

**A REPORT ON PLANNING AT THE UNIVERSITY OF MINNESOTA**

**Submitted to President C. Peter Magrath**

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## INTRODUCTION

The purpose of this report is to describe the planning process at the University of Minnesota. This process has been developed over a period of several years and has been designed to deal with the environment that the University is likely to encounter in the 1980s. Section I provides a brief historical overview and Section II some comments on the environment of the 1980s and its special demands. The planning process itself can hardly be characterized as entirely "new" as far as its main thrust and its major mechanisms are concerned. Its purpose is to explain the conditions that the University is likely to face a few years in the future and to prepare the institution to meet these conditions in the best way possible; such activities are well-established in many parts of the University. Similarly, the planning effort does not create new decision-making and consultative mechanisms; it is linked to existing structures. Its analyses draw heavily on existing sources of data and on existing programmatic reviews. The planning process does, however, introduce a new conceptual framework and a higher degree of integration of activities than in the recent past. It is based on the production of a set of planning documents: a mission statement, a presidential planning statement, including an analysis of the planning environment and a discussion of institutional goals and priorities, unit plans, planning memoranda from central administration to the units, and an integrated data reference. It involves a process of academic program priority

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setting and a process of financial analysis and target setting. The planning process itself and its outcomes are subject to evaluation. The conceptual framework is described in Section III, while Section IV provides an evaluation of the first cycle of planning and proposes a set of guidelines for the next cycle.

In preparing this report, I have received assistance from Carl R. Adams, David J. Berg, Colleen T. Davidson, Richard B. Heydinger, Cherie R. Perlmutter, and Ann M. Pflaum; earlier versions had the benefit of discussion in the University's Planning Council. I want to acknowledge my indebtedness to all parties involved as well as my inability to do justice to all their views.

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### I. THE UNIVERSITY'S APPROACH TO PLANNING AND DECISION MAKING, 1975 TO THE PRESENT

An integrated planning and decision making framework for the University of Minnesota has been under development for a number of years. One of the first steps in its development came in 1975 when the President initiated the preparation of a mission statement for the University. The purpose of this statement was to define the fundamental aims of the institution and to outline the organization that had been established to attain them. The first mission statement was formally approved by the Board of Regents in 1975, and a revised statement was approved in 1980.

A second important step was also taken in 1975 when the President appointed a Planning Council and charged it with the responsibility for developing a comprehensive planning process for the University. The Council included representatives of the six vice presidential and the four provosts' offices, three deans, the chairs of some major University Senate committees, ex officio representatives from administrative units especially concerned with planning, four faculty members and two students. After reviewing both theoretical planning models and the planning efforts of some comparable institutions, the Planning Council initiated the first cycle of universitywide planning in 1979. The planning process that was chosen involves all the units of the University and touches all major components of the institution's decision-making cycle.

The approach to planning that has emerged involves five steps. Each of the steps identified is applicable to some extent at several

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levels within the University, viz., for the institution as a whole, for major collegiate and support units within the institution, and for departments. The steps are as follows:

- Gathering and analysis of information concerning the present and future environment of the University or unit.

- Setting of goals; In broader terms what the University or unit will try to accomplish.

- Establishment of objectives and priorities; steps that the University or unit intends to take by a specified time in order to move towards the achievement of stated goals.

- Assignment of resources to carry out stated objectives.

- Assessment of the extent to which goals or objectives have been achieved and the efficiency of resource utilization.

The planning process is also characterized by the following important features:

- It views planning as primarily a line function, as an aspect of the decision making of line officers, rather than an enterprise separate from regular decision making.

- It views planning, not as an attempt to predict the future, but as a continuous process of making day-to-day decisions in the light of their impact on the future.

- It uses an extensive data base but is not driven by any one set of data or analyses.

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- It separates the elements of a planning cycle into many discrete tasks rather than attempting to provide one "master plan" for the entire institution.

This approach fits well with the decentralized, participatory tradition of the University of Minnesota. It is in basic respects quite pragmatic: wherever possible, the planning process is linked to existing structures and processes and draws on existing sources of data and programmatic analysis. It allows for the exploration and definition of institutional goals, priorities, and assumptions. It is applicable to academic units as well as service units.

Underlying the University's approach to planning is a belief in the importance of public discussion of major programmatic choices, both inside and outside the University. The University is one of the major resources of this state; the state has made a substantial investment in its University and has received a substantial return on its investment. The planning process is intended to assist the University in stating its case at a time when crucial decisions have to be made. The outcomes of the process are likely to be better, both in terms of contents and effectiveness, if the University's choices can be considered in the context of the choices confronting the entire state and with broad participation by its various constituencies.

The development of the approach can be described as evolutionary. It does not anticipate an elaborate, and fragile, system that once put in place cannot be changed without jeopardizing the results; rather, the system is built piece by piece in such a way that at each step it

is possible to benefit from the experience gained at the previous step. Thus, as will be suggested below, Cycle Two of planning should draw on the insights gained from Cycle One and should supplement rather than repeat the previous cycle. The pragmatic and evolutionary nature of the planning effort seems to have stood the University in good stead. Certainly, a less robust approach would not have withstood the recent shocks of repeated retrenchments.

## II. THE UNIVERSITY'S PLANNING ENVIRONMENT IN THE 1980s

The definition of the planning environment of the 1980s hinges on the answers to three very obvious and very complex questions. What changes are taking place in the environment in which the University is operating? What will be the impact of these changes on the University? What should be the University's response? A few hints.

What changes are taking place?

Technology: a continuing shift away from basic industries towards high technology; rapid development in such areas as bioengineering, computation and communication, energy.

Economic and political conditions: continuing state and federal budget problems; some efforts to shift responsibility from higher to lower levels of government, and from the public to the private sector; increasing competition for available dollars; increasing turnover among politicians; demand for centralized governance structures to set (and implement) priorities in higher education.

Social and demographic conditions: fewer persons in the strata of the age pyramid traditionally considered college-age; new careers and

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more career switching; new recreational opportunities and demands; continuing demand for full participation in society by women and minorities; greater dependence on worldwide conditions.

What will be the impact on the University of these changes?

Overall: a smaller but more diverse, career-oriented, older, and part-time student body; less funds from more diverse sources; a constant need to restate the University's case; new demands for priority setting and coordination with other segments of higher education.

Instruction: demand for basic communication skills (English, foreign languages, computer languages, communication technology), basic quantitative skills (math, statistics, computer applications), and cultural/scientific awareness; demand for professional training (technology, computer science, management); demand for new learning contexts and instructional modes.

Research: explosive developments in certain fields; new forms of interaction with public and private organizations; increasing competition for top scholars in certain fields; increasing pressure to differentiate among segments of the faculty on the basis of marketability outside higher education.

Service: new demand and opportunity for transfer of knowledge and skills to broad spectrum of the population.

What should be the University's response? The short answer is that the University must create a situation that makes programmatic change possible in an environment of limited resources. In the 1960s, programmatic changes usually consisted of adding programs to what

already existed in order to meet new needs. This course of action will not be possible in the 1980s. While continuing to pursue all potential sources of funding very aggressively, the University must set careful programmatic priorities and ensure that funds are assigned accordingly. Mechanisms must be maintained for review and decision making and for the creation of resource flexibility.

The long answer is, of course, the entire outcome of the University's planning effort.

#### Setting Academic Program Priorities

In the first cycle of planning, academic programs have been reviewed on the basis of collegiate plans and the following set of criteria established in consultation with the Senate Consultative Committee:

"Quality - Particularly in academic programs, it is difficult, as a practical matter, to build quality in a conscious and deliberate way. Where it occurs, it is often the result of the happy combination of opportunity, good luck, and foresight. Thus once a University has achieved a high level of quality in a program, it should make every effort to preserve it; and where an obvious opportunity exists to make a substantial improvement in quality with a realistic investment of resources, it should be taken."

"Connectedness - This somewhat awkward word refers to the extent to which the programs of a department or college serve other departments and colleges. Where this connectedness is high, it is unrealistic to consider extensive reductions in its activities

unless alternative arrangements can be made to provide for the instructional or support activities."

"Integration - The University's particular commitment to teaching, research, and service suggests that those programs that integrate all of those activities well are especially appropriate and important. In large part, this is because the University is committed to and responsible for both the generation and transmission of knowledge, and those activities are best stimulated and provided for in an atmosphere in which individual faculty and programs are committed to both."

"Uniqueness - It is certainly true that the University's land-grant mission suggests that where we have a unique and useful program, we should have a strong commitment to maintain it. However, in making this determination, it is also important to consider whether the program is appropriate to the University's role and strengths, and whether it could or should be offered elsewhere."

"Demand - Demand is obviously an important factor, but we must be careful not to interpret it too narrowly. That is, we must avoid considering demand to be measured only by the number of students seeking admission to regular, full-time undergraduate or graduate programs. Part-time students and outreach audiences must also be considered in assessing demand and, from another point of view, the needs of employers for individuals trained in certain disciplines constitute a form of demand. Moreover, the demand for the

other "products" of the University, such as its research contributions to the solution of pressing economic and social problems and its contribution to the quality of life are equally valid issues to be considered in assessing this factor."

"Cost-effectiveness - Whether in an era of growth or contraction, our aspirations are always limited by the resources available. Thus we must continually examine our programs to see if there are less costly ways to offer the same program or more efficient ways to accomplish the same ends. Yet cost alone must not govern our decisions, for the effectiveness of the program must also be weighed. When taken together, cost and effectiveness provide one important measure of whether we are putting our funds to best use."

Because of the retrenchments of 1981-82, special attention was given to the identification of programs that should be eliminated, reduced, or reorganized. The most important task of the next cycle of planning will be to refine the academic program priorities, paying greater attention to program development, and to ensure that resource decisions are indeed made in accordance with these priorities.

#### Allocation of Resources

In addition to programmatic priorities, a number of resource allocation questions have received attention within our planning effort.

The first of these questions is that of internal equity: Is a particular unit appropriately funded in comparison with its peers in

other institutions and other units within the University? Extensive comparisons have been used to establish "appropriate" budgets taking into consideration both the quality of units as they now exist and the potential for quality improvements in the future.

The second question is that of realistic expectations: What funding levels are within realistic limits for the institution as a whole and for the individual units by the mid-1980s? In dealing with this question, it is important to provide some room for institutional aspirations while at the same time keeping the institution's financial feet on the ground. A "high target" has been set for each unit to allow some room for program development; a "low target" has been added to prepare for a possibly less affluent future. Since the targets have been made partly dependent on projected enrollment declines, even the "high targets" lie below the current funding level for many units.

The third question is that of budgetary flexibility: How can the institution retain some leeway for programmatic development, and sudden retrenchments, while faced with a general decline in resources? The answer is obviously that a certain proportion of the budget must be freed up. In discussions with the units a margin of flexibility of about 10 percent of the budget has been held up as a desired goal in the next two to four years. About half of this flexibility would be created in order to make possible programmatic changes within the unit itself; the remaining half would be available for reallocation.

Finally, in addition to "appropriate budgets," "budget targets," and "margins of flexibility," the discussions of fiscal constraints

have dealt with the question of "paths": How is a unit to reach the budget target set for the mid-1980s? The "paths" may vary greatly among units, since they will depend on such factors as the occurrence of vacancies, be they from retirement, resignation or termination, the need to allow students enrolled in a particular program time to complete a degree, and changes in enrollment. As planning progresses, these "paths" will be charted with increasing precision.

To respond to these questions, the University needs to develop two kinds of financial planning, strategic fiscal planning and contingency planning. Strategic fiscal planning concentrates on the University's likely resources over a period of several years. The process results in a strategic fiscal plan that serves a basic purpose. It provides an assessment of economic conditions related to the University's investment alternatives, tuition policy, prices for the sale of goods and services, and incentives for developing sponsored research and service support. This assessment is used to support decisions about planning and about the acquisition and assignment of resources.

Contingency planning clearly must build on the results of normal planning. However, faced with sudden retrenchment, it may be necessary to inform each Vice President of the magnitude of the cuts that must be made in the units reporting to him. In such a situation, the Vice Presidents are responsible for all consultation and documentation required to make the specific decisions affecting the units assigned to their offices. In addition, or alternatively, the institution may be able to accelerate certain program reductions and delay program

additions that were already scheduled to take place. (It would be very undesirable to make sudden programmatic decisions under the pressure of a budget cut.) In order to achieve the acceleration, early retirement, phased retirement, or separation pay arrangements may be used as inducements to faculty and staff. If it becomes necessary to declare financial exigency, certain extraordinary measures may be possible, although the legal status of the concept of financial exigency is far from clear. In making programmatically-based cuts, it may also be necessary in a crisis to consider the extent to which a particular decision would lead to immediate economies, including economies in physical plant and/or services.

Given the problems associated with sudden programmatic changes, it seems clear that contingency planning must concentrate on the creation of flexible resources. In this connection, the "margins of flexibility" that we are trying to create in various units assume major importance. These flexible resources can minimize the programmatic damage that is done by a retrenchment, not to mention the damage in terms of personal careers and lives caused by involuntary terminations, while still being put to good short-term use. Finally, contingency planning can identify assets that might be sold or various kinds of financing arrangements that may be possible as temporary measures.

In one form or another, all of these possibilities are being explored within the planning effort. Let us now turn to the organization of this effort as it has emerged over the past several years. The outline will place planning in the broader context of institu-

tional decision making.

### III. DESCRIPTION OF PLANNING AND DECISION MAKING FRAMEWORK

In order to show how planning operates, we will deal briefly with the following aspects of the decision making process at the University:

- Four major components of institutional decision making.
- The assignment of responsibilities.
- The flow of planning and budgeting activities during a biennium.

The guiding principle underlying the decision-making framework that is described is that of the integration of different types of decision making. This integration is accomplished by relating the purposes of different processes to each other, by ensuring that the products of one process are appropriate to and used in other processes, by assigning the responsibility for initiation, recommendation, and final decision making to specific groups of participants, by making overlapping and interlocking staff assignments, and by scheduling events appropriately.

#### The Components of Institutional Decision Making

Four major components of institutional decision making are shown in Figure 1 (at the end of the paper): planning, resource acquisition, resource assignment, and evaluation.

#### Planning

Planning deals with a choice of goals, objectives, and general priorities. It also addresses assumptions about the technological,

economic, social, and political conditions inside and outside the University. An assessment of the performance of the institution may also serve as a basis for planning.

The planning process produces an institutional planning statement, which contains an analysis of both environmental factors and the directions in which the institution intends to move, and a strategic fiscal plan, which describes anticipated resources over five to seven years and sets guidelines for specific resource acquisition and resource assignment decisions. As part of the planning effort, each major unit in the University produces a unit plan which is matched by a unit planning memorandum that incorporates the response of central administration to the unit plan.

#### Resource Acquisition

Resource acquisition deals with the decision to seek specific resources from specific potential sources of institutional support. Resource acquisition is a part of planning that focuses on obtaining resources for programmatic needs. The resource acquisition process starts out with an assessment of potential sources of funding such as: tuition and fees, current appropriations requests, capital requests, investments, federal funds, private and foundation funds, and sale of goods and services. This assessment focuses on two to three years and results in a current appropriations request to the state, a capital request to the state, and a document that we can refer to broadly as a "development plan." This plan would include consideration of how other public and private sources of support would be developed.

### Resource Assignment

Resource assignment deals with the decision to make resources available to units in support of their operations. At this point, control of the resources is passed to the unit receiving the assignment. Resource assignment refers both to the transfer of financial resources and to the assignment of facilities and personnel. Resource assignment is based on, for example, the interpretation of unit plans in terms of specific needs, assessment of effectiveness and efficiency through program reviews, requests from units, and formulaic distributions of tuition income. The process of resource assignment results in a two-year budget (which comprises the second year of one legislative biennium and the first year of the next), an annual budget, and, from time to time, temporary funding.

### Evaluation

Evaluation is the assessment of the efficiency of goal attainment and the effectiveness of operations. It occurs at both institutional and unit levels. Institutional evaluation typically assesses progress toward goals such as those stated in the University's mission statement and the institutional planning statement. Unit evaluation also exists within the University; it includes both academic and non-academic units. The graduate program reviews with their use of internal and external reviews are an example of unit reviews.

Since evaluation with its function of measuring and guiding is a critical element in the decision processes of an institution, it is important that the University ensure that the evaluation processes are

Integrated and credible. An inventory of existing assessments is being refined. It will include internal evaluations as well as evaluations or accreditations by outside organizations.

Assignment of Responsibilities

In Figure 2 (at the end of the paper) the major participants in the various decision-making processes are identified. The ultimate decision-making power, of course, rests with the President and the Board of Regents, except that within various units a line officer, for example, a vice president with line responsibilities, makes many final decisions. In the framework that is outlined here, the President serves as the chief planning officer of the University. The Budget Executive, which currently consists of the Vice Presidents for Academic Affairs, Health Sciences, Finance and Operations, and Administration and Planning, serves as the agent that pulls together recommendations and spells out options for the President's consideration. Within each process, one of the vice presidents is responsible for initiating action: in planning the task falls to the Vice President for Administration and Planning, in resource acquisition to the Vice President for Finance and Operations, in resource assignment to the Vice President for Academic Affairs (in his capacity as chair of the Budget Executive), and in evaluation to the several vice presidents. Under resource acquisition the Vice President of Institutional Relations is assigned responsibility for the final preparation of the current appropriations request and the capital request to the state. Under resource assignment, the Vice President for Finance and Opera-

tions is assigned responsibility for the final preparation of the two-year budget and the annual budget.

Each of the four major processes in institutional decision-making, planning, resource acquisition, resource assignment, and evaluation needs to be served by staff representing appropriate vice presidential offices as well as by the Office of Management Planning and Information Services and the Budget Office. The task for this staff includes, for example, the preparation of schedules, agendas, and the carrying out of major program analyses. Specific tasks, such as data gathering and certain types of specific analysis, are assigned to individual staff members as needs arise. For each of the three major institutional decision-making processes, the initiating vice president and the Vice President for Administration and Planning serve as staff coordinators for the particular process.

The Planning Council, which includes central and collegiate administrators and faculty/student representatives from the Senate Planning Committee and the Senate Finance Committee, assists the President and the vice presidents in the development of the decision-making processes and makes recommendations concerning the issues to be addressed in planning. Planning decisions are reviewed at various stages with the Senate Planning Committee and the Senate Consultative Committee. Similarly, decisions regarding resource acquisition and resource assignment are discussed with the Senate Finance Committee and the Senate Consultative Committee.

The Planning and Budgeting Cycle

Figure 3 (at the end of the paper) shows a biennium divided into a planning year and a budgeting year. This biennium consists of the second year of one legislative biennium and the first year of the next. This arrangement reflects the need for decision making with a capability to anticipate the action that takes place in the legislature and to respond to the actual decisions that come out of the legislature.

The Planning Year

The sequence of events during the planning year is as follows. First, the general directions in which the institution wishes to move are spelled out in the Institutional Planning Statement. As we progress through new cycles of planning, it is expected that the original statement will be refined and revised at the beginning of each cycle. It will also be supplemented by a Strategic Fiscal Plan. The units update their plans in light of the directions set in the Institutional Planning Statement and the specific institutional agenda that is set for a particular planning cycle. Planning conferences are then held with the units and initial planning memoranda are issued. Projects approved for further development of specific current and capital request proposals are identified and proposal development is initiated. After the units have revised their plans in light of questions and positions stated in the initial planning memoranda, each line vice president holds conferences where specific issues are addressed. (These conferences actually occur during the fall of the

budgeting year.) Final planning memoranda are then issued and a report called the Program Priorities Summary is given to the Board of Regents and other appropriate University bodies. The final planning memoranda are the products of the planning year and serve as the starting point for the decision making that takes place during the budgeting year.

#### The Budgeting Year

As a first step during the budgeting year, budgeting principles are spelled out and discussed with the Board of Regents and other appropriate bodies. The principles outline the approach to be used in implementing the programmatic changes that have been identified in the final planning memoranda. Budgeting conferences, which may be combined with the final planning conferences, are then held with the units in the University and a two-year budget plan, based on the planning memoranda and the resource guidelines described in the Strategic Fiscal Plan, is prepared and reviewed with the Regents and with appropriate bodies in the University. Units for which items will be included in the biennial request work with the Vice President for Institutional Relations in the preparation of request documents. The final biennial request is presented to the Regents and other appropriate bodies in the institution.

Executive and legislative hearings then follow according to the schedule set by state government. By that time, the institution is already into the planning year of the next planning/budgeting biennium.

IV. OVERVIEW OF PLANNING CYCLES

Cycle One, 1979-82

The results of the first cycle of planning can be summarized as follows:

- A basic planning process has been established, based on a new conceptual framework but building on established processes. The first cycle has produced such important products as:

Revised Mission Statement - The Mission Statement adopted by the Board of Regents in 1975 has undergone a major revision; the new statement was approved by the Board in July of 1980.

Institutional Planning Statement - The President has issued an Institutional Planning Statement which provides an analysis of the conditions that the University is likely to confront in the 1980s and a statement of goals and priorities for the institution.

Unit Plans - The forty major planning units in the University have developed plans for the next three to five years. The plans state goals, objectives, and priorities for the units and consider means of achieving the stated objectives.

Program Priorities Statement/Planning Memoranda - In response to unit plans and planning sessions with deans and directors, central administration has prepared an academic program priorities statement and planning memoranda for the individual units. These documents focus on programs to be eliminated, reduced, or reorganized during the next three to

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five years. They also raise issues that will need to be addressed in the future.

Data Reference - An integrated data reference has been prepared by Management Planning and Information Services.

- Important steps have been taken towards the identification of academic program priorities.

The priorities are summarized in an Academic Program Priorities Statement and in collegiate planning memoranda. A special set of issues having to do with the facilitation of the scholarly activities of the faculty has been referred to a joint administration/Senate committee which is expected to submit its final report in 1983. (A preliminary report was issued in the spring of 1982.) Several task forces have been established to address important programmatic issues. One of these task forces has addressed institutional issues related to the development of new computation, communication, and information technologies and their expected impact on the University. Others have been established to deal with specific "lateral planning" issues, that is, issues involving two or more major units in the institution. The topics addressed include composition and rhetoric, academic counseling for returning students and non-traditional learners, social work and social development, and remedial programs.

- Important steps have been taken towards the establishment of financial constraints on planning and towards the creation of resource flexibility.

A major effort has been devoted to efforts to determine the

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relative adequacy of unit budgets through a comparison with peers represented in the data exchange of the Association of American Universities. A methodology has been developed for setting high and low budget targets, based on alternative resource projections, the relative adequacy of current budgets, and projected enrollments. New policies have been developed for creating resource flexibility, viz., policies on separation pay and early or phased retirement.

- Important steps have been taken towards the creation and use of an integrated data base.

The integrated data base prepared by Management Planning and Information Services was used extensively in reviews of unit plans. Interaction with deans occasionally revealed that different data were used by central administration and the colleges, and led to efforts to establish agreement on sources and principles of presentation. A special effort is underway to refine workload data. A very preliminary attempt was made to compare sponsored research funding for selected units at Minnesota with that of counterparts in other AAU institutions.

- The first cycle of planning has made it clear that resource decisions will be guided by planning decisions.

Specifically, the retrenchments of 1981-82, the budget for 1982-83, and the biennial request for 1983-85 have been based on information provided through the first cycle of planning.

- The first cycle of planning has proved that the planning process, and its documents, can serve as an important means of com-

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munication inside the University, and occasionally with outside constituencies.

The circulation of drafts of the Institutional Planning Statement led to extensive debate of institutional priorities within the governance system as well as in the various colleges. Unit plans and planning memoranda have served the same purpose in many units. Several important discussions with the Board of Regents were based on the Academic Program Priorities Statement; to a minor extent this statement also served as a basis for contact with constituencies outside the University.

As could be expected, some problems have arisen during Cycle One. Most of those problems can be attributed to the fact that this was the first cycle; some were caused by the state's financial situation:

- The first cycle of planning suffered from an overload of issues.

It was one of the purposes of the first cycle to identify a broad range of issues. Such a range has been identified, but it has obviously been impossible to deal with all the issues that affect the various units of the institution. The lesson to be learned is that future planning cycles should be focused on a more limited set of issues, and specifically on issues that carry broader institutional implications.

- The nature and quality of the planning effort varied considerably from unit to unit.

Some units have a well established tradition of planning and

have been able to produce plans which in the next cycle probably will require only some updating. In other units, planning is a new venture, and the first cycle has only produced what might be characterized as drafts of plans. Considerable progress has, however, been made, and the important step of identifying planning issues has been taken in most instances.

- The interaction among major planning units was limited in the first cycle.

This interaction is what has become known as "lateral planning," that is, joint planning by two or more collegiate and/or support units on specific issues. Cycle One produced a useful mechanism for such planning, the inter-collegiate task force. "Lateral planning" should be built into the next cycle of planning as early as possible, on the basis of a specific agenda of "lateral" issues and specified mechanisms for addressing them. Since the planning in some of the support services is, and should be, strongly influenced by academic planning, it will be important in future cycles to try to ensure that academic priorities are stated in such a way that they can provide guidance for support unit planning.

- The confidence in and the commitment to the planning process varied among the participants.

A decentralization of the academic enterprise provides opportunities for the full exercise of the best forms of academic initiative and entrepreneurship. Even a relatively decentralized institutional planning effort, such as that of the University of

Minnesota, is likely to encounter a credibility problem. Will a new conceptual framework and a new degree of integration of decision making really produce results worth the effort? The question is obviously entirely legitimate. The answer provided by the first cycle of planning is positive. It seems that the kind of integrated decision making that the planning process represents is necessary, given the conditions under which higher education now operates. Whether the particular approaches used at Minnesota are the best ones remains to be seen. Here the pragmatic character of the effort, allowing the process to evolve to fit the special circumstances of the University and the special requirements of a particular time, is important. The second cycle must reflect the lessons learned in the first cycle in order to enlist the full support of all participants.

- Appropriate consultation did not always take place.

Although extensive consultation with the Senate Consultative Committee and the Senate Finance Committee occurred in connection with the retrenchments of 1981 and 1982, and before the final academic program priorities statement was issued, the interaction with faculty, staff, and students was not entirely satisfactory during the first cycle. The problem seems to have been more a matter of differing consultative traditions in different units in the University, and a matter of time pressure, rather than of any unwillingness to consult. The Planning Council early on asked for and received a report on consulting procedures in the various units as they related to planning. This report indicates that adequate consulting procedures exist

in almost all academic units. A subsequent investigation by the Senate Consultative Committee, however, revealed some discrepancies between the existing procedures and actual consultation. It will thus be important to build consultation explicitly into the planning process in the second cycle. If the schedule is not too severely disrupted by unanticipated events, it should then allow for full consideration by faculty, staff, and students before important decisions are made at the unit or central level.

- Changing economic conditions hampered planning.

The fact that the state's financial situation deteriorated severely during the early 1980s, of course, had a major impact on the first cycle of planning. One of the most important undertakings of that cycle was the introduction of financial constraints on planning, including the setting of high and low targets for unit budgets. As the retrenchments of 1981-82 struck, these targets very quickly became outdated. The original targets had been set for 1985 - and it was suddenly 1985! While the retrenchments required drastic cuts that had not been envisioned in the early stages of planning, it should, however, also be stressed that the planning of Cycle One stood the institution in good stead as the retrenchment decisions were made. In the next cycle of planning it will be important to establish that the retrenchment decisions did not go counter to the planning decisions, and to ensure that more refined budget plans are developed.

#### Cycle Two, 1982-84

The lessons to be learned from Cycle One can be briefly sum-

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marized as follows: In order to make progress in planning, continuity of effort must be ensured; attention must be focused on important institutional issues; appropriate financial constraints must be set and adhered to; resource flexibility must be created; units that have not entered fully into the planning effort must be brought along; appropriate "lateral planning" must take place; consultation must be built into the planning process at important stages; and the participants must be convinced that the enterprise is worthwhile. If to this is added the need for modesty of expectations and a prayer for economic recovery, the major agenda for Cycle Two has been set.

- Cycle Two of planning must build on Cycle One; continuity of effort is absolutely essential.

Units that have prepared carefully considered plans during Cycle One should be asked only to update those plans, taking into consideration new facts and assumptions. The basis for the updating should be the new analysis of the conditions that the University will encounter in the 1980s. Such an analysis should be incorporated into the President's revised Institutional Planning Statement. Where carefully considered program priorities statements and planning memoranda exist, they should also be subject only to updating on the basis of new circumstances.

- The primary thrust of Cycle Two should be to continue the development of program priorities, and, of course, to carry out and monitor the planning decisions that were made in the first cycle.

Since for various reasons, having to do both with faculty tenure and the need to allow students to complete existing programs, academic programs cannot be changed quickly, many of the academic program decisions that were made in the first cycle will be implemented only over a period of two or more years. In continuing the development of academic program priorities, it will be important to stress program development as well as program elimination, reduction, and reorganization. Because of the retrenchments during the first cycle, attention has so far been focused primarily on the latter.

- The planning decisions of Cycle Two must be based on well defined financial constraints, for the institution as a whole and for the major planning units.

This will require the development of an institutional fiscal plan and the setting of high and low targets for the institution and the major planning units. In carrying out the required analysis, enrollment and resource projections must be carefully considered. Central administration as well as the various units of the University must consider alternative funding sources. An effort must be made to plot budgetary "paths", showing how various units are to reach the alternative targets set for 1985 and beyond.

- One of the major objectives of the financial planning should be the creation of flexible resources, both centrally and in the various units.

Such flexibility is a major element in any contingency planning, and it is only through the creation of such flexibility that program development will be possible in a time of strained resources.

- Cycle Two should focus on a limited number of major institutional issues.

The primary agenda is the continuing development of programmatic priorities, budgetary "paths," and resource flexibility. In addition, it may be useful to identify a set of institutional issues that will receive special attention during a particular planning cycle, as a means of concentrating the analytical and decision-making capabilities of the institution and facilitating "lateral planning." The problem is to select the issues in such a way that they are truly worth the special effort. It has been suggested that the issues could be academic in nature, involving topics such as the University's role in high technology, the nature of the student experience at the University, or the international dimension of research and teaching at the University. Other issues that have been suggested are of a more strictly managerial nature, for example, the exploration of alternative policies in personnel management and in regard to auxiliary services. Others yet have clear academic as well as managerial aspects to them, for example, the question of the impact of new computation, communication, and information technologies on the University. The possibility of this kind of focusing of the planning process should be explored by central administration in consultation with deans and directors, the Planning Council, and the

Senate Consultative Committee and the Senate Planning Committee. If the approach is adopted, it might also make it easier for the University to communicate to its various constituencies some of the substance of its planning effort.

- Administrators, faculty, staff, and students must participate fully in Cycle two of the planning process.

The President's wholehearted backing of, and participation in, the planning effort is essential to its success, in addition to his obvious role in decision making.

The nature of the roles to be played by the vice presidents was clarified in Cycle One. The Budget Executive, and the vice presidents corporately, established the parameters for the critical planning decisions to be made in different vice presidential areas. However, the development of an academic program priorities statement involving so many different decisions simply would not have been possible without very intensive interaction between the Vice President for Academic Affairs and the Vice President for Health Sciences, on the one hand, and the deans that report to them, on the other. Similarly, the vice presidents with line responsibility for the various support units played an important role in getting the appropriate decisions made. Sometimes the critical priorities did not emerge until several meetings and exchanges of documents had taken place. The issuance of general instructions simply does not force critical decisions without being reinforced by discussion, perhaps even confrontation. A strong role for the vice presidents in regard to their

line units as well as for the vice presidents corporately should thus be a feature of Cycle Two.

Ultimately, the outcome of Cycle One rested on the deans and directors heading the major planning units. They prepared the plans on which the planning decisions were based and played an important role in defining the issues, even during the final hectic days of the 1982 retrenchment. It is on their creative participation that the success of Cycle Two will rest. They must play a significant role in defining the process and in establishing the foci of Cycle Two, especially if a relatively strongly focused approach is to be used. Only through their concerted efforts can we continue to refine and implement the important decisions made in Cycle One, especially in the academic units.

Since so much emphasis is being placed here on administrators as responsible for the pursuit of planning, it becomes even more important to ensure that proper consultation at all levels is built into the planning process itself. It is expected that recommendations from the Senate Planning Committee, and perhaps directly from the Senate Consultative Committee, will be helpful in organizing the consultation.

- A preliminary schedule for Cycle Two, including the proposed division into a planning year and a budgeting year, might look as follows:

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## Planning year: Fall 1982 - Fall 1983

<u>Activity</u>	<u>Initiation</u>	<u>Timing</u>
Revision of Institutional Planning Statement	President	Summer 1982
Review of approach to Cycle Two with senior officers, deans, directors, SCC	President	September/ October 1982
Presentation of Cycle Two to SCC, deans, directors	President	October 1982
Issuance of instructions to vice presidents, deans, directors	President Vice presidents	October/ November 1982
Assignment of responsibility for dealing with institutional planning issues and "lateral planning"	President Vice presidents	October/ November 1982
Preparation of 1983-84 Annual Budget	Budget Executive	Fall/Winter 1982-83
Planning/budgeting conferences with units (as needed)	President Vice presidents	Spring/Summer/ Fall 1983
Issuance of planning memoranda, Program Priority Summary	President Vice presidents	Late Fall 1983
<u>Budgeting year:</u> Fall 1983 - Fall 1984		
Preparation of 1984-86 Two-Year Budget Plan	Budget Executive	Fall/Winter 1983-84
Preparation of 1985-87 Biennial Request (O&M and Capital Request)	Budget Executive	Spring/Summer/Fall 1984

## V. CONCLUSION

In many respects the first cycle of planning has been a difficult venture: it meant establishing a new process, mapping out the almost limitless array of issues that confront an institution such as the University of Minnesota, and overcoming a general feeling that the

Institution and the times are too complex to be "planned for" in any meaningful sense. The end of the first cycle is a critically important point, because many planning efforts founder after one cycle! The imperfections of the process are easy to spot; the limitations of the "plans" that have been laid are obvious; and the fiscal constraints that have been established are subject to frequent revision. However, the effort remains worthwhile and indispensable.

Fig. 1: The Four Major Components of Institutional Decision Making

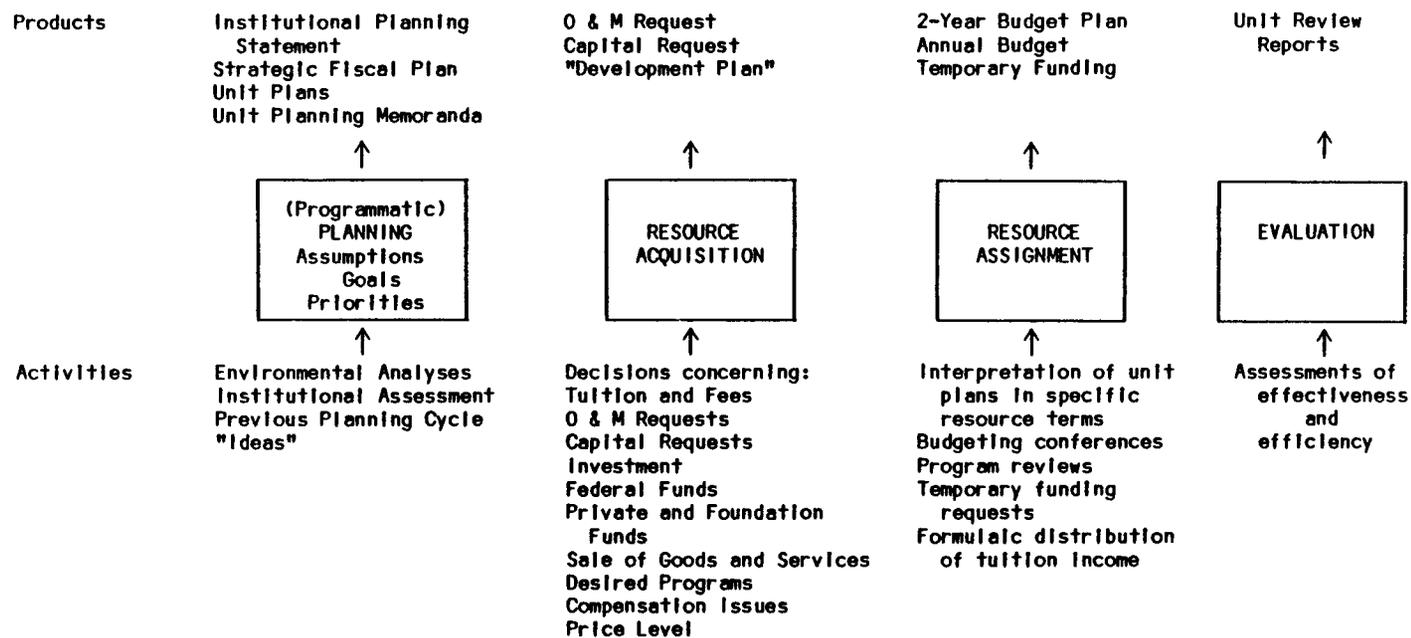


Fig. 2: Assignment of Responsibilities

	<u>PLANNING</u>	<u>RESOURCE ACQUISITION</u>	<u>RESOURCE ASSIGNMENT</u>	<u>EVALUATION</u>
<u>Decisions</u>	President	President	President	President
<u>Recommendations (options)</u>	Budget Executive	Budget Executive	Budget Executive	Budget Executive
<u>Initiating VP</u>	VPAP	VPFO O & M Request-VP Capital Request-VP	VPAA 2-year Budget Plan-VPFO Annual Budget-VPFO	
<u>Staff</u> Biennial schedules, agendas, program analyses	Senior staff from all 6 VP offices, MPIS	Senior staff from selected VP offices, MPIS	Senior staff from selected VP offices, MPIS	Senior staff from all 6 VP offices, MPIS, Graduate School, Health Sciences Research Center, A&R Data Retrieval Center, Student Life Studies
<u>Consultation</u>	Planning Council Senate Planning Committee Senate Consultative Committee	Senate Finance Committee Senate Consultative Committee	Senate Finance Committee Senate Consultative Committee	

Fig. 3: Planning Year/Budgeting Year

<u>Planning Year</u>	<u>Budgeting Year</u>
Preparation (revision) of Institutional Planning Statement and Strategic Fiscal Plan	Preparation of Budgeting Principles
Preparation (revision) of Unit Plans	Preparation of 2-year Budget Plan
Preparation (revision) of Planning Memoranda	Preparation of Annual Budget
Planning/Budgeting Conferences	Preparation of Biennial Request
Issuance of final Planning Memoranda	
Preparation of Program Priorities Summary	

TERMS

Budget Executive--a group chaired by the Vice President for Academic Affairs that serves as a review group for planning and resource allocation. The Budget Executive oversees the preparation of the legislative requests, the two-year budget plan, the annual budget, and temporary resource allocations. Currently the Vice Presidents for Finance and Operations, Health Sciences, and Administration and Planning also serve on the Budget Executive.

Contingency Planning--a type of planning that deals with sudden re-trenchments through the creation of flexible resources and through analyses of the impacts of new and possibly temporary policies.

Development Plan--a document that identifies programs for which special funding is to be sought from state, federal, and private sources. The Vice President for Finance and Operations guides the preparation of this plan in cooperation with the Budget Executive.

Institutional Assessment--an evaluation of the performance of the institution, or segments of the institution, which can also serve as a basis for planning.

Institutional Planning Statement--a statement developed by the President in consultation with the University community that identifies assumptions, goals, objectives, priorities, and strategies. It is more detailed than the Mission and Policy Statement and is designed to provide a context for the development of unit plans.

Mission and Policy Statement--a general statement of the University's purpose, scope of activities, and major operating principles. This statement is approved by the Board of Regents.

Planning Council--advises the President on the architecture of the planning/decision-making process, develops an agenda of issues for policy study, assists in the development of procedures for the assessment of institutional goal attainment, reviews the structure and the organization of the University as it affects planning, and performs other functions to assist the President in the area of long-range planning.

Planning Memorandum--a document based on a review of each unit plan that gives a central perspective on major issues confronting the unit. The planning memorandum includes comments on each unit, its fiscal and programmatic objectives, and any anticipated changes in facilities. The memorandum notes any institutional issues that appear particularly important to the unit.

Policy Agenda--a list of policy issues identified by the Planning Council that might be studied through existing mechanisms at the University. Joint administration-Senate policy study activity would enable a selected committee to address issues of mutual concern to the administration and the Senate. Other issues on the agenda would be referred to appropriate officers within the University, either at the vice presidential or major unit level. Still other issues might be addressed by one of the University's staff analysts.

Program Priorities Summary--a statement of the major programmatic changes for the major units of the University. It is based on unit plans and planning memoranda.

Strategic Fiscal Plan--a statement developed under the guidance of the Vice President for Finance and Operations. It incorporates the major positions of the Budget Executive with respect to estimated resources available over five to seven years. The statement includes planning positions on tuition, private and public support, and fees for goods and services. It also includes an aggregate allocation of resources to major areas consistent with the Institutional Planning Statement.

Unit Planning Statement--a document in which major academic and support units of the University identify assumptions, goals, objectives, priorities, and strategies for the next three to five years in the context of the Mission and Policy Statement, the Institutional Planning Statement, and information that is developed in different parts of the overall planning/decision making cycle. The latter sources of information include the Strategic Fiscal Plan and the Development Plan as well as the planning data base and the process of institutional assessment.