees might cause some students to decline to pursue them for financial reasons, the differential approach would help to keep the cheaper degrees cheap, and thus they would be MORE accessible to students of reduced financial means. A revenue-neutral, constant-tuition approach effectively causes those pursuing cheaper degrees to subsidize those pursuing more expensive ones, and it is something of a question of one's values whether that should be considered a good thing or a bad thing.

Professor Bearinger said that in Nursing, the undergraduate program requires accreditation, whereby students completing the program can sit for licensure exams. As an accredited program, the degree requires a set number of supervised practicum hours in clinical settings. So she would expect undergraduate degree programs, like nursing, to be more expensive to offer, due in large part to the cost of clinical supervision with required student/mentor ratios. Her view is that the University needs a financial model for determining the fees being charge to students; at present, it looks as though there is no model for calculating differential fees. If a college is to have a different fee, it should be asked to provide the rationale based on set criteria related to instruction/advising costs, not to hire new faculty and because a school has less opportunity to generate external research dollars.

Vice President Pfutzenreuter recalled that he has told the Committee on Finance and Planning that his office is working on a study that will allocate the direct expense of mission activities (which they know) as well as the indirect expenses. They are working on a report and are nearly finished. Many ask about the cost of educating an undergraduate; the Carlson School is high compared to CLA. The Carlson School has made investments in advising and it shows up in comparisons across college. The fully-loaded cost study will help to understand costs by college and one will be able to compare tuition and fees by college.

Professor Ben-Ner said there are many choices a college and department can make, such as offering a course with an adjunct professor rather than a full professor. Any study needs to look at the choices made before evaluating the outcome.

Professor Chomsky said it makes sense to talk about fees as a reflection of a financial model but also to consider what the student receives for the fees. It might be that tuition gets a student courses at the University and University services of various kinds. Does paying the fee get something different? Perhaps not all the money goes to pay for advising, so it would be helpful to identify what the fee is paying for that benefits the students. She said these need to be connected.

In the golden days of yore, Professor Cramer said, all students paid the same tuition, central administration controlled all the money, allocated it to the colleges, and everyone accepted the fact that there were subsidies. Now there are fees, state funds are declining, and colleges do whatever they can to raise money. The institution has already made the deal with the devil when it comes to differential costs by college or degree; the question is how far it will go and how transparent it will be. Unlike some in

academe, the public understands that things have different value and would understand that an engineering degree costs more than some other degrees. Dr. McMaster said that CLA would say that a Music degree is more expensive. And if one charges by cost at the course level, a student might take a liberal-education course in History rather than elsewhere because the tuition in History is lower. That approach would lead to very bad results. People make decisions like that all the time, Professor Cramer suggested, bemoaning his inability to buy a Jaguar XKE for the price of a Ford Focus.

Professor Bearinger repeated her point that there is a need for consistent criteria for creating a financial model that calculates differential fees; otherwise those schools that get approval for higher fees will simply be those most effective in asking. She noted that this Committee has charged the Senate Research Committee [which she chairs] to develop a statement on the value of unfunded research. Compared to the potential lack of the public's understanding of the value of about unfunded research, if there are fee differences between schools without a clear basis for determining differing fees, there could be bigger trouble in terms of public perceptions.

Professor Bitterman said that once it is made transparent what students are purchasing, and a student decides he or she wants to buy the extra advising offered by the Carlson School, may a student in Philosophy buy it? That would make it clear what one is buying. Those issues will come up, he predicted. It will mean the richer schools will afford better advising, Professor Hayes said. The situation might be similar to non-emergency health care that everyone receives in a well-run national system, Professor Bitterman said; everyone receives high-quality care, but those with more money can get it faster by choosing a private option with a shorter wait time.

It might be complex to adjust the financial aid model for a student who wants enhanced advising, Dr. McMaster commented. Professor Bearinger said that advising is essential for all students and that she would be uncomfortable with a system where some students receive better advising.

Mr. Pfutzenreuter said that one thing that is an important policy question is the idea of adopting a higher fee, for example, in order to provide Cadillac advising. What about a student from a different college? He or she also deserves Cadillac advising. But the Carlson School has decided to spend more money on advising. They have made a choice.

What if the parents choose to pay more for Cadillac advising for their son or daughter, it was asked. Is education an individual benefit to the student, or to society, Professor Hayes asked? If it is the latter, it should be provided to all at the same level of quality. The University was created to benefit the state and its economy (e.g. to provide a societal benefit). Professor Cramer commented that if the University took the sum of all differential collegiate "fees" paid by students, divided that by the total number of undergraduate students, and then increased tuition by that amount, all students would pay the same tuition, and the University would have the identical revenue with zero college fees, albeit it would have to redistribute tuition dollars from some colleges to others to maintain the same income stream to each college. That would be a return to the golden-age model. The University could do that, Mr. Pfutzenreuter said.

Professor VandenBosch said one must bring in the question of quality. If a college wants to increase tuition or fees because the service to students will be better, is it actually better or the students' perception that it is better? What would be most compelling would be to use metrics that document that improved quality is indeed afforded by the increased cost.

One can measure advising, Dr. McMaster said: The number of students per adviser is one possible metric, although it is more complicated than just adviser/student ratios.

There is a perception about quality and excellence and enhanced advising, Professor Luepker commented. Better advising is perceived to help people get jobs. This discussion is about undergraduate education, but differential charges is a barrier that was breached long ago in the professional schools—they have totally different tuition that is two or three times undergraduate tuition. No one says that is wrong. At the undergraduate level students take courses all over campus, Dr. McMaster said; graduate and professional students tend to stay largely within their school. Professor Luepker demurred and said that he routinely taught post-graduate courses with students from 3 or more colleges.

These questions get profoundly at the mission of the institution, Professor Pacala said. If it really wants to provide the same opportunity to all, it should scrap the charade of fees and divide up the costs equally among all students. But that is not the way society is going. He said he liked transparency for students and also liked equal opportunity for all undergraduates.

Professor Ben-Ner said there is no market for advising so there should be another mechanism to allocate funding for it. It should be in the hands of deans, or at a higher level for all students.

Professor Campbell said there is a philosophical divide on the matter and that his biggest concern is the unintended consequences. If one knows it will not mess things up, the idea of differential fees has its attractions. What do other universities do? Dr. McMaster said he had just learned of a paper about differential tuition at research universities; they are increasingly migrating to it. But the paper has nothing about impacts or outcomes. Professor Campbell said he would be concerned about the unintended consequences.

What goes to the Board of Regents in December concerning the Carlson School proposal, Professor Cramer asked? Mr. Pfutzenreuter said it is unclear whether anything needs to go to the Board. The President has not yet decided if, how or when it would be an agenda item. If, for example, a fee at the collegiate level fits within the existing Board policy on fees, there is nothing to take to the Board. It would not be an exception requiring Board approval. If a proposal were to require a change in Board policy, then it would have to act on changes to existing policy language. The President has not made a final decision on the mechanics of the policy and discussions have been scheduled to formulate an approach that will work efficiently and effectively.

Professor Cramer thanked Vice Provost McMaster and Vice President Pfutzenreuter for their comments and adjourned the meeting at 3:10

-- Gary Engstrand