

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**MINUTES**

**BOARD OF REGENTS MEETINGS**

**AND**

**COMMITTEE MEETINGS**

**June 9-10, 2011  
June 20, 2011**

**Office of the Board of Regents**

**600 McNamara Alumni Center**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Audit Committee**

**June 9, 2011**

A meeting of the Audit Committee of the Board of Regents was held on Thursday, June 9, 2011 at 8:15 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Richard Beeson, John Frobenius, Maureen Ramirez, and Patricia Simmons.

Staff present: Chancellor Charles Casey; Vice Presidents Richard Pfutzenreuter, and R. Timothy Mulcahy; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt, Stuart Mason, and Michael Volna.

Student Representatives present: Terrance Paape and James Rook.

**EXTERNAL AUDIT PLAN**

Associate Vice President Volna introduced Kirsten Vosen, Lead Client Service Partner, and Katherine Knudtson, Senior Audit Manager, from Deloitte & Touche, LLP, the University's external auditor. Vosen presented Deloitte's external audit plan for FY 2011, which will concentrate on areas of potential risk in higher education. More specifically, the audit will focus on cash and cash equivalents, investments, long-term debt, tuition and fees, auxiliary enterprises, information management and communication, and federal grant compliance. Vosen also reviewed the timeline for various components of the audit as detailed in the docket on file in the Board Office.

In response to a question from Regent Simmons, Vosen explained that the areas of emphasis in the FY 2011 audit are based on industry standards within higher education as well as Deloitte's experience with the University of Minnesota.

**THE UNIVERSITY'S ASSURANCE MAP: WHERE IS MONITORING OCCURRING?**

Associate Vice President Klatt introduced Lynn Zentner, Director, Office of Institutional Compliance, to provide an overview of assurance activities occurring at the University of Minnesota. Assurance activities provide an objective, independent assessment of various processes within an organization. The audience for this information is typically governing board members, senior administrators, and external funders.

The Office of Institutional Compliance conducted an inventory of assurance activities at the Twin Cities Campus through a series of interviews with ten units in Fall 2010. The Office of Athletic Compliance and Health Insurance Portability and

Accountability Act (HIPPA) related activities were not included in the scope of this inventory.

No overlapping areas of assurance monitoring were found among the units interviewed. Areas identified as medium or high risk on the heat map also had a greater level of assurance monitoring resources devoted to them, with dedicated staff time ranging from 0.25 full-time equivalent (FTE) for several low risk areas to 9 FTE for vertebrate animal welfare. Approximately half of the assurance activities had an external agency that routinely performed audits or reviewed compliance reports.

In response to a question from Regent Simmons, Zentner cautioned that further evaluation would need to be done to determine the effectiveness of the assurance activities since that was outside the scope of the inventory.

In response to a question from Regent Beeson, Zentner explained that compliance reports prepared for external agencies are typically shared within the unit as well as with the Office of Internal Audit and the Office of Institutional Compliance.

Regent Frobenius noted that further discussion regarding which assurance activities should be reported to the Board of Regents might be a useful addition to the Audit Committee's work plan for the coming year.

#### **COMPLIANCE OFFICER REPORT**

Lynn Zentner, Director, Office of Institutional Compliance, presented a summary of the most significant compliance-related risks identified since the last report to the committee in November 2010, as detailed in the docket on file in the Board Office.

Zentner identified the most significant current risk areas and provided a brief summary of the actions being taken in each area. The areas discussed were Health Insurance Portability and Accountability Act (HIPPA) concerns with the implementation of Google e-mail and calendaring applications, challenges facing faculty and staff who conduct University-related research and other academic initiatives outside the United States, and the conflict of interest program. Zentner also provided updates on compliance activities at the University Research and Outreach Centers (ROCs), and UReport, which is a confidential web-based reporting system that allows individuals to report potential violations of local, state, and federal law and University policy.

#### **INTERNAL AUDIT UPDATE**

Associate Vice President Klatt presented the Internal Audit Update, as detailed in the docket on file in the Board Office. Since the last update to the Audit Committee in February 2011, 28 percent of outstanding recommendations rated as "essential" were implemented by University departments, a percentage that is less than the expected implementation rate of 40 percent. Three units fully implemented all their remaining "essential" recommendations. Ten audit reports containing 37 recommendations rated as "essential" were issued in the last four months.

Klatt proposed changes to the allocation of audit resources in FY 2012 in anticipation of potential revisions to standards established by the Institute of Internal Auditors. The revisions will likely require an annual opinion on the overall effectiveness of internal control and risk management practices at the University. Current audit practices do not provide enough information to render such an opinion on an annual

basis because audit methodology primarily focuses on individual units. The proposed methodology would emphasize the efficiency and effectiveness of business processes and related policies. Klatt believes the proposed approach would provide the Board of Regents with better information to exercise its governance role.

In response to a question from Regent Frobenius, Klatt explained that the annual internal audit plan would identify the processes to be reviewed each year. She noted that a smaller number of unit-level audits would continue to be completed at the request of the administration and in areas with higher risk assessments.

In response to a question from Senior Vice President & Provost Sullivan, Klatt reported that while there are concerns about the implications of performing fewer unit-level audits, most administrators she consulted were in favor of the new approach.

### **INFORMATION ITEMS**

Associate Vice President Klatt referred the committee to the information items contained in the docket materials, which included:

- Semi-Annual Controller's Report.

The meeting adjourned at 9:23 a.m.



**ANN D. CIESLAK**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Litigation Review Committee**

**June 9, 2011**

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, June 9, 2011 at 8:15 a.m. in the William R. Peterson Conference Room, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; and David McMillan.

Staff present: President Robert Bruininks; General Counsel Mark Rotenberg; and Executive Director Ann Cieslak.

Others present: William Donohue.

**RESOLUTION TO CONDUCT NON-PUBLIC MEETING  
OF THE LITIGATION REVIEW COMMITTEE**

A motion was made and seconded that the following resolution be approved:

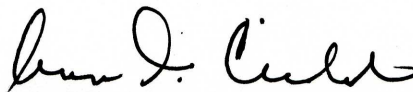
WHEREAS, based on advice of the General Counsel, the Board of Regents Litigation Review Committee has balanced the purposes served by the Open Meeting Law and by the attorney-client privilege, and determined that there is a need for absolute confidentiality to discuss litigation strategy in particular matters involving the University of Minnesota;

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3 and 13D.05 Subd. 3(b), a non-public meeting of the Board of Regents Litigation Review Committee be held on Thursday, June 9, 2011 8:15 a.m. in the William R. Peterson Conference Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

- I. *Regents of the University of Minnesota v. Union Pacific Railroad Company and Vertellus Specialties Inc.*
- II. *Regents of the University of Minnesota v. AGA Medical Corporation*
- III. *Kathryn Brenny v. The Board of Regents of the University of Minnesota, and John Harris, individually and in his capacity as Director of Golf*

The committee voted unanimously to approve the resolution. The public portion of the meeting adjourned at 8:16 a.m.

The non-public portion of the meeting adjourned at 9:19 a.m.



**ANN D. CIESLAK**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**June 9, 2011**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, June 9, 2011 at 9:30 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; John Frobenius, Dean Johnson, David McMillan, and Steve Sviggum.

Staff present: Chancellors Charles Casey and Jacqueline Johnson; Senior Vice President Robert Jones; Vice Presidents Timothy Mulcahy and Kathleen O'Brien; Executive Director Ann Cieslak; and Associate Vice Presidents Michael Berthelsen, Terry Bock, and Michael Perkins.

Student Representatives present: Kathryn Holmquist and Molly Tomfohrde.

**REAL ESTATE TRANSACTIONS**

**A. Agreements for University Facilities and Services for J Robinson  
Wrestling Camp, June 26 – July 29, 2011  
(Twin Cities Campus)**

A motion was made and seconded to recommend approval of the following action:

On the recommendation of the President and the Vice President for University Services, the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transaction:

Agreements for University Facilities and Services for the J Robinson Wrestling Camp, June 26 – July 29, 2011 (Twin Cities campus)

Location and description: Multi-bed space in Sanford Hall, Camp Store in Sanford Hall – Cyber Café, Sanford Hall TV Lounge, residential dining in Sanford Hall, athletic facilities, and three parking spaces in Lot C43 July 2 – 29, 2011

Basis for Request: Annual summer sports, youth and high school wrestling camps

Detail of transaction: Estimated \$208,960 to Housing and Residential Life for lodging, registration, camp store, and camper housing registration; University Dining Services to receive payment for food services estimated at \$265,971; estimated \$39,040 to Intercollegiate Athletics; and Parking and Transportation Services payment of an estimated \$588.

O'Brien noted this real estate transaction was reviewed at the May 2011 committee meeting.

The committee unanimously recommended approval of the Agreements for University Facilities and Services for the J Robinson Wrestling Camp, June 26 – July 29, 2011 (Twin Cities campus).

**B. Acquisition of 350 Acres in Lake County, Wilderness Research Center, from University of Minnesota Foundation (Twin Cities Campus)**

A motion was made and seconded to recommend approval of the following action:

On the recommendation of the President and the Vice President for University Services, the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transaction:

Agreement for Acquisition of 350 Acres in Lake County, Wilderness Research Center, from University of Minnesota Foundation (Twin Cities campus)

Location and description: Property is 6 miles NE of Ely, Minnesota, Lake County, consisting of 7 irregularly shaped parcels totaling approximately 383.33 acres with 29 buildings, a gazebo, and 3-4 outhouses

Basis for Request: The property, used by the College of Food, Agricultural and Natural Resource Sciences, will support ecological and forestry research and education consistent with the Gift Agreement for the land

Detail of transaction: The property will be conveyed by the University of Minnesota Foundation to the University for \$1.00. The Hubachek Wilderness Research Foundation Endowment Fund and the Hubachek Wilderness Research Center Operating Fund will continue to provide for the use, upkeep, and programming at the property.

O'Brien noted this real estate transaction was reviewed at the May 2011 committee meeting.

The committee unanimously recommended approval of the Agreement for Acquisition of 350 Acres in Lake County, Wilderness Research Center, from University of Minnesota Foundation (Twin Cities campus).

**C. 99 Year Lease for University of Minnesota Hormel Institute (Twin Cities Campus)**

A motion was made and seconded to recommend approval of the following action:

On the recommendation of the President and the Vice President for University Services, the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transaction:

Agreement for a 99 Year Lease for University of Minnesota Hormel Institute, Twin Cities campus



Location and description: Building at 801 – 16<sup>th</sup> Avenue NE, Austin, Minnesota, consisting of 103,453 gross square feet situated on 6.69 acres of land

Basis for Request: The building at 801 16<sup>th</sup> Avenue NE, Austin, will be conveyed to the Hormel Foundation, which will lease to the University for 99 years 39,192 square feet of laboratory, laboratory support, and office space for biomedical and biotechnology research, and shared use of building common areas and the building grounds

Detail of transaction: Base rent begins in the amount of \$79,557.43 per month as of July 1, 2011, and declines through September 2034; 100 percent of the annual depreciation of capital improvements to the University's exclusive-use premises after July 1, 2011; and 94 percent of the annual depreciation of capital improvements to the building common areas and grounds after July 1, 2011.

O'Brien noted this real estate transaction was reviewed at the May 2011 committee meeting.

The committee unanimously recommended approval of the Agreement for a 99 Year Lease for University of Minnesota Hormel Institute, (Twin Cities campus).

#### **RESOLUTION: NORRIS HALL DECONSTRUCTION AND DEMOLITION**

Vice President O'Brien invited Orlyn Miller, Director, Capital Planning & Project Management, to present the Resolution and provide information on the project, as detailed in the docket materials. O'Brien noted this Resolution was reviewed at the May 2011 committee meeting.

Miller reported that the project includes: archival documentation of the structure and building history; abatement of hazardous materials; recycling more than 75 percent of demolition materials; restoration of utility services to adjacent buildings; and landscape restoration. Total project cost is \$1.6 million, to be paid with University Restoration and Rehabilitation funds. Building removal will take place in summer 2011, with site restoration by October 2011. Annual operating cost savings are estimated at \$187,415.

The committee voted unanimously to recommend approval of the Resolution: Norris Hall Deconstruction and Demolition.

#### **RESOLUTION: VETERINARY ANATOMY BUILDING DECONSTRUCTION AND DEMOLITION**

Vice President O'Brien invited Orlyn Miller, Director, Capital Planning & Project Management, to present the Resolution and provide information on the project, as detailed in the docket materials. O'Brien noted this Resolution was reviewed at the May 2011 committee meeting.

Miller reported that the project includes: archival documentation of the structure and building history; abatement of hazardous materials; recycling more than 75 percent of demolition materials; restoration of utility services to adjacent buildings; and landscape restoration. Total project cost is \$649,997, to be paid with University Restoration and Rehabilitation funds. Building removal will take place in summer

2011, with site restoration by October 2011. Annual operating cost savings are estimated at \$3,900.

The committee voted unanimously to recommend approval of the Resolution: Veterinary Anatomy Building Deconstruction and Demolition.

### **RESOLUTION: WESBROOK HALL DECONSTRUCTION AND DEMOLITION**

Vice President O'Brien invited Orlyn Miller, Director, Capital Planning & Project Management, to present the Resolution and provide information on the project, as detailed in the docket materials. O'Brien noted this Resolution was reviewed at the May 2011 committee meeting.

Miller reported that the project includes: archival documentation of the structure and building history; abatement of hazardous materials; recycling more than 75 percent of demolition materials; restoration of utility services to adjacent buildings; and landscape restoration. Total project cost is \$470,150, to be paid with University Restoration and Rehabilitation funds. Building removal will take place in summer 2011, with site restoration by October 2011. Annual operating cost savings are estimated at \$204,089.

The committee voted unanimously to recommend approval of the Resolution: Wesbrook Hall Deconstruction and Demolition.

### **SCHEMATIC DESIGNS**

#### **A. East Bank Recreation Fields – Inflatable Structure and Field Improvements (Twin Cities Campus)**

A motion was made and seconded to recommend approval of the following actions:

The schematic plans for East Bank Recreation Fields – Inflatable Structure and Field Improvements, Twin Cities campus, are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President O'Brien noted that the East Bank Recreation Fields – Inflatable Structure and Field Improvements schematic plans were being submitted for both review and action, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Associate Vice President Perkins and Vice Provost Jerry Rinehart reviewed benefits that the inflatable structure and field improvements are expected to provide, including:

- Meeting programmatic demand for intramural and sports club teams including soccer, flag football, ultimate disc, rugby and lacrosse;
- Supporting year round facilities for recreational sports; and
- Creating facilities that directly relate to recruiting, education, supporting, and graduating students and enhance student satisfaction.

Perkins related the variety of uses for the multi-functional inflatable structure. He explained the synthetic turf and drain tile system, and described the permanent structure that will house restrooms, locker rooms, a team convening area, an office, and storage areas.

In response to questions from the committee, Rinehart clarified that the inflatable bubble must be taken down during the summer to maintain its warranty, and in doing so will provide additional recreational space. No additional fee will be needed for individual students to use the facility, however student organizations will pay a group fee. Perkins reported that extensive research was completed on the viability and lifespan of the bubble prior to moving forward with the recommendation.

The committee voted unanimously to recommend approval of schematic designs for the East Bank Recreation Fields – Inflatable Structure and Field Improvements, Twin Cities campus.

### **ISSUES RELATED TO: PRESIDENT'S RECOMMENDED FY2012 ANNUAL CAPITAL IMPROVEMENT BUDGET**

Vice President O'Brien presented the President's Recommended FY2012 Annual Capital Improvement Budget (Budget), as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. O'Brien noted that Vice President Pfutzenreuter discussed the financial implications of the proposed Budget at the May 2011 Board meeting. The Budget includes \$71.3 million in projects that will result in an additional \$13,000 in overall operating costs. As a result of deconstruction projects, the total number of square footage on the Twin Cities campus will decrease.

O'Brien invited Chancellor Casey to present the proposed request for residential housing on the Crookston campus. Casey observed that the new housing would add 145 beds to the Crookston campus, alleviating the overflow housing issues that students have experienced for the past several years. Student Representative Holmquist endorsed the need for the housing project and noted that the additional lounge and study space would be well utilized by the residents. Regent Allen commented that recent University of Minnesota Crookston housing projects approved by the Board replaced residential housing, it did not add to the existing number of beds available on the Crookston campus.

O'Brien reviewed projects at the Duluth campus, noting that renovations to the Marshall Performing Arts Center were necessary to meet code upgrades. She noted that there are on-going projects on the Morris campus that were approved in previous years, and that selected additional repair and replacement projects are included in the proposed Plan.

O'Brien observed that the Twin Cities encompasses 82 percent of the University's total space and, as a result, the number of projects on the Twin Cities campus is more extensive than the coordinate campuses. She described the major capital improvement projects, including:

- Repair, replacement, and utilities repair and replacement;
- Parking lot improvements (replacement of parking lost to the BioMedical Discovery District and TCF Bank Stadium);
- Lind Hall Student Services renovation;
- Nursing Simulation Laboratory;
- Recreational Sports Inflatable Structure & Fields;
- St. Anthony Falls Laboratory;
- Community University Health Care Clinic renovation;

- Norris Gymnasium and Field House demolition; and
- Fourth Street Housing – Design.

O'Brien invited Vice Provost and Dean of Undergraduate Students Robert McMaster, Vice Provost Jerry Rinehart, and Laurie McLaughlin, Director of Housing and Residential Life (HRL), to report on the Fourth Street Housing – Design. McMaster emphasized the role of HRL in supporting the University's academic mission through the intentional design of programs and services that focus on comprehensive student development. Research and University data indicate that living on-campus contributes significantly to students' academic success, retention, graduation, and overall satisfaction with their University experience. Rinehart discussed the demand for on-campus housing, and noted that HRL estimates that 400 to 500 transfer students would choose to live on campus if space were available. Research indicates that students living in second-year living communities achieve greater academic success, persist, and graduate at higher rates than students who do not live on campus for a second year. The University would like to implement a second-year living community, but available housing restricts the ability to do so.

McLaughlin described the current residence halls and apartment facilities on the Twin Cities campuses and noted that within the Big Ten, the University has the lowest percentage of first-year undergraduate students living on campus. She described the plan for the new residential facility with approximately 600 beds, an on-site dining facility, with space for interested Greek organizations, which would open in Fall 2013.

In response to questions from the committee, McLaughlin explained that the private sector is generally interested in developing traditional apartment-style housing, intended for upper division students.

In response to a question from Regent Frobenius, O'Brien noted that the Ambulatory Care Facility is being considered for the preliminary six-year capital plan.

#### **CONSENT REPORT**

There are no Consent Report items this month.

#### **INFORMATION ITEMS**

Vice President O'Brien referred committee members to the Information Items, including:

- Final project review for the Lind Hall First Floor Remodel Project on the Twin Cities campus; and
- Final Project review for the East Bank Recreation Fields – Inflatable Structure and Field Improvement Project on the Twin Cities campus.

The meeting adjourned at 11:25 a.m.



**ANN D. CIESLAK**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Educational Planning & Policy Committee**

**June 9, 2011**

A meeting of the Educational Planning & Policy Committee of the Board of Regents was held on Thursday, June 9, 2011 at 9:30 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Patricia Simmons, presiding; Richard Beeson, Linda Cohen, David Larson, and Maureen Ramirez.

Staff present: Chancellors Lendley Black, and Stephen Lehmkuhle; Senior Vice President & Provost E. Thomas Sullivan; Vice Presidents R. Timothy Mulcahy, and Richard Pfutzenreuter; Executive Director Ann Cieslak; and Associate Vice Presidents Stuart Mason, and Sharon Reich Paulsen.

Student Representatives present: Daniel Bellis and Terrance Paape.

**BOARD OF REGENTS POLICY: TUITION AND FEES**

Senior Vice President & Provost Sullivan presented for action amendments to Board of Regents Policy: *Tuition and Fees*, as detailed in the docket materials. Sullivan noted that the amendments had been reviewed at the May 2011 committee meeting.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of proposed amendments to Board of Regents Policy: *Tuition and Fees*.

**HORMEL INSTITUTE RESEARCH AGREEMENTS**

Due to a potential conflict of interest, Regent Simmons recused herself for this agenda item and left the meeting.

Senior Vice President & Provost Sullivan presented for action the Resolution Related to Hormel Institute Collaboration. Sullivan noted that agreements related to the Hormel Institute had been reviewed at the May 2011 committee meeting.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Resolution Related to Hormel Institute Collaboration.

## GRADUATE EDUCATION PROGRESS REPORT

Regent Simmons returned to the meeting.

Senior Vice President & Provost Sullivan invited Henning Schroeder, Vice Provost & Dean of Graduate Education, to present a progress report on graduate education. Schroeder outlined progress in five major areas, as detailed in the docket materials:

- Policy and governance;
- Operational and budgetary efficiency;
- Fellowships, block grants, and other student financial support;
- Metrics and measurements; and
- Graduate student experience and advising.

Schroeder highlighted processes that have been streamlined, including changes that allow greater unit level decision-making and efforts to make more operations paperless. Administrative and operational costs have been reduced by 34 percent since FY 2010, which translates into permanent costs savings of \$1 million per year. Alternate tuition models and modified graduate education program structures are among other changes being considered.

Schroeder reported that the University is developing metrics to measure quality and guide some funding allocations within the Graduate School. These metrics will move beyond traditional data on inputs to include measures related to outputs and outcomes. He stated that additional information on proposed metrics and other graduate education reform ideas will be brought back to the committee for discussion in the future.

In response to a question from Regent Larson, Schroeder emphasized that the graduate students who are most successful are those who take risks and persevere in trying to answer unknowns. He added that graduate education requires time to make mistakes and try alternative methods to reach conclusions.

In response to a question from Regent Ramirez, Sullivan and Schroeder explained that the administration's goal is to align program responsibility and accountability with academic responsibility.

In response to a question from Regent Cohen, Sullivan noted that roughly 35 percent of undergraduate students at the University participate in the Undergraduate Research Opportunities Program (UROP). This program provides a unique student experience and a link between the undergraduate and graduate programs of the University. The administration's goal is to increase UROP participation to 40 percent.

In response to a question from Regent Beeson, Schroeder indicated that graduate programs desire greater funding predictability so they can attract the best students by offering multi-year funding packages.

In response to a question from Student Representative Paape, Schroeder reported that the University has approximately 6,000 doctoral students and more than 8,000 non-professional master's students, which is why master's programs are an important part of restructuring efforts. Many of the University's research efforts depend on involvement of master's students.

## CONSENT REPORT


A motion was made and seconded, and the committee voted unanimously to recommend approval of the following academic program changes, as described in the Consent Report:

- **New Academic Programs**
  - Crookston Campus—Create minor in Accounting
- **Changed Academic Programs**
  - College of Liberal Arts (Twin Cities Campus)—Discontinue the Cultural Studies track and the Comparative Literature track within the B.A. degree in Cultural Studies and Comparative Literature
  - College of Food, Agricultural and Natural Resource Sciences (Twin Cities Campus)—Create the Nutrition Studies Specialization track within the B.S. degree in Nutrition
  - College of Science and Engineering (Twin Cities Campus)—Create Professional Physics track within the B.S.Phys. degree
  - Crookston Campus—Deliver via distance the existing B.S. degree in Communication
  - Crookston Campus—Deliver via distance the existing minor in Communication

## INFORMATION ITEMS

There were no information items this month.

The meeting adjourned at 10:34 a.m.



**ANN D. CIESLAK**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Faculty, Staff & Student Affairs Committee**

**June 9, 2011**

A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, June 9, 2011 at 1:30 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Laura Brod, Linda Cohen, David Larson, David McMillan, and Maureen Ramirez.

Staff present: Chancellors Lendley Black, Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice President Robert Jones; and Executive Director Ann Cieslak.

Student Representatives present: Daniel Bellis and Terrance Paape.

**BOARD OF REGENTS POLICY: FACULTY TENURE**

Senior Vice President Jones invited Arlene Carney, Vice Provost, to present for action amendments to Board of Regents Policy: *Faculty Tenure*, as detailed in the docket materials. Carney recalled the item had been presented and discussed at the May 2011 committee meeting.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of amendments to Board of Regents Policy: *Faculty Tenure*, as presented in the docket materials.

**ANNUAL UPLAN HEALTH INSURANCE UPDATE**

Senior Vice President Jones invited Dann Chapman, Director of Employee Benefits, and Gavin Watt, Chair of the Benefits Advisory Committee, to present the annual update on the UPlan Health Insurance (Plan), as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Chapman described the Plan as a partnership between the University and its employees that provides quality, cost-effective health benefits to employees, retirees, and their families.

Chapman explained the University's rationale for the move to self-insurance in 2002 and changes to the Plan during the ensuing years. He highlighted the 2011 Plan components, including:

- A wide range of Plan options and affordability for employees;
- Pharmacy program that exceeds expectations in cost management;
- A positive return on investment for the Wellness program; and
- The total cost of the Plan.

Chapman reviewed Plan performance data and noted that the University benchmarks are slightly below the trend for pharmacy claims in the Minnesota



marketplace. The Plan consistently meets or ranks below the national trend for total health cost. He described keys to consistent Plan performance, including: encourage preventive care; focus on wellness; give members tools to manage health and health care costs; use metrics to analyze program and decisions; work to improve quality of care; and offer consumer-driven health plans.

Chapman reviewed multiple cost reduction strategies for the 2012 Plan, including shifting some of the University cost to participants through increased premiums and out-of-pocket costs. The 2011 Request for Proposal resulted in an anticipated \$14 million savings over the next six years by selecting a single administrator. Chapman explained the University would work with Medica to try to negotiate a contract wherein employees who currently go to HealthPartners clinics can continue to do so within the 2012 Plan.

Watt presented considerations for future Plans, including: an increased investment in the Wellness Program; the use of best practices in managing the pharmacy benefits; to explore the potential use of Accountable Care Organizations; provider payment reform and best practice medicine; and continued strategic planning.

In response to questions from the committee, Chapman observed that the employee salary increases have not kept pace with the increase in participant contributions to the Plan, and he clarified that all employees at the University pay the same rates for the same level of care. External forces drive up the overall cost of health care, and Chapman emphasized that the University is committed to retaining quality, equitable care for employees and their families.

#### **RESOLUTION: FACULTY RETIREMENT PLAN CONTRIBUTION CHANGES FOR NEW EMPLOYEES**

Senior Vice President Jones invited Jackie Singer, Director of Retirement Benefits, to present for review a Resolution proposing changes to the Faculty Retirement Program (Program) for new employees, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Singer reviewed the historical contribution rates to faculty retirement programs, noting that the percentages have not changed since 1992. Benchmarks with peer institutions indicate the Program is competitive and that the University's share of 13 percent is slightly higher than our peers. During strategic positioning and budget planning meetings this year, the retirement contribution rate was discussed and a decision made to reconsider the rates to better position the University for the future.

Singer reported that, after extensive consultation and discussion, the proposed employee contribution would increase from 2.5 percent to 5.5 percent, and that the University contribution would change from 13 percent to 10 percent, which continues the current total contribution of 15.5 percent. Proposed changes to the retirement program will impact the following hiring situations effective January 2, 2012: new employees hired in .67 percent or greater appointments of at least 9 months; Civil Service and Union-represented staff who transfer to an eligible academic position; and academics who leave and are rehired. Savings from the retirement contribution changes will be through attrition, estimated at \$3 million during the first year and growing upwards of \$10 million by the fourth year.

In response to questions from the committee, Singer clarified that existing academic employees will not be impacted, and that changes to retirement benefits for other employee groups are not being considered.

## **LEADERSHIP DEVELOPMENT FOR FACULTY**

Senior Vice President Jones invited Arlene Carney, Vice Provost, to present a report on faculty leadership development, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Carney observed that most academic leaders are drawn from faculty ranks and are generally chosen for their academic skills of research, teaching, and department or college service. The Provost's Department Leadership Program (Program) is offered to all new department chairs/heads and meets throughout the academic year, offering two mini-retreats and six evening meetings where participants become familiar with important policies, receive information about services available to University department leaders, and build relationships and network across the University. In addition to the Provost's Program, Carney described other leadership workshops and special programming available for department chairs/heads, associate deans, deans, and faculty and staff that provide practical information for addressing difficult academic situations.

The Committee on Institutional Cooperation (CIC) Department Executive Officers Program is offered annually to five faculty, department chairs/heads, or associate deans from each CIC institution. Carney noted that the CIC seminars focus on salient topics for leaders, including: historical and contemporary issues in higher education; faculty, staff and student issues; and budget and strategic planning.

## **CONSENT REPORT**

Senior Vice President Jones presented for action the Consent Report, which included the following items:

- Appointment of dean of Humphrey School of Public Affairs
- Appointments of Minnesota Landscape Arboretum Foundation Board of Trustees, including:
  - Gary Petrucci (term expires 2014)
  - Salley Hauser (term expires 2017)
- University Senate Constitution Amendments
- Civil Service Rule Amendments

Arlene Carney, Vice Provost, presented Eric P. Schwartz's credentials in support of his appointment as dean of Humphrey School of Public Affairs.

Senior Vice President Jones presented the appointments to the Minnesota Landscape Arboretum Foundation Board of Trustees, and briefly described amendments to the University Senate Constitution and Civil Service Rule amendments. Joe Kelly, Chief of Staff for the Office of Human Resources, clarified that the proposed changes will position the Civil Service committee within the University Senate for discussion and consultation purposes, but that it does not change the authority with respect to the terms and conditions of employment as outlined in the Civil Service Rules.

The committee voted unanimously to recommend approval of the Consent Report.

### INFORMATION ITEMS

Vice President Carrier referred the committee to the information items contained in the docket materials, which included:

- Personnel highlights;
- University highlights;
- Faculty and staff activities and awards; and
- Student activities and awards.

The meeting adjourned at 3:35 p.m.



**ANN D. CIESLAK**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**June 10, 2011**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, June 10, 2011 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; Richard Beeson, Laura Brod, Linda Cohen, John Frobenius, Venora Hung, Dean Johnson, David Larson, David McMillan, Maureen Ramirez, Patricia Simmons, and Steve Sviggum.

Staff present: President Robert Bruininks; Chancellors Lendley Black, Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice President and Provost Thomas Sullivan; Senior Vice President Robert Jones; Vice Presidents Aaron Friedman, Timothy Mulcahy, Kathleen O'Brien, and Richard Pfitzenreuter; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Phil Esten, Gail Klatt, Stuart Mason, and Sharon Reich Paulsen.

**ANNUAL MEETING**

Chair Allen called the Annual Meeting to order at 9:00 a.m.

**ESTABLISHMENT OF MEETING DATES**

A motion was made and seconded and the Board of Regents voted unanimously to approve the following meeting schedule for 2011-2012:

July 6, 2011	One-Day Meeting
July 7-8, 2011	Board of Regents Retreat
August, 2011	No Meeting
September 8-9, 2011	
October 13-14, 2011	
November 10-11, 2011	
December 8-9, 2011	
January, 2012	No Meeting
February 9-10, 2012	
March 8-9, 2012	
April 12-13, 2012	Meeting Tentative
May 10-11, 2012	
June 7-8, 2012	

**NOMINATING COMMITTEE REPORT: ELECTION OF OFFICERS**

Regent Frobenius, Chair of the Nominating Committee, presented the report of the Nominating Committee for officers of the Board of Regents. The following individuals were placed in nomination for the respective Board officer positions for the term July 1, 2011 through June 30, 2013:

Treasurer: Richard H. Pfitzenreuter  
Secretary: Ann D. Cieslak  
Vice Chair: David M. Larson  
Chair: Linda A. Cohen

Chair Allen asked if there were additional nominations. There were none and the nominations were closed.

A motion was made that the slate presented by the Nominating Committee be approved. The motion was seconded and the Board of Regents voted unanimously to approve the slate as presented.

The annual meeting adjourned at 9:03 a.m.

The regular meeting of the Board of Regents was convened at 9:03 a.m.

## **MONTHLY MEETING**

### **RECOGNITIONS**

#### **President's Award for Outstanding Service**

Recognition was given to the recipients of the President's Award for Outstanding Service. The award recognizes exceptional service to the University, its schools, colleges, departments, and service units by any active or retired member of the faculty or staff. Such service goes well beyond the regular duties of a faculty or a staff member and demonstrates an unusual commitment to the University community. The 2011 recipients are:

J. Brian Atwood, former dean and professor, Humphrey  
School of Public Affairs

Jean Bauer, professor, Department of Family Social  
Science, College of Education and Human Development

Stephen Benson, executive director, Osher Lifelong  
Learning Institute, College of Continuing Education

Victor Bloomfield, professor, Department of  
Biochemistry, Molecular Biology, and Biophysics,  
Medical School and the College of Biological Sciences

William Durfee, professor and director of design  
education, Department of Mechanical Engineering,  
College of Science and Engineering

Elizabeth Isensee, undergraduate student services  
coordinator, International Student and Scholar Services  
Office

Mary Koskan, director, One Stop Student Services,  
Academic Support Resources

Susan Miller, program associate, Department of Legal  
Writing and Oral Advocacy, Law School

Jerry Rude, landscape maintenance supervisor (retired),  
Facilities Management Department, Crookston

Thomas Scott, professor emeritus, Political Science,  
College of Liberal Arts and director emeritus, Center for  
Urban and Regional Affairs, System Academic  
Administration

Yared Tadesse, senior building and grounds worker,  
Facilities Management, East Bank District

Martha Thurlow, director, National Center on  
Educational Outcomes, Institute on Community  
Integration, College of Education and Human  
Development

**President Robert H. Bruininks & Susan A. Hagstrum**

Recognition was given to Robert H. Bruininks, and he was named President Emeritus effective July 1, 2011. Bruininks was appointed the 15<sup>th</sup> president of the University of Minnesota on November 8, 2002, and has served the University for 40 years, formerly as a professor, dean, executive vice president, and provost. Recognition was also given to Dr. Susan Hagstrum, wife of President Bruininks, for her many contributions to the institution and University community.

**APPROVAL OF MINUTES**

A motion was made and seconded, and the Board of Regents voted unanimously to approve the minutes of the following meetings:

Audit Committee – March 10, 2011  
Litigation Review Committee – March 10, 2011  
Facilities Committee – March 10, 2011  
Educational Planning & Policy Committee – March 10, 2011  
Finance & Operations Committee – March 10, 2011  
Board of Regents – March 10, 2011  
Board of Regents Work Session – March 10, 2011  
Board of Regents – March 11, 2011  
Ad Hoc Group – March 22, 2011  
Ad Hoc Group – March 30-31, 2011  
Board of Regents – March 31, 2011

**REPORT OF THE PRESIDENT**

President Bruininks expressed his gratitude on behalf of himself and Susan Hagstrum for the recognition at today's Board meeting. He noted the kindness shown

to them, and the contributions of many individuals who supported them during his tenure. He acknowledged the support of the executive team, the President's Office staff, and the extraordinary leadership of faculty, staff, students, and citizens of the State. He also commented on his relationship with the Board of Regents and the courage the Board demonstrated in supporting difficult and challenging decisions.

Bruininks reported that the University's Urban Research and Outreach Center (UROC) quickly mobilized to support citizens following the May 23, 2011 tornado in north Minneapolis. UROC trained and deployed over 500 volunteers to assess the needs of residents and provide emergency assistance and information on recovery resources to storm victims.

Bruininks also reported on a number of University accomplishments related to sustainability on campus, including preservation awards, and energy efficiency certification for campus buildings. He also noted that a final report on *Transforming the U* will be published soon detailing cost reductions and productivity enhancements at the University over the past several years.

A copy of the Report of the President is on file in the Board Office.

#### **REPORT OF THE CHAIR**

Chair Allen acknowledged the newly appointed/elected Student Representatives to the Board of Regents.

Allen reported that a Public Forum on the President's Recommended Provisional Annual Operating Budget for FY2012 will be held at 12:00 p.m. today, following the Board of Regents meeting. A special meeting to take action on the budget will be held on Monday, June 20, 2011 at 10:00 a.m.

Allen reported that the Board will hold a one-day meeting on July 6, 2011, followed by the Board's annual retreat July 6-8, 2011 at the Gainey Center in Owatonna, Minnesota.

A copy of the Report of the Chair is on file in the Board Office.

#### **RECEIVE AND FILE REPORTS**

Chair Allen noted the receipt and filing of the Quarterly Report of Grant and Contract Activity.

#### **CONSENT REPORT**

Chair Allen presented the Consent Report, as described in the docket materials, including:

- Report of the All-University Honors Committee recommendation forwarded in a letter from President Bruininks dated May 26, 2011;
- Summary of Gifts through April 30, 2011; and
- Summary of expenditures.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the Consent Report.

### **REPORT OF THE FACULTY CONSULTATIVE COMMITTEE**

Professor Kathryn VandenBosch, Chair of the Faculty Consultative Committee (FCC), reported on the activities of the committee since its last report to the Board of Regents. Issues the FCC has been working on include: policy review; the University's biennial budget and interactions of the University with the legislature; academic freedom; and upcoming changes in University leadership.

A copy of the Report of the Faculty Consultative committee is on file in the Board Office.

### **RECOGNITION OF FACULTY CONSULTATIVE COMMITTEE OUTGOING CHAIR**

Recognition was given to Professor Kathryn VandenBosch for her service as chair of the Faculty Consultative Committee (FCC). VandenBosch served as chair during the 2010-11 academic year. President Bruininks expressed his appreciation for the ongoing support of the FCC during his tenure.

### **ANNUAL U OF M ALUMNI ASSOCIATION REPORT**

Associate Vice President Esten highlighted the achievements of the UMAA during fiscal year 2011, including completion of a new five-year strategic plan; distribution of a first-time ever alumni welcome to over 6,000 spring 2011 graduates; establishment of new UMAA chapters in four cities; and discussed the value of social media to reach a greater alumni audience.

A copy of the 2010-11 UMAA report is on file in the Board Office.

### **BOARD OF REGENTS POLICY: CODE OF ETHICS FOR MEMBERS OF THE BOARD OF REGENTS**

General Counsel Rotenberg reviewed Board of Regents Policy: *Code of Ethics for Members of the Board of Regents*. At the beginning of each fiscal year, the Board, with the assistance of the general counsel, publicly reviews the requirements and procedures of the policy. Rotenberg highlighted the guiding principles that Board members are obligated to follow: 1) Board members are responsible for the governance of the University and must be accountable in the areas of financial disclosure, gifts, expenses, and conflicts of interest; and 2) Board members are expected to put aside parochial interests, keeping the welfare of the entire University, not just a particular constituency, at all times paramount. He described when conflicts of interest exist, how to manage them, and what is allowed if a Board member has a conflict of interest. This policy seeks to manage conflicts of interest when they arise.

In response to a question from Regent Brod, Rotenberg noted that the section on public trust is intended to provide general guidance to Regents to help avoid even the appearance of a conflict of interest.



**BOARD OF REGENTS POLICY: CODE OF ETHICS FOR MEMBERS OF THE  
BOARD OF REGENTS**

Chair Allen described proposed amendments to Board of Regents Policy: *Code of Ethics for Members of the Board of Regents*, as detailed in the docket materials. Allen indicated that the amendments: 1) change the date when annual financial disclosure statements must be filed from September 30 to March 31, which more closely aligns with internal reporting requirements as well as the Regent election cycle; 2) clarifies compensation exclusions in Section V of the policy; and 3) includes a new section VIII to address University employment by members of the Board of Regents, as recommended by the Ad Hoc Group of the Board of Regents in its report dated March 31, 2011.

A lengthy discussion ensued.

In response to a comment from Regent Simmons, Rotenberg clarified that whereas the current policy language refers to governmental funds, the amendment refers to non-employment governmental funds, which would include sources such as Social Security, government-sponsored grant funding, etc.

In response to a comment from Regent Ramirez, Rotenberg stated that the intent of the policy revision is to limit student employment to the Regent elected as a student. Regent Simmons expressed support for this limitation, and indicated that this exception preserves the ability of the student Regent to pursue important educational employment opportunities, but that this exception should not be extended to the full Board.

In response to comments from Regents, Rotenberg indicated that the policy does not forbid compensation, but rather outlines disclosure, what counts as disclosure, and what is a conflict of interest and how it is managed.

The policy will return for further review and discussion at a future meeting of the Board of Regents.

**PRESIDENT'S RECOMMENDED FY2012 ANNUAL  
CAPITAL IMPROVEMENT BUDGET**

Chair Allen invited Vice Presidents O'Brien and Pfutzenreuter to present for action the revised President's Recommended FY2012 Annual Capital Improvement Budget (Budget), as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. The Budget was reviewed at the May 2011 Board of Regents meeting.

O'Brien reported that the Budget represents the first year of the Six-Year Capital Improvement Plan and authorizes projects that have funding in place to proceed with design and/or construction. She noted that each of the projects in the Budget have a value greater than \$500,000. She detailed a number of changes to the projects that have been made since presented at the May 2011 Board meeting. O'Brien noted that a final Budget will be determined by the outcome of the current legislative session.

Regent Beeson commented that, going forward, it is important that the University work with stakeholders to make the new student housing near fraternities and sororities sustainable. O'Brien noted that the project does allow opportunity for unique involvement with campus Greek chapters.

Regent Brod expressed concern over the aggressive nature of the Budget. She agreed that the University must move forward despite challenging economic times, but is concerned about financing capital projects and assuming additional debt service. She indicated that it would be beneficial to explore alternative funding models, including public/private partnerships, when appropriate, and new funding models when possible. O'Brien indicated that the cost of attendance is very important in the University fee structures, and that the number of students who live on the Twin Cities campus is the lowest in the Big 10. The University has a carefully managed residential repair and replacement plan, and there has not been a new residence hall built on the Twin Cities campus since 2002.

A motion was made and seconded to approve the Resolution Related to the President's Recommended FY2012 Capital Improvement Budget, as follows:

WHEREAS, the Board of Regents directed the administration to annually submit a capital improvement budget and a 6-year capital improvement plan; and

WHEREAS, the Board has adopted principles to guide the formulation of the capital improvement budget and 6-year capital improvement plan; and

WHEREAS, the Board recognizes the importance of sustaining and improving the University's facilities in support of teaching, research, and outreach; and

WHEREAS, the administration has developed a capital planning framework designed to focus its capital planning efforts toward projects that support the University's institutional priorities within a financial strategy that is realistic;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the FY 2012 Capital Improvement Budget and reaffirms its prior year capital expenditure authorizations.

The Board of Regents voted 11-1 to approve the resolution, with Regent Brod voting no.

#### **RECOMMENDATIONS OF BLUE RIBBON COMMITTEES SYSTEM-WIDE**

Due to time constraints, the Recommendations of Blue Ribbon Committees System-Wide was delayed to a future meeting of the Board of Regents.

#### **PRESIDENT'S RECOMMENDED FY2012 PROVISIONAL ANNUAL OPERATING BUDGET**

President Bruininks presented the President's Recommended FY2012 Provisional Annual Operating Budget (Budget) as included in the docket and associated materials presented at the meeting and on file in the Board Office.

Bruininks indicated that the presentation today provides recommendations for the FY2012 Budget, which may return to the Board of Regents for modifications

depending on the outcome of action on the State budget. Because the 2011 legislative session ended without an enacted budget, it is not yet known what the state appropriations for the University will be. Bruininks outlined the budget principles and framework, which provide overall aspirational goals of the University and address long-range budgeting principles critical for balancing the budget.

Bruininks provided an overview of the University's revenue sources. He pointed out that approximately 17 percent of the overall budget comes from state support, while tuition makes up approximately 25 percent. He explained that some funds are fungible and can be shifted from one priority to another, while other funds, such as grants and contracts, can not be reallocated to solve the budget shortfall. Bruininks reviewed the use of state funds and how they are distributed to colleges and units within the institution.

Bruininks summarized the FY2012 and FY2013 provisional assumptions. A key component of the Budget is the assumption that the final outcome to the level of state appropriations to the University will not fall below \$520.3 million, which is the level contained in the House/Senate Conference Committee Report (H.F. 1101). He noted that there is a reasonable expectation for an improvement in the level of state appropriation once an overall state budget plan is agreed to between the Governor and the Minnesota Legislature. He stressed that this reduction is the third major cut of this kind in recent years, is too deep, and is highly disproportionate considering the overall contributions of the University to the state. He reported on how the budget challenge is proposed to be addressed, with 2/3 of the solution coming from reducing investments, reducing costs, and reallocating resources from lower to higher priorities and 1/3 of the solution coming from increasing revenues, the largest source of which is tuition revenue. He discussed proposed tuition increases of 5 percent for most resident undergraduate students. He noted that the stimulus money received last year was one-time temporary relief for students rather than a readjustment of the University's tuition strategy going forward. He emphasized that thousands of University students are given thousands of scholarships every year, much of which is raised privately.

Bruininks invited Senior Vice President and Provost Sullivan, Senior Vice President Jones, and Vice Presidents Friedman and Pfutzenreuter to comment on the proposed provisional budget.

Sullivan reported that faculty are impacted most by the internal budget reductions. He highlighted several examples within colleges where they will be unable to hire the faculty needed to fulfill previous commitments to increase enrollments. The consequence will be fewer courses with larger enrollments.

Jones noted that system-wide, many of the same concerns exist on the coordinate campuses. The steep budget reductions mean coordinate campuses are unable to hire faculty, and there is increased difficulty in retaining faculty as well. For most campuses, there has been an increase in student numbers; however, the ability to recruit and retain faculty has been compromised. In addition, budget reductions will mean the inability to provide some statewide services and a decreased ability to deliver high quality outreach services.

Friedman reported that, within the Academic Health Center, two senior faculty are leaving the institution as the resources provided elsewhere exceed what the University can match. He reported that Medical Education Research Costs (MERC) funding could potentially be reduced by 92 percent, which will have significant consequences on the ability to provide healthcare services to outstate and rural areas.

Bruininks noted the budget must be developed based on a worst-case scenario. If the budget picture improves, the administration will return to the Board with a budget amendment. Some of the relief, if any, should be granted to mitigate tuition increases, retain staff and lower other impacts, and to deal with extraordinary challenges in 2013. Bruininks addressed the possibility of a State shutdown if no budget agreement is reached, but noted that the University would continue operate.

Chair Allen invited Terrance Paape, Vice Chair of the Student Representatives to the Board of Regents, to comment on behalf of students. Paape urged the Board to consider how students will fund increased educational costs, the value of a University degree, and the stress of added financial burdens on students. He noted that student employment opportunities are becoming scarce, with more competition for available jobs.

A lengthy discussion ensued.

Regent Sviggum expressed concern that not enough reductions were being made in non-research and non-teaching positions and employee benefits. He hoped the administration would recommend a hiring freeze on non-research/non-teaching positions. He also expressed concern that internal University funds are being used for scholarships for some students, indicating that only private funds should be used for this purpose.

Regent Larson commented that private funding for private scholarships has increased dramatically, and that if scholarships were not available students would be assuming large debt. He noted that at some time, private funding is likely to decrease.

Regent Simmons commented that it is difficult to see the potential loss of faculty numbers when the University is making improvements in graduation rates and improving the quality of programs. To make dramatic change requires investment in innovation, but the University is not in a position to rapidly do so. She indicated that she supports the budget.

Chair Allen recessed the meeting at 11:45 a.m. for the Public Forum on the President's Recommended FY2012 Provisional Operating Budget.

The Board of Regents meeting reconvened at 12:48 p.m.

Regent Johnson commented that inviting the media to Eastcliff during the construction process could perhaps have averted some criticism regarding Eastcliff remodeling.

Regent Cohen commended President Bruininks and the administration for presenting a balanced budget, one that allows the opportunity for the University to maintain its excellence.

In response to a comment from Regent Brod, Bruininks indicated that it was stressed repeatedly that the stimulus dollars provided one-time, temporary tuition aid during the recent recession. He added that students are aware that scholarship funds are not available to all students every year.

Regent Beeson observed that the competition for highly talented staff is intense. He cautioned against using across-the-board compensation reductions and urged the administration to employ differential reductions and process improvement. Regent

McMillan agreed, and stated that any cuts impact all parts of the mission and the ability to maintain excellence. He noted that the proposed reductions to MERC funding are particularly difficult.

Chair Allen concluded the discussion by noting that the budget will be considered at the special June 20, 2011 meeting.

### **REPORT OF THE AUDIT COMMITTEE**

Regent Cohen, Chair of the committee, reported that the committee discussed the external audit plan for the fiscal year ending June 30, 2011; received an overview of the University's assurance activities; a report of the compliance officer; an internal audit update; and discussed the information items contained in the docket materials.

### **REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE**

Regent Simmons, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Consent Report of the Educational Planning & Policy Committee as presented to the committee and described in the June 9, 2011 committee minutes.
- b) Adoption of Board of Regents Policy: *Tuition and Fees*, as follows:

#### **Tuition and Fees**

This policy establishes the basic principles for assessing, collecting, and managing tuition and fees at the University of Minnesota (University).

#### **SECTION I. GUIDING PRINCIPLES.**

The University is a publicly-supported institution whose programs benefit individual students, the state, and the nation. The following principles shall guide the assessment, collection, and management of tuition and fees at the University:

Subd. 1. Shared Responsibility. The University's tuition and fee assessments shall reflect the shared responsibility, benefits, and needs of the individual student, the University, and the state.

Subd. 2. Access, Retention, and Timely Progress. The tuition rate structure shall provide appropriate incentives for access, retention, and timely progress toward the degree.

Subd. 3. Determinants of Tuition Rates and Related Fees. Tuition rates and related fees shall take into account the competitive environment of individual programs, personal benefits to individual students, and social needs as well as the level of state appropriations for the University's instructional programs. Graduate tuition rates, graduate assistant wage rates, and tuition waiver and remission policies

shall enable recruitment of the best students to ensure that the quality of graduate programs is maintained and that the institution benefits from the contributions of graduate students to instructional and research programs.

Subd. 4. Assessment and Collection of Tuition and Fees. All tuition and fees assessed by the University shall be collected and managed under approved University business procedures.

## SECTION II. TUITION GUIDELINES.

Subd. 1. Tuition Assessment. All students receiving credit-based instruction shall be assessed tuition or a comprehensive fee in lieu of tuition.

Subd. 2. Residency. The Board shall establish the University's residency policy, consistent with state and federal law. The president or delegate shall approve interpretive conventions of resident tuition status, subject to Board review. Students shall be provided an opportunity to present arguments for possible classification as a resident for University purposes.

Subd. 3. Tuition Reciprocity Agreements. Subject to Board approval, the University may participate in tuition reciprocity agreements with other states and Canadian provinces. These agreements shall specify the extent to which tuition is waived. Consistent with state law, the president shall recommend to the Board for action any additions or modifications to reciprocity agreements. The Board affirms that participation in reciprocity agreements involving the remission of nonresident tuition is based on adequate funding through the Governor's Office and the Minnesota State Legislature.

Subd. 4. Consortium and Exchange Agreements. The president may approve consortium and exchange agreements with other institutions and other academic programs for the conduct of student exchanges and visiting student/scholar programs.

Subd. 5. Tuition Rates. The president shall recommend to the Board for action the following tuition rates:

- (a) Undergraduate Students — For each campus, the resident tuition rates shall be the same for all undergraduate students and the nonresident tuition rates shall be the same for all undergraduate students.
- (b) Graduate Students — Tuition rates for graduate students may vary by program, but shall be established on a cost-related basis within market rates.
- (c) Professional Students — Tuition rates for professional students may vary by program, but shall be established on a cost-related basis within market rates. The president or delegate shall determine the appropriate market comparisons

for the professional schools of medicine, dentistry, veterinary medicine, pharmacy, and law.

- (d) Departmental Master's Degree Students — Tuition rates for departmental master's students may vary by program, but shall be established at a level above the undergraduate rate.
- (e) Non-degree Students — The president shall recommend tuition rates for non-degree students on each campus, recognizing that differences between degree-seeking and non-degree-seeking students may justify differences in tuition rates.
- (f) Nonresidents — Nonresident, non-reciprocity tuition rates for undergraduate, graduate, professional, and departmental master's degree students shall be set at rates higher than for resident students.
- (g) Part-time Students — Tuition rates and fees shall recognize the difference in cost between full-time and part-time students.

Subd. 6. Exceptions. The president may recommend for Board action that nonresident, non-reciprocity students be charged resident student tuition rates on a campus, in certain colleges or programs, or for distance education courses delivered by correspondence or electronically to students defined as off-campus by administrative policy.

Subd. 7. Tuition Waivers and Remissions. Tuition may be waived or remitted selectively in order to accommodate state law, to provide financial discounts to students the University is seeking to attract, to offer University employees a benefit, to promote cooperation with other educational institutions, to support the international exchange of students, and to serve humanitarian purposes. As a general rule, a tuition waiver or remission program shall be offered only if the University intends to provide such a benefit to all qualifying students, regardless of financial circumstance. The president shall recommend for Board action the terms and conditions of any new tuition waiver or tuition remission programs, and the University shall state publicly the exceptions it will approve.

### SECTION III. FEES.

The president may recommend for Board action assessment of the following fees:

Subd. 1. Administrative Fees. Administrative fees affect large classes of students directly benefiting from the services for which the fees are assessed.

Subd. 2. Course Fees. Course fees may be assessed when academic units:

- (a) purchase materials that will be used in developing products that students will retain or consume;
- (b) purchase from non-University vendors services or products that are subsequently provided to students as a requirement of a course;
- (c) provide individual lessons to students; or
- (d) deliver distance education courses by correspondence or electronically.

Course fees shall be assessed only in specifically justified situations and shall not be substituted for general budget support.

Subd. 3. Academic Fees.

(a) Campus/Collegiate Fees. Campus/collegiate fees are campus- and college-wide fees that may be assessed to all students enrolled on a campus or in a college for goods and services that directly benefit students but that are not part of actual classroom instruction. Allowable goods and services include advising, career services, computer labs, special equipment, orientation activities, and other goods or activities intended to enhance the student experience outside of actual classroom instruction. Each campus shall assess no more than one campus-wide fee and each college shall assess no more than one college-wide fee.

(b) Durable Goods Fees. Durable goods fees may be charged by a campus or a college to their enrolled students (or any cohort or subset of their enrolled students) for educational materials and equipment that will be owned by, potentially owned by, or assigned to a specific student for their use during the entire term. Durable goods fees may not be charged for services, or for use of any equipment owned and retained by the University, with the exception of computer or other specialized equipment assigned for a full term to a specific student.

SECTION IV. DELEGATION OF AUTHORITY.

Subd. 1. Recommendations. The president shall recommend for Board action tuition rates for all levels of students and estimate tuition revenue in the Annual Operating Budget, which also shall include information regarding tuition practices, any proposed tuition refund schedules, and administrative, academic, or course fees.

Subd. 2. Implementation. The president or delegate shall implement tuition policy and assess tuition.

SUPERSEDES: TUITION POLICY DATED FEBRUARY 12, 1993; TUITION POLICY DATED NOVEMBER 10, 1993; AND TUITION WAIVER FOR AMERICAN INDIAN STUDENTS AT THE MORRIS CAMPUS DATED FEBRUARY 10, 1961.

The Board of Regents voted unanimously to approve the recommendation of the Educational Planning and Policy Committee.

Regent Simmons recused herself from the vote on the following item due to a potential conflict of interest. She left the meeting.



Regent Ramirez, Vice Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of a Resolution Related to Hormel Institute Collaboration, as follows:

WHEREAS, on November 30, 1942, The Hormel Foundation and the University of Minnesota entered into a Memorandum of Agreement to establish the Hormel Institute as a unit of the University of Minnesota that would conduct scientific research in Austin, Minnesota, with a Board of Directors consisting of five members (three from the University, one from the Foundation, and one from the Mayo Clinic) recommended by the President of the University of Minnesota and approved by the Board of Regents; and,

WHEREAS, The Hormel Foundation has provided significant financial support for the Hormel Institute, including construction and major renovation of research facilities in 1958-59 and 2006-08 and substantial annual funding over the years; and,

WHEREAS, on August 21, 2006, the University of Minnesota, the Hormel Foundation and Mayo Clinic entered into an agreement to foster biomedical research collaborations between the University and the Mayo Clinic to take place in Austin, Minnesota; and,

WHEREAS, the Board recognizes the importance of sustaining and enhancing the University's relationships with The Hormel Foundation and the Mayo Clinic and the importance of the research conducted at the Hormel Institute; and,

WHEREAS, the University's administration has worked with The Hormel Foundation and the Mayo Clinic to establish new agreements that will form the basis for the University's continuing relationship with The Hormel Foundation and that will support research collaboration with the Mayo Clinic, including a proposed 2011 Collaboration Agreement, which has been executed by The Hormel Foundation and the Mayo Clinic, and a proposed Operating Agreement between the University and the Mayo Clinic; and,

WHEREAS, the proposed 2011 Collaboration Agreement provides that henceforth there will be two Hormel Institutes, one a unit of the University and one a unit of the Mayo Clinic, to be managed by one individual who shall serve as Institute Executive Director of each Institute, and that, subject to approval of the Board of Regents, the Hormel Institute Board of Directors will be dissolved in favor of an Advisory Board whose members will be appointed by the parties; and,

WHEREAS, the proposed Operating Agreement provides that the Institute Executive Director shall be an employee of each of the University and the Mayo Clinic, who shall perform substantially the same responsibilities for each, and who shall occupy a position that is the equivalent of a 100% full time appointment, to be divided between the University and the Mayo Clinic as they may determine from time to time;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents (i) approves the dissolution of the Hormel Institute Board of Directors and the creation of a Hormel Institute Advisory Board on the terms specified in the proposed 2011 Collaboration Agreement, (ii) approves the creation of the Institute Executive Director position as described in the Operating Agreement, and (iii) affirms that the President or delegate is authorized to appoint the University members of the Hormel Institute Advisory Board.

The Board of Regents voted unanimously to approve this recommendation of the Educational Planning and Policy Committee.

Simmons returned to the meeting.

Simmons reported that the committee also received a graduate education progress report.

#### **REPORT OF THE FACILITIES COMMITTEE**

Regent Simmons recused herself for the vote on the Hormel Institute due to a potential conflict of interest. She left the meeting.

Regent Hung, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the following real estate transactions as presented to the committee and described in the June 9, 2011 committee minutes:
  - 1) Agreements for University Facilities and services for J Robinson Wrestling Camp, June 26-July 29, 2011 (Twin Cities campus).
  - 2) Acquisition of 350 acres in Lake County, Wilderness Research Center, from University of Minnesota Foundation (Twin Cities campus).
  - 3) 99-year lease for University of Minnesota Hormel Institute (Twin Cities campus).

The Board of Regents voted unanimously to approve the recommendations of the Facilities Committee. Regent Simmons returned to the meeting.

Regent Hung, Chair of the committee, reported that the committee also voted unanimously to recommend:

- a) Approval of a Resolution Related to Norris Hall Deconstruction and Demolition, as follows:

WHEREAS, since 2002, the Norris Hall building has been used for swing space and storage, and in 2010 was placed in maintenance layaway state; and

WHEREAS, Because of Norris Hall's lack of physical accessibility and multiple fire and life safety code deficiencies, finding a financially

feasible appropriate program fit has been difficult, although the University has explored several adaptive use options over the past ten years – most recently for departmental office and classroom use; and

WHEREAS, Norris Hall has previously been determined eligible by Minnesota State Historic Preservation Office for listing on the National Register of Historic Places. And prior to removal, this property will be archivally documented to meet the Secretary of the Interior's Standards for Architectural and Engineering Documentation, as well as, Minnesota Historic Property Record requirements; and

WHEREAS, the 2009 Twin Cities Campus Master Plan (Master Plan) specifically identifies Norris Hall for building removal.; and

WHEREAS, in the interest of reducing operating and maintenance expenditures, the University is currently working to demolish or decommission buildings that are inefficiently used, obsolete, and costly to maintain and repair; and

WHEREAS, The Master Plan Guiding Principles Core Values include efforts that ...“ Make the campus environmentally and operationally sustainable.” And the Master Plan also recognizes the need for judicious removal of obsolete buildings to meet functional academic goals, enhance public spaces, or create access to natural features.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents recognize Norris Hall Building's historically significant nature and distinctive contributions to the advancement of Women's athletics, kinesiology, and physical education; and

BE IT FURTHER RESOLVED, that the Board of Regents agrees the administration has analyzed all reasonable options for a financially feasible reuse of the Veterinary Anatomy Building; and

BE IT FURTHER RESOLVED, that the Board of Regents concurs with the administration's recommendation to demolish the Norris Hall Building on the Twin Cities Campus.

b) Approval of a Resolution Related to Veterinary Anatomy Building Deconstruction and Demolition, as follows:

WHEREAS, since 2002, the Veterinary Anatomy building has been deemed unsafe by the University Building Code Official, and therefore vacant, and has been placed in mothball condition; and

WHEREAS, because of the building's lack of physical accessibility and multiple fire and life safety code deficiencies, finding a financially feasible appropriate program fit has been difficult, although the University has explored several adaptive use options over the past 10 years; and

WHEREAS, Veterinary Anatomy has previously been determined eligible by Minnesota State Historic Preservation Office for listing on the

National Register of Historic Places. And prior to removal, this property will be archivally documented to meet the Secretary of the Interior's Standards for Architectural and Engineering Documentation, as well as, Minnesota Historic Property Record requirements; and

WHEREAS, in the interest of reducing operating and maintenance expenditures, the University is currently working to demolish or decommission buildings that are inefficiently used, obsolete, and costly to maintain and repair; and

WHEREAS, Removal of the Veterinary Anatomy building is in compliance with the 2009 Twin Cities Campus Master Plan (Master Plan) principles and district guidelines; and

WHEREAS, The Master Plan Guiding Principles Core Values include efforts that ...“ Make the campus environmentally and operationally sustainable.” And the Master Plan also recognizes the need for judicious removal of obsolete buildings to meet functional academic goals, enhance public spaces, or create access to natural features.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents recognize the Veterinary Anatomy Building's historically significant nature and distinctive contributions to the College of Veterinary Medicine; and

BE IT FURTHER RESOLVED, that the Board of Regents agrees the administration has analyzed all reasonable options for a financially feasible reuse of the Veterinary Anatomy Building; and

BE IT FURTHER RESOLVED, that the Board of Regents concurs with the administration's recommendation to demolish the Veterinary Anatomy Building on the Twin Cities Saint Paul Campus.

c) Approval of a Resolution Related to Wesbrook Hall Deconstruction and Demolition, as follows:

WHEREAS, as early as 1910, University of Minnesota Master Plans have consistently recommended removal of the Wesbrook Hall building to accommodate campus pedestrian and bicycle circulation needs and to increase much needed green space in relation to other built environment on Campus.

WHEREAS, the 2009 Twin Cities Campus Master Plan (Master Plan) specifically identifies Wesbrook Hall for building removal; and

WHEREAS, over the past 115 years this building has suffered the loss of much of its significant historic character defining design elements due to multiple major remodeling and less than sensitive accretions; and

WHEREAS, Wesbrook Hall is listed as a contributing element to the National Register of Historic Places University of Minnesota Old Campus Historic District. And prior to removal, this property will be archivally documented to meet the Secretary of the Interior's Standards

for Architectural and Engineering Documentation, as well as, Minnesota Historic Property Record requirements; and

WHEREAS, in the interest of reducing operating and maintenance expenditures, the University is currently working to demolish or decommission buildings that are inefficiently used, obsolete, and costly to maintain and repair; and

WHEREAS, The Master Plan Guiding Principles Core Values include efforts that ...“ Make the campus environmentally and operationally sustainable.” And the Master Plan also recognizes the need for judicious removal of obsolete buildings to meet functional academic goals, enhance public spaces, or create access to natural features.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents recognize Westbrook Hall Building’s historically significant nature and distinctive contributions to the advancement of pharmacology, medicine and other academic programs; and

BE IT FURTHER RESOLVED, that the Board of Regents agrees the administration has analyzed all reasonable options for a financially feasible reuse of the Veterinary Anatomy Building; and

BE IT FURTHER RESOLVED, that the Board of Regents concurs with the administration’s recommendation to demolish the Westbrook Hall Building on the Twin Cities Campus.

d) Approval of Schematic Plans for the following project, as presented to the committee and described in the June 9, 2011 committee minutes:

- 1) East Bank Recreational Fields – Inflatable Structure and Field Improvements (Twin Cities campus).

The Board of Regents voted unanimously to approve the recommendations of the Facilities Committee.

Hung reported that the committee also discussed issues related to the President’s Recommended FY2012 Annual Capital Improvement Budget, and reviewed a number of information items included in the docket materials.

#### **REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE**

Regent Cohen, Vice Chair, reported that the committee voted unanimously to recommend:

- a) Approval of the Consent Report for the Faculty, Staff & Student Affairs Committee as presented to the committee and described in the June 9, 2011 committee minutes.
- b) Adoption of amendments to Board of Regents Policy: *Faculty Tenure*, as follows:

## **FACULTY TENURE**

### **PREAMBLE**

The Board of Regents adopts these regulations with the conviction that a well-defined statement of rules is essential to the protection of academic freedom and to the promotion of excellence at the University of Minnesota. A well-designed promotion and tenure system ensures that considerations of academic quality will be the basis for academic personnel decisions, and thus provides the foundation for academic excellence.

Tenure is the keystone for academic freedom; it is essential for safeguarding the right of free expression and for encouraging risk-taking inquiry at the frontiers of knowledge. Both tenure and academic freedom are part of an implicit social compact which recognizes that tenure serves important public purposes and benefits society. The people of Minnesota are best served when faculty are free to teach, conduct research, and provide service without fear of reprisal and to pursue those activities with regard for long term benefits to society rather than short term rewards. In return, faculty have the responsibility of furthering the institution's programs of research, teaching, and service, and are accountable for their performance of these responsibilities. Additionally, a well-designed tenure system attracts capable and highly qualified individuals as faculty members, strengthens institutional stability by enhancing faculty members' institutional loyalty, and encourages academic excellence by retaining and rewarding the most able people. Tenure and promotion imply selectivity and choice; they are awarded for academic and professional merit, not for seniority. The length and intensity of the review leading to the grant of tenure ensures the retention only of well-qualified faculty committed to the University's mission.

The ideal attributes of the collective faculty of any unit are scholarly creativity, professional competence and leadership, intellectual diversity, the ability and desire to teach effectively and the willingness to cooperate with other units in promoting the work and welfare of the University as a whole. The administration and faculty should ensure, within each unit, not only a proper balance among these activities but also the maintenance of each at the highest level, together with accountability and suitable recognition of individual achievement and service.

The tenure regulations provide a comprehensive set of policies dealing with the relationship between the University and its faculty. The regulations classify the faculty as tenured, probationary and term. They provide for annual performance reviews of all faculty, as well as especially thorough reviews before the granting of tenure, on promotion in rank, and when the performance of a tenured faculty member is alleged to be substandard. They provide for the reassignment of faculty in case of the reorganization of the University or changes in its scholarly

direction, and for discipline when a faculty member fails to meet prescribed standards of conduct.

## **DEFINITIONS**

For the purposes of this policy, the terms defined in this section have the meanings given them.

(a) an "academic unit" is a department or similar unit. A school, college or division that is not further subdivided is also an academic unit.

(b) "faculty member" means every faculty member employed by the University of Minnesota System.

(c) the "head" of an academic unit is the academic administrator immediately responsible for it, such as a chair, head or director.

(d) a "collegiate unit" or "college" is a major academic entity of the University. It may be a college, school, or campus.

(e) the "dean" of a collegiate unit is the academic administrator immediately responsible for it, such as a dean or director or (on a campus that is not subdivided into colleges) a vice-chancellor.

(f) a "senior academic administrator" is an officer who has final administrative review authority on academic personnel decisions, and who reports directly to the president and regents, such as a vice president, chancellor, or provost. The president will designate one or more senior academic administrators and define their respective jurisdictions.

(g) the "senior vice president for academic affairs and provost" is the officer (of whatever title) holding primary responsibility for the development of University-wide academic policy. This officer may also serve as senior academic administrator for some or all of the University, if so designated by the president.

(h) "tenured faculty" are those faculty who hold indefinite tenure.

## **FACULTY TENURE**

### **Section 1. Academic Freedom.**

**1.1 Principles.** Every member of the faculty is entitled to due process and academic freedom as established by academic tradition and the constitutions and laws of the United States and the state of Minnesota and as amplified by resolutions of the Board of Regents. The Board of Regents hereby reaffirms its commitment to academic freedom and tenure as reflected in its resolution of January 28, 1938, in these *Faculty Tenure*

regulations, and in its policy on *Academic Freedom and Responsibility*:

The Regents of the University of Minnesota reaffirm the principles of academic freedom and responsibility. These are rooted in the belief that the mind is ennobled by the pursuit of understanding and the search for truth and the state well served when instruction is available to all at an institution dedicated to the advancement of learning. These principles are also refreshed by the recollection that there is *commune vinculum omnibus artibus* -- a common bond through all the arts.

Academic freedom is the freedom, without institutional discipline or restraint, to discuss all relevant matters in the classroom, to explore all avenues of scholarship, research and creative expression and to speak or write on matters of public concern as well as on matters related to professional duties and the functioning of the University.

Academic responsibility implies the faithful performance of professional duties and obligations, the recognition of the demands of the scholarly enterprise, and the candor to make it clear that, when one is speaking on matters of public interest, one is not speaking for the institution.

**1.2 Protection Of Faculty.** Denial of faculty appointment or reappointment or removal or suspension from office or censure or other penalty must not be based upon any belief, expression or conduct protected by law or by the principles of academic freedom. Cases of alleged violation of academic freedom may be brought directly to the Judicial Committee in accordance with section 15.

## **Section 2. Applicability Of Regulations To Employment Contracts.**

These regulations govern the relationship between the Board of Regents and faculty members, except as inconsistent with the provisions of collective bargaining agreements. These regulations are part of the contract between the Board of Regents and faculty members.

## **Section 3. Faculty Ranks And Types Of Appointments.**

**3.1 In General.** The faculty ranks are professor, associate professor, assistant professor, and instructor. Faculty appointment is appropriate only if the person is engaged in teaching or research as defined in subsection 7.11. Appointments at these ranks are either regular tenured or tenure-track



appointments or term appointments. An appointment must be designated as a regular or a term appointment when it is made.

**3.2 Regular Appointments.** A regular appointment either is with indefinite tenure or is probationary, leading to a decision concerning indefinite tenure within a specified period of time. A regular appointment may be held only in an academic unit of a degree-granting college or similar unit. A regular appointment must be for at least two-thirds time of the faculty member's contract year [i.e. either an academic year or twelve months].

A faculty member on probationary appointment is entitled to consideration for indefinite tenure in accordance with section 7 and to timely notice of termination in accordance with section 6.

A faculty member with indefinite tenure is entitled to retain that position until retirement in accordance with University regulations or until the appointment is terminated pursuant to the provisions of sections 10 or 11.

**3.3 Term Appointments.** A term appointment is date-specific; that is, the appointment terminates at the end of a period specified in the appointment without further notice to the appointee. The senior academic administrator for the campus or area must give every person appointed to a term faculty position a statement in writing setting forth the conditions of the appointment, including the fact that it terminates without further notice.

No number of renewals of a term appointment creates a right to further renewals or to a decision concerning tenure. Every renewal of a term appointment for the seventh or succeeding year must be reported to the Tenure Committee with a justification of the reasons for the continuation of term status.

**3.4 Appropriate uses of term appointments.** Term appointments are appropriate and may be used provided one or more of the following conditions is met:

(a) the duration, the percentage of time, or both require less than service for two-thirds time for the academic year;

(b) the appointment is designated a Visiting appointment because the faculty member is from another educational institution or is a qualified professional from a government or private agency on a leave of absence to accept a temporary appointment at this University;

(c) the appointment is designated a clinical appointment because the faculty member is a clinician in the community who gives service to the University part-time;

(d) the appointment concerns a faculty member who principally is engaged in and primarily is supported by clinical activities or by discipline-related service. [FN1]

(e) the appointment is designated an adjunct appointment because the faculty member's primary employment is outside the University or is in another unit of the University;

(f) the appointment extends courtesy faculty rank without salary;

(g) the position is subject to the joint control of the University and another institution;

(h) the specific funding for the position is subject to the discretion of another agency;

(i) the funding for the position is for a limited time;

(j) the appointment is in a unit or program that is experimental or otherwise restricted in duration; and

(k) the person is enrolled in a University of Minnesota degree program. A regular faculty member on a probationary appointment may transfer to term status during enrollment in such a program if the faculty member and the senior academic administrator agree. This transfer suspends the running of the maximum period of probationary service, but the faculty member retains other rights of regular appointment, including annual review, the right to timely notice and a terminal appointment period as provided in section 6.

**3.5 Administrators' Appointments.** Academic administrators may hold regular or term faculty appointments. Administrative titles and duties are distinct and severable from such individuals' faculty appointments. Removal from an administrative position does not impair any rights the individual holds as a faculty member. Upon leaving an administrative position, the individual returns to faculty status, with salary and term of appointment reduced by the amount of the administrative augmentation, if any.

**3.6 Special Contracts.** These regulations do not bar a faculty appointment pursuant to a special contract specifying terms or conditions of employment which are different from those prescribed in these regulations. All other provisions of these regulations apply to such appointments. Every special contract must be in writing and must state that it is a special contract entered into pursuant to this subsection. It must be signed by the faculty member concerned, by the dean of the collegiate unit in which the faculty member will be employed and by the senior academic administrator and must be authorized by the Board of Regents or its expressly authorized delegate. In addition, the senior academic administrator will annually report to the Tenure

Committee the terms of all special contracts and the reasons for their use.

A special contract may be used to reduce the minimum time of a regular appointment to one-half time in order to permit a faculty member to devote more time to family responsibilities. Such a contract must provide for the mutual responsibilities of the faculty member and the academic unit, including the type and percent time of the appointment, if any, to which the faculty member is entitled at the expiration of the special contract. In the case of a probationary faculty member, the contract will regulate the length of the probationary period, but the total probationary period may be extended by no more than a total of three years pursuant to this subsection and subsection 5.5.

#### **Section 4. Terms Of Faculty Employment.**

**4.1 Written Notice Of Appointment.** Each faculty appointment or change of status is specified in a written notice of appointment issued by or on behalf of the Board of Regents. The notice must include the following:

- (a) Whether the appointment is regular or term;
- (b) Whether it is full or part-time and the percentage of time involved;
- (c) If for a fixed term, its expiration date;
- (d) If regular, whether it is probationary or with indefinite tenure;
- (e) Whether it is on a twelve-month, academic year or other specified annual basis;
- (f) The rank of appointment;
- (g) The academic unit or units to which the individual is being appointed;
- (h) The recurring salary; and
- (i) Additional salary as described in subsection 4.4.

The notice is only evidence of the appointment; clerical or computer errors in a notice of appointment do not affect the terms of the appointment unless the faculty member reasonably relied upon the mistake and suffered an injustice because of that reliance. Notices required by this section should be delivered before the effective date of the appointment or change of status, or as soon thereafter as is administratively feasible. A probationary appointee must also be given notice of the applicable maximum probationary period.

**4.2 Action By The Board Of Regents.** Faculty appointments and renewals or changes of status become effective when approved by the Board of Regents or its authorized delegate.

#### **4.3 Changes In Terms Of Appointment Other Than Faculty Compensation.**

Except for raises in rank and except for action expressly authorized by these regulations, no changes of (a) through (g)

items listed in subsection 4.1 may be made during the term of an appointment except with the agreement of the faculty member and the Board of Regents or its authorized delegate.

**4.4 Faculty Salaries.** [INTERP 1] Each faculty member shall receive a recurring salary, and may also receive an additional salary which may be for special awards or for activities in addition to regular faculty responsibilities such as clinical practice, administrative service, overload duties, summer school teaching and summer research support and similar activities.

Recurring salary will not be decreased except by action expressly authorized in this section or in sections 7a, 10, 11, or 14 of these regulations or with the agreement of the faculty member. If a faculty member's recurring salary is decreased, the amount of the decrease and the reason therefore shall be set forth in a written notice and provided to the faculty member. No decrease in recurring salary shall occur in violation of the academic freedom of the faculty member.

At the time an appointment is made, the offer and written notice of appointment shall separately state the recurring salary and any additional salary, as described above, that the faculty member will receive. In each subsequent year, the faculty member shall be provided with a written notice separately stating any changes in recurring salary and any changes in additional salary for the following academic year. A faculty member's recurring salary shall consist of the initial recurring salary adjusted by any subsequent increase or decrease in recurring salary provided for in a subsequent written notice. Increases will be presumed to be in recurring salary unless otherwise identified. For a faculty member employed when this section takes effect, the initial recurring salary will be the faculty member's recurring salary at the time this section takes effect, exclusive of any additional salary designated as special awards or designated as being for activities in addition to regular faculty responsibilities such as clinical practice, administrative service, overload duties, summer school teaching, summer research support and similar activities.

A faculty member whose recurring salary has been decreased may petition for review of that action under section 15 of these regulations.

**4.5 Reduction Or Postponement Of Compensation.** If the University or a collegiate unit is faced with financial stringency that does not amount to a fiscal emergency, the president may propose a temporary reduction or postponement in compensation to be allocated to faculty in accordance with a mathematical formula or similar device. If approved by the Faculty Senate or the appropriate collegiate assembly, respectively, and the Board of Regents, the recurring salary of all faculty members in the University or in the designated collegiate units shall be reduced temporarily in accordance with the formula or device. The

reduction may not continue for longer than two years, unless renewed by the same procedure. [INTERP 2]

## **Section 5. Maximum Period Of Probationary Service.**

**5.1 General Rule.** To give the University ample opportunity to determine the qualifications of those faculty members whom it is considering for regular appointments with indefinite tenure, the maximum period of probationary service of a faculty member is normally six academic years, whether consecutive or not. The faculty assembly of a collegiate unit may propose to alter the maximum probationary period for all of that college, or for certain units within it, to no more than nine years. The tenured faculty of a college, by simple majority vote taken by secret ballot, may adopt such a change, with the approval of the dean and of the senior academic administrator. Any such change in the maximum probationary period applies to all probationary faculty hired in that college (or those units) after the decision, but any incumbent probationary faculty member may choose to be considered under the new rule. At the end of this probationary period, the faculty member must either be given a regular appointment with indefinite tenure or a one-year terminal appointment.

**5.2 Early Decisions Permitted.** These regulations do not prevent the granting of indefinite tenure prior to the expiration of the maximum period of probationary service and do not prevent a decision to terminate an appointee's probation prior to the end of the appointee's maximum probationary service, if timely notice is given.

**5.3 Crediting Of Academic Year.** A faculty member is considered to have served an academic year if the faculty member serves at least two-thirds time during the faculty member's contract year [i.e. either an academic year or twelve months].

Unless otherwise agreed in writing, periods during which a faculty member is on a single-semester or other paid professional-development leave or is on leave to teach or conduct research at another academic institution, count as probationary service. Periods in which the faculty member is on sick or disability leave, or is on leave in some non-faculty capacity, do not count as probationary service.

If a faculty member transfers to a position outside of the regular faculty, the time spent in the other position does not count as probationary service for the purpose of section 5.

## **5.4 Prior Service.**

**5.41 In This University.** Every academic year during which a faculty member has previously served at least two-thirds time under a regular appointment at this University reduces the maximum period of probationary service by one year.

**5.42 Elsewhere.** If a faculty member has previously served in regular faculty positions, as defined in these regulations, in one or more accredited universities or colleges, every academic year of such service (not exceeding three) reduces the maximum period of probationary service by one year.

**5.43 Exceptions Permitted.** If the prior service was in a different discipline, was in an academic unit or institution with teaching or research goals not comparable to those of the present appointment, or was too long ago to provide good evidence of the appointee's current professional development, the Board of Regents or its expressly authorized delegate may make an exception in writing at or near the beginning of the probationary period.

**5.5 Extension Of Maximum Probationary Period For New Parent Or Caregiver, Or For Personal Medical Reasons.**

Upon the written request of a probationary faculty member, the maximum period of that faculty member's probationary service will be extended by one year at a time for each request:

(a) On the occasion of the birth of the faculty member's child or placement of an adoptive/foster child with the faculty member. Such a request for extension will be granted automatically if the faculty member notifies the unit head, dean, and senior vice president for academic affairs and provost in writing that the faculty member is eligible for an extension under subsection 5.5 because of the birth or adoption/foster placement; or

(b) If the faculty member is a major caregiver for a family member with an extended serious illness, injury, or debilitating condition and the senior vice president for academic affairs and provost determines that the circumstances have had or are likely to have a substantial negative impact on the faculty member's ability to work over an extended period of time;

(c) If the faculty member has an extended serious illness, injury, or debilitating condition, and the senior vice president for academic affairs and provost determines that the circumstances have had or are likely to have a substantial negative impact on the faculty member's ability to work over an extended period of time. If the faculty member's illness, injury, or debilitating condition reduces the faculty member's ability to work to less than two-thirds time during the faculty member's contract year [i.e., the academic year or twelve months], the probationary period is automatically extended by one year in accordance with subsection 5.3.

"Family member" means a faculty member's spouse or domestic partner, child, or other relative. "Child" includes a biological child, an adopted or foster child, and the child of a spouse or domestic partner.

The probationary period may be extended for no more than three years total, except that the extension may be for no more than one year total for (1) an instructor with a probationary appointment under subsection 6.22 or (2) an associate professor or professor with a three-year probationary appointment under subsection 6.21.

The notification of birth or adoption/foster placement for provision (a) and the request for extension for provisions (b) and (c) in this subsection must be made in writing within one year of the events giving rise to the claim and no later than June 30 preceding the year a final decision would otherwise be made on an appointment with indefinite tenure for that faculty member.

A request for an extension under provision (b) or (c) will not be denied without first providing the faculty member making the request with an opportunity to discuss the request in a meeting with an administrator designated by the senior vice president for academic affairs and provost. A claim that a request for an extension under provision (b) or (c) was improperly denied may be considered in any subsequent review by the Senate Judicial Committee of a termination under subsection 7.7.

## **Section 6. Tenure And Promotion For Probationary Faculty Members.**

**6.1 In General.** A regular probationary appointee is a candidate for indefinite tenure. A probationary appointment continues until it is superseded by an appointment with indefinite tenure or until terminated by timely notice or by resignation. Regular probationary appointments are normally made at the rank of assistant professor, but may be made at the rank of instructor, associate professor, or professor.

**6.2 Requirements For Notice Requirements of Termination.** Except as provided below, a probationary appointment may be terminated at the end of any academic year by giving the faculty member notice of termination (in the form provided in section 17) not later than May 15 of the preceding academic year. The notice must inform the faculty member of the right to request a hearing before the Judicial Committee and must advise the faculty member of the applicable time limit for making such a request.

**6.21 Associate Professors And Professors On Probationary Appointments.** An initial probationary appointment at the rank of associate professor or professor may specify in writing that it is for a minimum period of three years. In such a case, the probationary period is three years and the appointment may not be terminated before the end of the third year except as otherwise provided in these regulations; notice for such a termination must be given to the faculty member not later than May 15 of the second year of service, to take effect at the end of the third year of service.

**6.22 Instructors On Probationary Appointments.** An initial probationary appointment at the rank of instructor may be made only if the candidate has not yet received the terminal degree necessary for appointment as an assistant professor in the unit.

A probationary appointment at the rank of instructor may be for no more than two years. A one-year appointment may be terminated at the end of the first year by notice given not later than March 1 of that year. A two-year appointment may be terminated at the end of the second year by notice given not later than December 15 of that year. In all other respects such appointments are governed by the notice provisions specified in subsection 6.2.

The duration of the appointment as an instructor with probationary status counts toward the appointee's maximum period of probationary service under subsection 5.1. At the end of the probationary period as an instructor, the faculty member must be promoted to the rank of assistant professor or receive notice of termination.

**6.3 Relation Between Tenure And Promotions.**

Only regular faculty members at the ranks of associate professor and professor may hold indefinite tenure. [INTERP 7]

The granting of indefinite tenure to an assistant professor on a probationary appointment must be accompanied by promotion to associate professor. The promotion of an assistant professor on a probationary appointment to the rank of associate professor must be accompanied by an appointment with indefinite tenure. The choice whether to award tenure and to promote is presented as a single question for faculty vote.

An associate professor with a probationary appointment may be granted indefinite tenure without a promotion in rank.

The promotion of an associate professor on a probationary appointment to the rank of professor must be accompanied by an appointment with indefinite tenure.

Promotion of an instructor to the rank of assistant professor is not accompanied by an appointment with indefinite tenure.

**6.4 Effect Of Procedural Errors.** A probationary faculty member is not entitled to an appointment with indefinite tenure merely because the University failed to give timely written notice of termination of an appointment or because the appointment was extended for any reason beyond the maximum probationary period. In such a case, the University may in its sole discretion:



- (a) Grant an appointment with indefinite tenure;
- (b) Grant a further probationary appointment, if this would not exceed the maximum probationary period; or
- (c) Grant a terminal appointment ending at the end of the first full academic year which follows the May 15th after proper notice is given.

**Section 7. Personnel Decisions Concerning Probationary Faculty.**

**7.1 Criteria For Decisions.**

**7.11 General Criteria.** What the University of Minnesota seeks above all in its faculty members is intellectual distinction and academic integrity. The basis for awarding indefinite tenure to the candidates possessing these qualities is the determination that each has established and is likely to continue to develop a distinguished record of academic achievement that is the foundation for a national or international reputation or both [FN2]. This determination is reached through a qualitative evaluation of the candidate's record of scholarly research or other creative work, teaching, and service [FN3].

The relative importance of these criteria may vary in different academic units, but each of the criteria must be considered in every decision [FN4]. Demonstrated scholarly or other creative achievement and teaching effectiveness must be given primary emphasis; service alone cannot qualify the candidate for tenure.

Interdisciplinary work, public engagement, international activities and initiatives, attention to questions of diversity, technology transfer, and other special kinds of professional activity by the candidate should be considered when applicable. The awarding of indefinite tenure presupposes that the candidate's record shows strong promise of his or her achieving promotion to professor.

**7.12 Departmental Statement.** [FN5] Each department or equivalent academic unit must have a document that specifies (1) the indices and standards that will be used to determine whether candidates meet the threshold criteria of subsection 7.11 ("General Criteria" for the awarding of indefinite tenure); (2) the indices and standards that will be used to determine whether candidates meet the threshold criteria of subsection 9.2 ("Criteria for Promotion to Professor"); and (3) the goals and expectations to be used in evaluating faculty members' performance under subsection 7a ("Review of the Performance of Faculty Members"). The document must contain the text and footnotes of subsections 7.11 and 9.2, and must be consistent with the criteria given there but may exceed them. Each departmental statement must be approved by a faculty vote (including both tenured and probationary members), the dean, and other appropriate academic administrators, including the senior vice president for academic affairs and provost. The chair or head of each academic

unit must provide each probationary faculty member with a copy of the Departmental Statement at the beginning of the probationary service. [INTERP 3]

**7.2 Annual Review.** The tenured faculty [FN6] of each academic unit annually reviews the progress of each probationary faculty member toward satisfaction of the criteria for receiving tenure. The head of the unit prepares a written summary of that review and discusses the candidate's progress with the candidate, giving a copy of the report to the candidate.

**7.3 Formal Action By The Faculty.** The tenured faculty of the academic unit may recommend that a probationary faculty member be granted indefinite tenure or that the appointment be terminated. If it does neither, it is presumed to recommend a renewal of the appointment. In the final probationary year, if the tenured faculty does not recommend an appointment with indefinite tenure, it must recommend termination of the appointment. The recommendation is made by a vote of the regular faculty with indefinite tenure in the unit. The presiding officer is not disqualified from voting merely because of office.

**7.4 Procedures For Taking Formal Action.** The academic unit must observe University procedures established as provided in subsection 16.3. These procedures will provide the following:

(a) A good faith effort is made to gather all relevant information necessary to the decision. The academic units have the primary obligation to assemble the file, but the faculty member also has the right to add any material the faculty member considers relevant.

(b) The decision is made by vote, by written unsigned secret ballot, at a meeting of the regular faculty who have indefinite tenure in the academic unit. The rules may provide for absentee ballots by informed absent faculty members.

(c) Persons who have or have had a family or similar relationship to the candidate do not participate in the decision. The procedures may establish methods for raising and ruling on such questions in advance of the decision.

(d) Action is to be taken by majority vote. An academic unit may adopt a uniformly applicable rule that a motion to recommend tenure must achieve a specified exceptional majority in order to constitute an affirmative recommendation of that unit. In such case a motion which achieves a majority, but not the required exceptional majority, must be sent forward for review by the appropriate review process despite the absence of the unit's affirmative recommendation.

(e) The unit shall report the vote of the faculty, together with the reasons for the action taken. This statement of reasons must take the form of a summary of both majority and minority views which

have substantial support which were expressed in the course of formal consideration of the action. All statements must be made without personal attribution. A preliminary draft is open to members of the faculty eligible to vote so they may comment and suggest changes. The final draft is sent to the affected faculty member and is open to the faculty eligible to vote.

(f) Before submitting a formal recommendation for an appointment with indefinite tenure or for termination of a probationary appointment, the head of the academic unit informs the appointee of the recommendation and gives the appointee a copy of the final report. The appointee may submit any comments upon the report to the academic administrator who will review the report, with a copy to the head of the academic unit.

**7.5 Nondisclosure Of Grounds For Recommendation Of Termination.** The reasons for a recommendation to terminate a probationary appointment may not be disclosed, except as part of the review process, unless the faculty member requests such disclosure or makes a public statement concerning the reasons for termination.

**7.6 Review Of Recommendations.** Recommendations of academic units to grant indefinite tenure or to terminate probationary appointments are reviewed at the collegiate and university levels.

**7.61 Procedures.** The review must be conducted according to University procedures, established as provided in subsection 16.3. These procedures must provide for review and recommendations by the head of the academic unit, by the dean of the collegiate unit, by faculty committees at the collegiate or University level, and, when appropriate, by other academic administrators. The review must be conducted on the basis of the standards and criteria established by subsections 7.11 and 7.12 and the applicable rules and procedures. The rules may permit an administrator to refer the matter back to the unit for reconsideration, but if the administrator and the unit do not agree after such reconsideration, both the recommendation and the administrator's comments must be sent forward for final administrative action. A copy of each review or recommendation must be supplied to the faculty member. The faculty member may comment thereon in writing to those who will review the matter further.

**7.62 Conflict Of Interest.** No one may participate both in an initial recommendation by an academic unit and in a subsequent review of that recommendation, except that the head of the academic unit may make the initial administrative review. No one who has participated in a recommendation or review may thereafter serve as a member of the Judicial Committee in further consideration of that case.

Members of the Judicial Committee may not serve on collegiate or University review committees. Members of the Judicial Committee may participate in initial recommendations by their own academic units, but are disqualified from thereafter participating in Judicial Committee consideration of those decisions.

**7.63 Final Administrative Action.** The University may not act contrary to the recommendation of the academic unit which made the initial recommendation except for substantive reasons which must be stated in writing by the senior academic administrator to the faculty member, to the members of the academic unit which made the recommendation, and to the president. The fact that participants in the review process have recommended against the unit's initial recommendation is not, by itself, a substantive reason.

The senior academic administrator takes the steps necessary to make the necessary appointment or to give notice of termination.

**7.7 Improper Termination Of Probationary Appointments.** A person holding a regular probationary appointment who has been given notice of termination may petition the Judicial Committee to review that action. The Judicial Committee will not base its ruling on the merits of the decision itself, but will review allegations that the decision was based in significant degree upon any of the following:

- (a) Personal beliefs, expressions or conduct which fall within the liberties protected by law or by the principles of academic freedom as established by academic tradition and the constitutions and laws of the United States and the state of Minnesota;
- (b) Factors proscribed by applicable federal or state law regarding fair employment practices;
- (c) Substantial and prejudicial deviation from the procedures prescribed in subsections 7.4 and 7.6 and the procedural rules promulgated pursuant to those subsections;
- (d) Failure to consider data available at the time of decision bearing materially on the faculty member's performance;
- (e) Demonstrable material prejudicial mistakes of fact concerning the faculty member's work or conduct;
- (f) Other immaterial or improper factors causing substantial prejudice; or
- (g) Other violation of University policies or regulations.

Such proceedings are governed by section 15.

## **Section 7a. Review Of Faculty Performance**

**7a.1. Goals And Expectations.** The faculty of each academic unit must establish goals and expectations for all faculty members, including goals and expectations regarding teaching, scholarly productivity, and contributions to the service and outreach functions of the unit. The factors to be considered will parallel those used by the unit in the granting of tenure, but will take into account the different stages of professional development of faculty. The goals and expectations will be established in accordance with standards established by the University Senate. They can provide for flexibility, so that some faculty members can contribute more heavily to the accomplishment of one mission of the unit and others to the accomplishment of other missions. The goals and expectations shall not violate the individual faculty member's academic freedom in instruction or in the selection of topics or methods for research. They shall include reasonable indices of acceptable performance in each of the areas (e.g., teaching contributions and evaluations, scholarly productivity, service, governance and outreach activities). The dean reviews the goals and expectations of each unit and may request changes to meet the standards of the University and of the collegiate unit.

**7a.2. Annual Review.** Each academic unit, through its merit review process (established in accordance with the standards adopted by the senate), annually reviews with each faculty member the performance of that faculty member in light of the goals and expectations of the academic unit established under subsection 7a.1. This review is used for salary adjustment and faculty development. The faculty member will be advised of the evaluation and, if appropriate, of any steps that should be taken to improve performance and will be provided assistance in that effort. If the head of the unit and a peer merit review committee elected for annual merit review within that unit both find a faculty member's performance to be substantially below the goals and expectations adopted by that unit, they shall advise the faculty member in writing, including suggestions for improving performance, and establish a time period (of at least one year) within which improvement should be demonstrated.

**7a.3. Special Peer Review In Cases Of Alleged Substandard Performance By Tenured Faculty.** If, at the end of the time period for improvement described in the previous paragraph, a tenured faculty member's performance continues to be substantially below the goals and expectations of the unit and there has not been a sufficient improvement of performance, the head of the academic unit and the elected peer merit review committee may jointly request the dean to initiate a special peer review of that faculty member. Before doing so, the dean shall independently review the file to determine that special peer review is warranted. (in the case of an academic unit that is also a collegiate unit, the request shall be made to and the review conducted by the responsible senior academic administrator.) The special peer review shall be conducted by a panel of five tenured

faculty members of equal or higher rank, selected to review that individual. The faculty member under review shall have the option to appoint one member. The remaining members shall be elected by secret ballot by the tenured faculty of the unit. The members of the special review panel need not be members of the academic unit. The special review panel shall provide adequate opportunity for the faculty member to participate in the review process and shall consider alternative measures that would assist the faculty member to improve performance. The tenure subcommittee may adopt rules and procedures regulating the conduct of such reviews. The special review panel shall prepare a report on the teaching, scholarship, service, governance, and (when appropriate) outreach performance of the faculty member. It will also identify any supporting service or accommodation that the University should provide to enable the faculty member to improve performance. Depending on its findings, the panel may recommend:

(a) that the performance is adequate to meet standards and that the review be concluded;

(b) that the allocation of the faculty member's expected effort among the teaching, research, service and governance functions of the unit be altered in light of the faculty member's strengths and interests so as to maximize the faculty member's contribution to the mission of the University;

(c) that the faculty member undertake specified steps to improve performance, subject only to future regular annual reviews as provided in subsection 7a.2;

(d) that the faculty member undertake specified steps to improve performance subject to a subsequent special review under subsection 7a.3, to be conducted at a specified future time;

(e) that the faculty member's performance is so inadequate as to justify limited reductions of salary, as provided in subsection 7a.4;

(f) that the faculty member's performance is so inadequate that the dean should commence formal proceedings for termination or involuntary leave of absence as provided in sections 10 and 14; or

(g) some combination of these measures.

The panel will send its report to the dean, the head of the academic unit, and the faculty member. Within 30 work days of receiving the report, the faculty member may appeal to the Judicial Committee, which shall review the report in a manner analogous to the review of tenure decisions (see subsection 7.7).

**7a.4. Salary Reductions.** If the special review panel recommends that the faculty member's performance is so inadequate as to justify limited reductions of recurring salary, the

head of the academic unit, with the approval of the dean, may reduce the faculty member's recurring pay, subject to the following limitations:

- (a) the amount of the decrease will not exceed 10% of the faculty member's recurring salary on the basis of any one special review;
- (b) recurring salary may not be reduced by more than 25% from the highest level of recurring pay ever held by the faculty member;
- (c) at least six months' notice of the decrease must be given;
- (d) any decrease in recurring salary may be restored by the annual review process provided in subsection 7a.2.

Within 30 work days of notice of the decrease, the faculty member may appeal this action to the Judicial Committee, which shall review the action and the recommendation leading to it in a manner analogous to the review of tenure decisions (see subsection 7.7). This review may not reconsider matters already decided by the Judicial Committee under subsection 7a.3. Any decrease in recurring pay beyond the limits specified in this subsection can only be imposed pursuant to sections 4.5, 10, 11, and 14.

**7a.5. Peer Review Option.** Upon application to it by the dean and faculty (or the elected faculty assembly) of a collegiate unit, the Faculty Senate may adopt a system of peer review of performance of faculty of that unit different from the system set forth in sections 7a.1 through 7a.4 if in the Faculty Senate's judgment so proceeding is in the University's interest.

**Section 8. Improper Refusal Of A New Appointment To A Term Faculty Member.**

A person holding a term faculty appointment who has been refused a renewal of that appointment or has applied for and been refused a regular or a different term faculty appointment within six months of the end of that appointment may petition the Judicial Committee to review the refusal, but only on the ground that the decision was based in significant degree upon one or more of the following:

- (a) Personal beliefs, expressions or conduct which fall within the liberties protected by law or by the principles of academic freedom as established by academic tradition and the constitutions and laws of the United States and the state of Minnesota;
- (b) Factors proscribed by applicable federal or state law regarding fair employment practices;
- (c) Essential and substantial written misrepresentation of the nature of the original appointment; or

- (d) Other violation of University policies or regulations.

Such proceedings are governed by section 15.

## **Section 9. Personnel Decisions for Associate Professors and Professors.**

**9.1 Appointment of Associate Professors and Professors With Indefinite Tenure.** Initial appointments with indefinite tenure may only be made at the rank of associate professor or professor. Such appointments may be made only after receiving the recommendation of the regular faculty holding indefinite tenure in the academic unit concerned.

**9.2 Criteria for Promotion to Professor.** The basis for promotion to the rank of professor is the determination that each candidate has (1) demonstrated the intellectual distinction and academic integrity expected of all faculty members, (2) added substantially to an already distinguished record of academic achievement, and (3) established the national or international reputation (or both) ordinarily resulting from such distinction and achievement [FN 7]. This determination is reached through a qualitative evaluation of the candidate's record of scholarly research or other creative work, teaching, and service [FN 8]. The relative importance of these criteria may vary in different academic units, but each of the criteria must be considered in every decision. Interdisciplinary work, public engagement, international activities and initiatives, attention to questions of diversity, technology transfer, and other special kinds of professional activity by the candidate should be considered when applicable. But the primary emphasis must be on demonstrated scholarly or other creative achievement and on teaching effectiveness, and service alone cannot qualify the candidate for promotion.

## **Section 10. Unrequested Leave Of Absence For Disability And Disciplinary Action**

**10.1 Unrequested Leave Of Absence For Disability.** A faculty member who is physically or mentally unable to perform reasonably assigned duties may be placed on unrequested leave of absence. The faculty member is entitled to sick pay and disability insurance payments in accordance with University policy. The faculty member has a right to return to the faculty upon termination of the disability or upon cessation of disability payments.

**10.2 Disciplinary Action.** [INTERP 4]

**10.21. Termination Or Suspension Of A Faculty Appointment Before Its Expiration.** A faculty appointment may be terminated or suspended before its ordinary expiration only for one or more of the following causes:



- (a) sustained refusal or failure to perform reasonably assigned duties adequately;
- (b) unprofessional conduct which severely impairs a faculty member's fitness in a professional capacity;
- (c) egregious or repeated misuse of the powers of a professional position to solicit personal benefits or favors;
- (d) sexual harassment or any other egregious or repeated unreasonable conduct destructive of the human rights or academic freedom of other members of the academic community;
- or
- (e) other grave misconduct manifestly inconsistent with continued faculty appointment.

**10.22 Minor Disciplinary Actions.** Minor sanctions, such as a letter of reprimand in the faculty member's file, or the like, may be imposed for significant acts of unprofessional conduct. For minor sanctions, the dean may impose the sanction after providing the faculty member notice of the proposed action and of the reason that it has been proposed and giving the faculty member an opportunity to respond. If the faculty member files a grievance under the University grievance policy to challenge a minor disciplinary matter, the sanction shall be held in abeyance until the conclusion of the proceeding. The grievance panel shall have jurisdiction to consider all claims raised by the faculty member, and if the case goes to arbitration, the arbitrator shall be an individual with experience in academic matters.

**10.3 Procedures.** A faculty member may be placed on unrequested leave of absence or a faculty appointment may be terminated or suspended for these the reasons specified in subsection 10.21 only in accordance with the procedures set forth in section 14.

## **Section 11. Fiscal Emergency.**

**11.1 Faculty Rights.** The Board of Regents, if faced with the necessity of drastic reduction in the University budget, has the power to suspend or abolish positions, or even entire departments, divisions, or other administrative units. If confronted with such adverse contingency, the board will consult with and secure the advice of faculty representatives, as provided in this section. Faculty members have the right to full access to information about the situation and the alternatives being considered. In effecting retrenchment because of financial necessity, the regents will make reductions in faculty positions only to the extent that, in their judgment, is necessary after exploring various alternative methods of achieving savings. The regents fully intend that the tenure system as a whole and the tenure rights of each individual faculty member be protected in every feasible manner during periods of such retrenchment.

**11.2 General Principles Of Priority.** The following general principles of priority apply in any financial crisis.

(a) first, the University must fully utilize all means consistent with its continued existence as an institution of high academic quality to reduce expenses or to increase income which do not involve the termination of faculty positions or the impairment of faculty rights.

(b) second, the University may consider alternatives which involve only the temporary reduction or postponement of faculty compensation or the reduction of fringe benefits.

(c) only thereafter may the University suspend or terminate faculty positions in accordance with the section.

**11.3 First Stage: Alternative Approaches.** If there has been a serious reduction in the University's income, the president will report the matter to the Senate Consultative Committee. The president will identify the magnitude of the shortfall, the measures which might be taken to alleviate it (which must not involve impairment of faculty rights), and alternative measures which have been rejected. The president will give the committee full access to all available information and will respond specifically to additional proposals suggested by the committee. At this stage, the University will consider reductions in other expenses. It will also consider increases in tuition, sales of assets, and borrowing. These steps will be implemented by the president or the Board of Regents as is appropriate.

**11.4 Second Stage: Reduction Or Postponement Of Compensation.** If the University has implemented all of the measures which are required to be considered in the first stage, which are consistent with its continued operation as an institution of high academic quality, and they are inadequate to meet the shortfall, the president may, after consultation with the Faculty Consultative Committee, propose the temporary reduction or postponement of faculty compensation for a predetermined period not to exceed one year, according to a mathematic formula or similar device. The Faculty Consultative Committee will report on the adequacy of the steps taken in the first stage and make its recommendations on the proposal. If the Faculty Senate approves the proposed action (or any modification of it) by an absolute majority of its membership or by a two-thirds vote of the members present and voting (a quorum being present), the Board of Regents may take that action (or any less stringent action) and, to that extent, modify the terms of the appointments of all faculty members. The Board of Regents may rescind the action at any time thereafter. Such action may be repeated by the same procedures.

**11.5 Third Stage: Fiscal Emergency.** If there has been a reduction of the University's income which is so drastic as to threaten its survival, and this threat cannot be alleviated by the measures specified above, the Board of Regents may declare a fiscal emergency. During such an emergency, the Board of

Regents may terminate or suspend faculty appointments as provided in this section.

**11.51 Preliminary Procedures.** Before recommending to the Board of Regents that it declare a fiscal emergency, the president must meet with the Senate Consultative Committee to examine alternatives to and consequences of such a declaration. The president must provide the committee access to all available information. The president must provide a written report identifying the dollar amount to be saved by reducing faculty positions. This report must also identify the dollar amount proposed to be saved by any other measures to be taken, including the level of any concurrent reductions in non-faculty staff during the emergency. The Faculty Consultative Committee will prepare a written report on the president's proposal, to which the Senate Consultative Committee may add additional comments. The Faculty Senate will first consider and act on the proposal and reports. Thereafter, the University Senate may consider them. The president must attend both senate meetings to explain the proposal and to answer questions.

After receiving the president's recommendation and the resolutions of the senates, the Board of Regents may declare a state of fiscal emergency. Before action contrary to the recommendation of the University Senate is subsequently taken, the president must report in writing and in person the reasons for this action to the Senate Consultative Committee. The Board of Regents' resolution states the maximum amount to be realized from termination or suspension of faculty appointments.

**11.52 Duration.** A fiscal emergency lasts no longer than 12 months unless renewed by the same procedure. A fiscal emergency may be rescinded at any time by the Board of Regents.

**11.53 Allocation Of Shortfall.** After consultation with the Faculty Consultative Committee and the Senate Consultative Committee, the president proposes an initial allocation of the shortfall to the various collegiate units, which need not be prorated. The committee must obtain the views of the faculty in the affected units and must hold an open meeting at which anyone may comment upon the proposed action. It may also request the assistance of other University or Senate committees in studying all or particular aspects of the educational policies and priorities involved in the action. The colleges and campuses then allocate the shortfall to the various academic units after similar consultation with the representative bodies and academic units in the colleges and similar open meetings. The plans must reflect the principles and priorities established in subsection 11.6. The colleges and campuses return their plans to the senior vice president for academic affairs and provost, who prepares a comprehensive plan for the University, including a list of the persons whose appointments will be suspended or terminated. This plan is submitted to the University Senate and the Faculty Senate for their recommendation. The recommendations of the

senate and the senior vice president for academic affairs and provost's plan will be presented to the president and the Board of Regents for action.

## **11.6 Principles Governing Termination Or Suspension.**

### **11.61 General Principles.**

(a) Savings achieved through resignations, retirements, renegotiations of contracts, inloading or other measures must be credited to the assigned shortfall before terminating or suspending faculty appointments.

(b) A good faith effort should be made to use temporary suspensions or voluntary furloughs rather than terminations. In this third stage, the Board of Regents may impose the temporary or permanent reduction of faculty compensation or the reduction of fringe benefits, in excess of those approved in the second stage. Suspensions without pay for no more than one-third of the annual appointment in any year may be ordered in accordance with objective criteria, provided that faculty members are given at least six months notice.

(c) Terminations may not be used in case of a short-term financial crisis, but only if the circumstances are such that the shortfall is reasonably expected to continue over a substantial number of years.

(d) A good faith effort must be made to cover as much of the shortfall as possible by allowing non-regular appointments to lapse and by giving notice to probationary faculty in accordance with the terms of their appointments.

(e) A good faith effort must be made to cover as much of the shortfall as possible by transferring faculty members to other positions for which they are qualified or by offering them retraining for available positions.

(f) The selection of faculty members within an academic unit for termination must be made on objective criteria. It may not involve a comparative evaluation of the relative merits of individuals or a repetition of the tenure-granting process.

### **11.62 Priorities.**

(a) Unless the unit can demonstrate that essential functions could not otherwise be performed:

1. all non-regular faculty within an academic unit must be suspended or terminated before any regular faculty may be suspended or terminated in that unit; and

2. all probationary faculty within an academic unit must be suspended or terminated before any tenured faculty may be suspended or terminated in that unit.

(b) Care must be taken to protect the employment of women and minorities entitled to affirmative action. The senior vice president for academic affairs and provost must insure that for the University as a whole the plan which is submitted does not reduce the proportion of appointments with indefinite tenure held by women or minorities entitled to affirmative action, and does not reduce the proportion of non-regular appointments held by women or minorities entitled to affirmative action.

**11.63 Notice And Severance Pay.** A faculty member whose appointment is to be terminated or suspended is entitled to a minimum of one full academic year's notice or to one year's salary as severance pay in lieu of notice, unless the appointments would otherwise expire earlier.

**11.64 Reemployment Rights.** The University will not fill any faculty position for which a faculty member with indefinite tenure who has been terminated is qualified for five years after notice of termination, unless it first offers the position to each such faculty member and gives a reasonable time for the faculty member to accept or reject it.

**11.7 Judicial Committee Report.** A faculty member whose appointment is terminated or suspended may make a written request for review by the Judicial Committee. The review will be conducted in accordance with section 15. The Judicial Committee will not reexamine the determination that a fiscal emergency exists, nor will it reexamine the educational policies and priorities pursued unless it finds a substantial failure to follow the procedures established in this section. It will only examine whether the action was taken in accordance with the procedures and standards set forth in this section, whether the action was based on a violation of academic freedom or constitutional or legal rights, or was substantially based on immaterial or improper factors. It may consolidate cases involving common issues for a single hearing.

## **Section 12. Programmatic Change.**

**12.1 Programmatic Change.** The University and faculty recognize that changes in academic programs are an essential part of the development and growth of the institution. These changes should be based on academic considerations and on long-term policy and planning, and may be undertaken only after consultation with the faculty, including the appropriate governance structure.

**12.2 Faculty Rights And Duties.** In the event that programmatic change leads to discontinuation of a program in which a member of the faculty is employed, the University

recognizes its obligation to continue the employment of regular faculty in accordance with the terms of their employment, and to continue the employment of non-regular faculty for the term of appointment. In case of fiscal emergency, the provisions of section 11 apply.

Regular faculty members who are so retained have the responsibility to accept teaching or other assignments for which they are qualified, and to accept training to qualify them for assignment in other fields. The University has the responsibility to assign such faculty members to responsibilities as closely related to their original field of tenure as is practicable, to allow them time in which to continue scholarship in their original field if they wish, and to recognize scholarly contributions in that field as valuable in assessing their contribution to the University for pay, promotion and other purposes.

In addition to the steps mentioned above, the University has the right to offer inducements to faculty members voluntarily to change fields of study, to seek employment elsewhere, or to accept early retirement.

**12.3 Reassignments.** In cases of programmatic change, an officer designated by the president will make the reassignment or offer of training. The officer will consult with the faculty member and the receiving unit and will seek a mutually satisfactory assignment. If agreement cannot be reached, the University officer will assign new responsibilities after consultation with the individual.

The University may give the faculty member other assignments only if assignments to teaching in the faculty member's discipline are not feasible. For example, faculty might be assigned

- \* to teach in another field in which the individual is qualified
- \* to perform professional or administrative duties, including professional practice in a field in which the individual is qualified.
- \* to transfer effort, by assignment in a suitable professional capacity, at another educational institution or similar entity, while retaining University tenure, compensation, and benefits.

A faculty member must accept any reasonable reassignment or offer of retraining. Following the assignment, any dispute about the reasonableness of reassignment may be taken to the Judicial Committee, as provided in section 15. The faculty member shall perform the reassignment pending resolution of the dispute, unless the president on the recommendation of the chair of the Judicial Committee determines that provisional measures are appropriate.

**12.4 Termination Of Appointment.** A faculty member who chooses not to accept a reasonable reassignment or retraining opportunity shall receive:

- (a) Assistance in locating other employment;
- (b) A minimum of one full academic year's notice or one year's salary as severance pay in lieu of notice, unless the appointment would otherwise expire earlier.
- (c) Continuation of the University's contribution to health benefits for one year after the date of the termination of the appointment.

In place of the severance payment provided by this section, a faculty member may select another severance program for which the faculty member is otherwise eligible at the time the appointment is terminated.

### **Section 13. Judicial Committee.**

**13.1 Membership.** The Judicial Committee is composed of at least nine members of the regular faculty. The number of members and manner of appointment is governed by the Faculty Senate bylaws.

**13.2 Procedures.** The Judicial Committee applies and interprets this tenure code in complaints that come before it. The Judicial Committee has its own Rules of Procedure and may adopt additional rules with the approval of the Tenure Committee, as provided in section 16.3.

In every case before the Judicial Committee the senior academic administrator may designate the academic administrator who will represent the University as respondent. If the case involves two or more campuses or areas, the president or the senior vice president for academic affairs and provost may designate the respondent.

**13.3 Duty To Testify.** Faculty members and administrators have an obligation to appear before the Judicial Committee if asked to give testimony in matters pending before it.

**13.4 Panels.** The Judicial Committee may sit in panels to hear individual cases. In cases under sections 10 and 14, the panel must consist of at least five members. In all other cases, the panel must consist of at least three members. The rules of the Judicial Committee will establish the respective functions of the committee as a whole and of the individual panels.

**13.5 Legal Officer.** The Judicial Committee shall have its own legal officer, appointed by the Judicial Committee with the approval of the president. The Judicial Committee also may, with the approval of the president, appoint a deputy legal officer, or a substitute legal officer for a particular case, as necessary. At the direction of the committee, the legal officer may preside at

hearings of Judicial Committee panels or regulate the procedure in Judicial Committee cases. The legal officer may be present and participate in the deliberation of a panel, but shall have no vote.

**Section 14. Procedures In Cases Of Unrequested Leave Of Absence Or Termination Or Suspension Of A Faculty Appointment For Cause. [INTERP 5]**

**14.1 Preliminary Proceedings.** Only a dean or an academic administrator specially designated by the senior vice president for academic affairs and provost or by the senior academic administrator may initiate preliminary proceedings under this section leading to unrequested leave of absence or to suspension or removal or to temporary or permanent reduction in rank. The dean [FN9] must first attempt to discuss and resolve the matter with the faculty member involved.

The dean must then submit the matter to the tenured faculty of the academic unit involved for their recommendation.

If the senior vice president for academic affairs and provost and the Faculty Senate have expressly approved the submission of allegations of the violation of a specified policy to another body for preliminary recommendation, in place of submission to the tenured faculty of the academic unit, the dean must submit the matter to that body for its recommendation.

Both the dean and the faculty member may submit their views, in person or in writing, to the body making the recommendation, but neither of them may participate in the deliberation or vote. The body making the recommendation does so by secret ballot and makes a written report to the dean within 40 work days of submission of the issue to it, indicating the number of votes for and against the proposed action and the reasons articulated. A copy of the report shall be sent to the senior academic administrator and to the faculty member.

**14.2 Formal Action.** Within 40 work days after receiving the recommendation of the tenured faculty or other body, the dean must decide whether to proceed with formal action. Before taking formal action, the dean must consult with the senior academic administrator. If the dean does not proceed within 40 work days, the charges are dropped and the faculty member and the academic unit are so notified in writing. If the dean decides to proceed with formal action, the dean must give written notice to the faculty member. The notice must specify the action proposed, identify the specific ground upon which it has been taken, and summarize the evidence in support. It must inform the faculty member of the right to request a hearing before the Judicial Committee and advise the faculty member of the applicable time limit for making such a request.



If the faculty member does not request a hearing within 30 work days, the president may take the action proposed in the dean's notice, without further right to a hearing.

**14.3 Judicial Committee Hearing.** The faculty member may request a hearing before the Judicial Committee by written request to the chair of the committee, filed within 30 work days of the notice. The Judicial Committee may extend the 30 day period for good cause. The dean will be responsible for presenting the case. The dean has the burden of proving the case for the proposed action by clear and convincing evidence and also has the burden of demonstrating the appropriateness of the proposed action, rather than some lesser measure.

The Judicial Committee makes written findings of fact, conclusions, and a recommendation for the disposition of the case. If the committee finds that action is warranted, it may recommend action that is less severe than that requested in the written notice, including but not limited to, permanent or temporary reduction in salary or rank. It may not recommend more severe measures than those proposed in the dean's notice.

The Judicial Committee sends its report to the president with copies to the faculty member, the dean and the senior administrator.

**14.4 Action By The President.** The president shall give the faculty member and the dean the opportunity to submit written comments on the report. In determining what action to take, the president may consult privately with any administrators, including attorneys, who have had no previous responsibility for the decision at issue in the case and have not participated in the presentation of the matter to the Judicial Committee. The president may not discuss the case with any administrator who was responsible for the decision at issue in the case or who participated in the presentation of the matter to the senate Judicial Committee. Such administrators may communicate with the president in writing, but only if the full text of the communication is given to the faculty member and the faculty member is given a reasonable opportunity to respond to it.

The president shall not take action materially different from that recommended by the panel unless, prior to the action, the president has consulted with the committee. Parties and their representatives shall not be present at any meeting between the president and the committee nor shall their consent be required for such meeting.

In addition, the president may request the Judicial Committee to make further findings of fact, to clarify its recommendation or to reconsider its recommendation. The reconsideration will be made by those who have heard of all of the evidence in the case, but the full Judicial Committee may consult with them on questions of general policy.

The president may impose the action recommended by the committee, or any action more favorable to the faculty member. The president may impose action less favorable to the faculty member only for important substantive reasons, which must be stated in writing, with specific detailed reference to the report of the Judicial Committee, the evidence presented, and the policies involved. The president's written statement must be given to the parties and to the Judicial Committee. If the Judicial Committee decides that the president has imposed an action that is less favorable to the faculty member than it had recommended, it shall inform the faculty by publication of the president's action in the docket of the Faculty Senate. If the faculty member waives rights to confidentiality, the full text of the statement will be published. Otherwise a summary of the statement will be published without identification of the faculty member or information that may indirectly identify the faculty member.

**14.5 Appeal To The Board Of Regents.** If the action involves removal or if the action involves a sanction more severe than that recommended by the Judicial Committee, the faculty member may appeal to the Board of Regents. In cases in which the president imposes a sanction more severe than that recommended by the Judicial Committee, the faculty member and the president may present to the board evidence with respect to issues on which the president differs from the recommendation of the Judicial Committee. The request for a hearing must be made to the secretary of the board within ten work days of the president's action.

**14.6 Temporary Suspension During Proceedings.** The dean may temporarily suspend a faculty member during the proceedings, but only if there is clear evidence that the faculty member is likely to cause serious harm or injury or is not available for work. The suspension will be with full pay, unless the faculty member is not available for work. Before ordering such suspension, the dean must present the evidence to a special panel of the Faculty Consultative Committee and receive their written report. The faculty member must be given the opportunity to contest the suspension before the panel.

If no final decision has been rendered one year after the commencement of formal proceedings, the faculty member shall be temporarily suspended without pay, unless the parties agree otherwise, or unless the hearing panel of the Judicial Committee extends the time period because of undue delays in the procedure attributable to the action of the University. This provision applies only in a case in which the majority of the tenured faculty of the academic unit concurred in the recommendation to terminate the appointment. If the faculty member is reinstated or if the president determines that the temporary suspension without pay was not warranted, then the president shall order the repayment of back pay to the faculty member with interest thereon from the date it would originally have been paid.

In case of any suspension under this section, the faculty member shall continue to receive full medical insurance and disability benefits without regard to the suspension.

**14.7 Resignation During Proceedings.** A faculty member may submit a written notice of resignation to the president at any time during Judicial Committee proceedings pursuant to this section. Upon the effective date of such resignation, the proceedings will be discontinued unless the faculty member concurrently files a written request with the Judicial Committee that they be carried to completion.

**Section 15. Appeals To The Judicial Committee.** [INTERP 6]

**15.1 Right To Review.** Any faculty member who claims that the faculty\_member's rights or status under these regulations have been adversely affected without the faculty member's consent may seek review before the Judicial Committee. Cases arising under sections 1, 4, 7, 7a, 8, 10, 11 or 12 must be brought directly to the Judicial Committee. In these cases, that is, the Judicial Committee has original jurisdiction. In other cases, the faculty member must exhaust all other available University remedies before bringing the case to the Judicial Committee; the Judicial Committee will not proceed with such a case until the appropriate University body has either decided it or has refused to consider it. In such cases, the Judicial Committee has appellate jurisdiction.

**15.2 Procedure For Securing Review.** A written request for review must be filed with the chair of the Judicial Committee within 30 work days of written notice of the action challenged. The request must specify the action complained of and the remedial action the individual seeks. Within 30 work days of filing, the chair of the Judicial Committee must send copies of the request to the head of the academic unit concerned and to the senior academic administrator.

The Judicial Committee, however, may extend the time for filing for review for reasons that seem compelling to the committee, such as mental or physical illness, or serious personal or family problems, or doubt concerning when final action was taken.

**15.3 Hearings Before The Judicial Committee.** The person seeking review has the burden of proving by the preponderance of the evidence that the action complained of was improper unless the Judicial Committee, for good cause, otherwise directs.

The Judicial Committee does not itself decide whether the faculty member is professionally worthy of a faculty position, but only determines whether the action was based in significant degree upon any of the factors specified in subsection 7.7 or section 8.

In cases involving sections 7, 8, or 11, the Judicial Committee hears the merits of the case, as provided in those sections. In other cases, if there is an appropriate University body to review

the matter, the Judicial Committee will only determine whether that body has given the faculty member due process and whether, on the basis of the facts found by that body, there has been a violation of these regulations or of the faculty member's academic freedom. If there is no appropriate University body to hear such a case, or if the Judicial Committee finds that the body which heard the case did not provide due process, the Judicial Committee may hear the merits or may appoint an ad hoc tribunal to hear them.

**15.4 Action By The Judicial Committee.** The Judicial Committee makes written findings of fact, conclusions, and a recommendation for the disposition of the case.

If the Judicial Committee finds that the action complained of was improper, it also specifies the respects in which it finds the action to have been improper and recommends appropriate remedial action.

If it recommends reconsideration, it may specify the manner in which reconsideration will be undertaken to avoid the influence of improper factors. If a probationary faculty member has reached the maximum probationary period, the committee may recommend a non-regular appointment for an additional academic year to provide for reconsideration.

The Judicial Committee sends its report to the president with copies to the faculty member and the administrator who appeared as respondent.

**15.5 Action By The President.** The president must give the faculty member and the administrator the opportunity to submit written comments on the report. In determining what action to take, the president may consult privately with any administrators, including attorneys, who have had no previous responsibility for the decision at issue in the case and have not participated in the presentation of the matter to the Judicial Committee. The president may not discuss the case with any administrator who was responsible for the decision at issue in the case or who participated in the presentation of the matter to the senate Judicial Committee. Such administrators may communicate with the president in writing, but only if the full text of the communications is given to the faculty member and the faculty member is given a reasonable opportunity to respond to it.

The president shall not take action materially different from that recommended by the panel unless, prior to the action, the president has consulted with the committee. The parties and their representatives shall not be present at any meeting between the president and the committee nor shall their consent be required for such meeting.

In addition, the president may request the Judicial Committee to make further findings of fact, to clarify its recommendation or to reconsider its recommendation. The reconsideration will be made

by those who have heard all of the evidence in the case, but the full Judicial Committee may consult with them on questions of general policy.

The president may impose the action recommended by the committee or any action more favorable to the faculty member. The president may impose action less favorable to the faculty member only for important substantive reasons, which must be stated in writing, with specific detailed reference to the report of the Judicial Committee, the evidence presented, and the policies involved. The president's written statement must be given to the parties and to the Judicial Committee. If the Judicial Committee decides that the president has imposed an action that is less favorable to the faculty member than it had recommended, it shall inform the faculty by publication of the president's action in the docket of the Faculty Senate. If the faculty member waives rights to confidentiality, the full text of the statement will be published. Otherwise a summary of the statement will be published without identification of the faculty member or information that may indirectly identify the faculty member. The president's written statement must be given to the parties and to the Judicial Committee.

**15.6 Actions Requiring Reconsideration.** If the Judicial Committee recommends reconsideration of an action, that reconsideration will be undertaken under the supervision of the senior academic administrator, unless otherwise specified. The Judicial Committee may retain provisional jurisdiction of the matter to review allegations that the reconsideration itself was improper, and may make supplementary findings, conclusions, and recommendations in this regard.

**15.7 Recommendations For Changes In University Policies And Procedures.** As a result of Judicial Committee proceedings, the Judicial Committee, the Tenure Committee or the senior vice president for academic affairs and provost may initiate steps to clarify or improve University rules or policies involved. The changes will not affect the outcome of the case before the committee.

## **Section 16. Academic Freedom and Tenure Committee.**

**16.1 Membership.** The Academic Freedom and Tenure Committee (referred to elsewhere in these regulations as the Tenure Committee) is composed of at least seven members of the faculty and such other persons as the Faculty Senate bylaws shall provide. The manner of appointment is governed by the Faculty Senate bylaws.

**16.2 Interpretations.** The senior vice president for academic affairs and provost and the Tenure Committee may propose formal interpretations of these regulations, consistent with their terms. Such interpretations must be reported to the Faculty

Senate and the Board of Regents. If adopted by the Board of Regents, such interpretations will be binding in all cases subsequently arising.

**16.3 Procedures.** The senior vice president for academic affairs and provost and the Tenure Committee may jointly adopt the procedures provided by subsections 7.4 and 7.61, and jointly approve the procedures proposed by the Judicial Committee under subsection 13.2. Such procedures must be reported to the Faculty Senate and the Board of Regents before they go into effect.

**16.4 Additional Functions.** The Tenure Committee also advises the University and makes recommendations concerning the interpretation and amendment of these regulations.

**Section 17. Written Notice.**

Notices of termination of a probationary appointment, of suspension or termination of an appointment, or of placement on unrequested leave of absence for disability, must be sent by registered or certified mail to the last known residence address of the faculty member concerned and also by campus mail to the faculty member's campus address, if any. The written notice satisfies the applicable time requirement if it is postmarked at or before midnight of the applicable date.

Failure to comply fully with this section is immaterial if, in fact, the faculty member was not prejudiced by such failure.

**Section 18. Publication.**

These regulations, and the interpretations referred to in section 16, will be published and made available to all faculty members. Every faculty member who holds a regular or non-regular appointment, except for courtesy faculty appointments without salary, must be given a copy of the current regulations and copies of subsequent amendments or published interpretations.

**Section 19. Amendment.**

These regulations are subject to amendment by the Board of Regents. Proposed amendments from any source will be submitted to the Faculty Senate for its advice and recommendation before final action by the Board of Regents. The Faculty Senate will solicit the recommendations of the Faculty Affairs Committee, the Judicial Committee, and the Tenure Committee, before giving its advice and recommendation.

**COMMENT RE FOOTNOTES AND INTERPRETATIONS**

The *Faculty Tenure* regulations contain both footnotes and interpretations. Footnotes are numbered and are indicated in the text with the abbreviation [FN#]. Footnotes are shown at the

bottom of each page on which footnote markers appear in the text; these add information about specific terms or phrases in the regulations. Interpretations are numbered and are indicated in the text with the abbreviation [INTERP#]. Interpretations appear at the end of the regulations; these are added to clarify or modify the meaning of a section or subsection.

## **FOOTNOTES**

[FN 1] "Service" means performance within the faculty member's expertise, other than teaching and research as defined in subsection 7.11.

[FN 2] "Academic achievement" includes teaching as well as scholarly research and other creative work. The definition and relative weight of the factors may vary with the mission of the individual campus.

[FN 3] The persons responsible and the process for making this determination are described in subsections 7.3 through 7.6.

"Scholarly research" must include significant publications and, as appropriate, the development and dissemination by other means of new knowledge, technology, or scientific procedures resulting in innovative products, practices, and ideas of significance and value to society.

"Other creative work" refers to all forms of creative production across a wide range of disciplines, including, but not limited to, visual and performing arts, design, architecture of structures and environments, writing, media, and other modes of expression.

"Teaching is not limited to classroom instruction. It includes extension and outreach education, and other forms of communicating knowledge to both registered University students and persons in the extended community, as well as supervising, mentoring, and advising students.

"Service" may be professional or institutional. Professional service, based on one's academic expertise, is that provided to the profession, to the University, or to the local, state, national, or international community. Institutional service may be administrative, committee, and related contributions to one's department or college, or the University. All faculty members are expected to engage in service activities, but only modest institutional service should be expected of probationary faculty.

[FN 4] Indefinite tenure may be granted at any time the candidate has satisfied the requirements. A probationary appointment must be terminated when the appointee fails to satisfy the criteria in the last year of probationary service and may be terminated earlier if the appointee is not making satisfactory progress within that period toward meeting the criteria.

[FN 5] "Departmental" refers to an academic department or its equivalent, such as division, institute, or unit.

[FN 6] As used in this policy, "tenured faculty" means those members of the faculty who hold indefinite tenure.

[FN 7] "Academic achievement" includes teaching as well as scholarly research and other creative work. The definition and relative weight of the factors may vary with the mission of the individual campus. Not being promoted to the rank of professor will not in itself result in special post-tenure review of a tenured associate professor.

[FN 8] The persons responsible for this determination are the full professors in the unit who are eligible to vote. The outcome of the vote is either promotion to the rank of professor or continuation in rank as an associate professor. The procedures for voting are identical to those outlined in subsection 7.4 for the granting of indefinite tenure, the nondisclosure of grounds for the decision (subsection 7.5), and the review of recommendations (subsection 7.6). In addition, a petition to the Judicial Committee for review of a recommendation of continuation in rank as an associate professor follows the procedures specified in subsection 7.7 for decisions about promotion to associate professor and conferral of indefinite tenure.

See the definitions of "scholarly research," "other creative work," "teaching," and "service" in footnote [3]. A greater contribution in the area of institutional service is expected of candidates for the rank of professor than was expected for the award of tenure.

[FN 9] Throughout this section the word "dean" means the dean of the collegiate unit or other equivalent officer or an academic administrator specifically designated for this purpose by the senior academic administrator or by the senior vice president for academic affairs and provost.

## **INTERPRETATIONS**

Dated April 12, 1985; September 8, 1988; March 12, 1993 and October 13, 1985; June 9, 2000; June 10, 2011.

### **1. Interpretation Of Subsection 4.4: Definition Of Recurring Salaries.**

It is expected that any salary increases normally will be added to recurring salary if recurring funds are available for that purpose. Subsection 4.4 does not give any specific faculty member a legal entitlement or right to an increase in recurring salary.

### **2. Interpretation of Subsection 4.5: Financial Stringency.**

Financial stringency in subsection 4.5 is understood to mean financial difficulties that are unusual in extent and require extraordinary rather than ordinary responses. Section 11 may be invoked if the regents are "faced with the necessity of drastic



reduction in the University budget,” reductions so severe that they may “threaten [the] survival” of the University. It is understood that the financial difficulty that would permit the president to propose temporary reductions or postponements in compensation under subsection 4.5 is less severe than the “fiscal emergency” outlined in section 11, but it is also understood that “financial stringency” should not be invoked to respond to foreseeable fluctuations in the University’s budget and finances.

### **3. Interpretation of Subsection 7.12: Review of Departmental Statements.**

The faculty of an academic unit are expected to periodically review their criteria for awarding indefinite tenure and for promotion in rank and reflect any new criteria in a revision of their subsection 7.12 Statement. The new criteria and subsection 7.12 Statement must be adopted in accordance the established procedures of the University, after consultation as required by those procedures. Current probationary faculty in the unit may elect to be evaluated on the criteria for tenure and promotion in the previous subsection 7.12 Statement or on the new criteria. This option is also available to current tenured faculty in their evaluation for promotion to the next level. Probationary or tenured faculty must make this decision within one year of the date of administrative approval of the new criteria.

### **4. Interpretation of Amendment to Subsection 10.2: Faculty Assignments.**

Faculty members are free to choose topics for research or outreach and to discuss all relevant matters in the classroom, in accordance with the principles of academic freedom and responsibility. The head of the academic unit will assign individual faculty members to teach specific courses in accordance with the academic workload statement and other policies adopted by the faculty of that unit. A faculty member may challenge an assignment by showing that it is unreasonable. An assignment is unreasonable if: (a) taken as a whole, it exceeds the workload expected in the workload statement of that unit, (b) the faculty member lacks the basic qualifications to teach the course, or (c) the assignment was made in violation of the faculty member’s academic freedom or in violation of another specific university policy. The faculty member should carry out the teaching assignment pending resolution of any grievance, unless the responsible grievance or hearing officer or panel indicates that provisional measures are appropriate.

### **5. Interpretation of Amendments to Subsections 14.1 and 14.2: Timely Responses in Cases of Unrequested Leave of Absence, Termination, or Suspension.**

The timelines for responses by either the involved faculty member or administrator may be extended by agreement of the parties to

the proceeding or for extraordinary circumstances. An agreement of the parties to extend the time limit shall be in writing, signed by both parties or their representatives. If the parties do not agree, either party may apply to the chair of the Senate Judicial Committee for an extension of the time in which to take the steps required in this section. If the faculty member has failed to act within the time limits prescribed in these sections, the responsible administrator may request the chair of the Senate Judicial Committee to set a specific date by which the faculty member must take action; if the faculty member fails to do so, the petition for review will be dismissed without further proceedings and the requested disciplinary action (or any lesser sanction) may be taken. If the responsible administrator has failed to act within the time limits prescribed in these sections, the faculty member may request the chair of the Senate Judicial Committee to set a specific date by which the administrator must take action; if the administrator fails to do so, the proceedings shall be dismissed and further action can be taken only by reinitiating the entire proceedings.

#### **6. Interpretation of Section 15: Judicial Committee Review of Decisions on Promotions.**

As stated in the Preamble, the tenure regulations "provide a comprehensive set of policies dealing with the relationship between the University and its faculty," including decisions regarding promotions in rank that may or may not involve questions of tenure. When a faculty member's request for promotion is not approved, the Judicial Committee shall conduct a review in a manner analogous to the review of tenure decisions (see subsection 7.7). Such cases may be brought directly to the Judicial Committee without a requirement that the faculty member exhaust all other available University remedies before bringing the case to the Judicial Committee.

#### **7. Interpretation of Subsection 6.3: Relation Between Tenure and Promotion.**

Regular faculty with appointments as assistant professors with indefinite tenure at the time of the adoption of this interpretation in 2011 will continue to hold these appointments until they retire, subject to the review provisions of subsection 7a and as otherwise provided in these regulations.

The Board of Regents voted unanimously to approve the recommendations of the Faculty, Staff & Student Affairs Committee.

Cohen reported that the committee also reviewed received an annual updated on the UPlan, the University's health insurance plan; reviewed a resolution related to faculty retirement plan contribution changes for new employees; discussed leadership development programs available for faculty; and reviewed a number of information items included in the docket materials.

## **REPORT OF THE FINANCE & OPERATIONS COMMITTEE**

Regent Simmons reported that the committee voted unanimously to recommend:

- a) Approval of the Consent Report for the Finance & Operations Committee as presented to the committee and described in the June 9, 2011 committee minutes.
- b) Adoption of amendments to Board of Regents Policy: *Endowment Fund*, as follows:

### **Endowment Fund**

#### SECTION I. SCOPE.

This policy governs the management of investments in the University of Minnesota (University) endowment fund (endowment).

#### SECTION II. INVESTMENT OBJECTIVES.

The investment objectives for the University endowment shall be, over the long-term, to:

- (a) preserve the inflation adjusted value of the endowment;
- (b) generate investment returns that meet or exceed the annual payout rate plus direct expenses incurred by the investment program after adjusting for inflation as measured by the Consumer Price Index;
- (c) execute the investment program within acceptable risk parameters; and
- (d) provide stable distributions for annual spending purposes.

#### SECTION III. COMPREHENSIVE PROGRAM REVIEW.

Annually, the president or delegate shall present to the Board of Regents (Board) ~~in~~ a comprehensive review of the investment program including a discussion of the role of investment strategies employed during the previous year to achieve the investment objectives.

#### SECTION IV. ASSET ALLOCATION GUIDELINES.

Consistent with Board policies, the Board reserves the authority to approve asset allocation ranges. The president or delegate shall recommend asset allocation ranges and the Board shall act on them by resolution.

#### SECTION V. REPORTING.

The president or delegate shall make the following reports to the Board at the specified times or frequencies:

(a) quarterly, a report regarding the status of the endowment containing all of the following information:

(1) the total market value and investment performance relative to selected benchmarks for each asset class and the total portfolio;

(2) an attribution analysis of investment performance;

(3) an analysis of investment performance relative to investment objectives;

(4) an evaluation and discussion of portfolio risk;

(5) deviations from asset allocation ranges, if any; and

(6) new managers, manager terminations, and changes in investment allocations to existing managers.

These items shall be summarized in an annual report.

(b) at its next regularly-scheduled meeting, any significant change in investment strategy and any internal or external event that has the potential to materially affect the performance of the fund;

(c) annually, a comparison to peer institutions of relative performance and asset allocation and steps taken to provide opportunities to emerging, minority-owned, and woman-owned investment management firms; and

(d) any other information requested by the Board.

#### SECTION VI. INVESTMENT MANAGEMENT GUIDELINES.

Subd. 1. Use of Investment Managers. Except as provided in Subd. 3 below, endowment funds shall be invested only through investment managers. The president or delegate shall choose investment managers with demonstrated expertise and engage them by written agreement to execute transactions in their discretion within stated parameters and in accordance with applicable policy. No investment manager may manage more than 20 percent of the endowment for a period of more than 12 consecutive months.

Subd. 2. Liquidity. Between 60 and 70 percent of total endowment assets shall be capable of being converted to cash or cash equivalents within 12 months without material loss of market value. The sum of (a) assets that do not meet this liquidity criterion and (b) total unfunded commitments to limited partnerships shall not at any time exceed 55 percent of total endowment assets.

Subd. 3. Rebalancing. The president or delegate shall monitor market value of endowment assets in comparison to the asset allocation ranges approved by the Board. At least quarterly, the president or delegate shall determine whether rebalancing is appropriate and, if

necessary, act in a timely and cost-effective manner. In order to achieve rebalancing, the following investment instruments may be employed without the use of an investment manager:

- (a) futures contracts, only on a net unleveraged basis;
- (b) options contracts for purposes of hedging or the sale of covered options, provided that aggregate option exposure may not exceed ten percent of the value of the endowment; and
- (c) investments in exchange-traded funds.

Subd. 4. Limitations.

- (a) The use of derivatives for speculative purposes is prohibited.
- (b) No individual investment may be made for the purpose of exercising management control in any company. This provision is not intended to prohibit the use by investment managers of control strategies with respect to portfolio companies.
- (c) A maximum of ten percent of the endowment may be invested in any single fund or account.
- (d) The investment of endowment funds shall comply at all times with the restrictions on investment of amounts comprising the Permanent University Fund that are set forth in Minnesota Statutes Section 11A.24 or its successor.

Subd. 5. Social Responsibility. The University shall consider social responsibility in its investment decisions.

SECTION VII. PAYOUT RATE.

The endowment payout rate shall be set at a level that supports University operations while enabling the endowment to grow at an inflation-adjusted rate that will provide for future distributions. Distributions shall be made quarterly. The annual payout rate shall be 4.5 percent of the average of the endowment's trailing month-end market values for the prior 60 months.

SEE BOARD OF REGENTS RESOLUTION RELATING TO BOARD OF REGENTS POLICY: ENDOWMENT FUND DATED MAY 13, 2005.

SUPERSEDES: INVESTMENT SOCIAL CONCERNS DATED SEPTEMBER 13, 1991.

- c) Adoption of Board of Regents Policy: *Investment Functions*, as follows:

## **Investment Functions**

### SECTION I. SCOPE.

This policy governs all investment functions conducted by the University of Minnesota (University).

### SECTION II. GUIDING PRINCIPLES.

Subd. 1. Standard of Care. The standard applicable to all investment functions shall be the "prudent person standard," which provides that investment activities, both transactional and otherwise, shall be undertaken, under circumstances then prevailing, in the following manner:

(a) with the judgment and care that persons of prudence, discretion, and intelligence would exercise under similar circumstances.

(b) for investment purposes rather than speculation; and

(c) taking into account the importance of capital preservation and the risk that will be incurred and managed in light of the expected return to be derived.

Subd. 2. Emerging and Minority- or Woman-Owned Investment Managers. The use of emerging investment management firms and investment management firms that are minority-owned or woman-owned is encouraged, as well as steps in this regard consistent with the financial and fiduciary responsibility of the University.

### SECTION III. DEFINITIONS.

Subd. 1. Security. Security shall mean any investment instrument or group of instruments commonly used by investors of institutional assets.

Subd. 2. Investment Advisor. Investment advisor shall mean a person or firm engaged to render advice to the University in connection with its investment activities. An investment advisor does not have authority to execute investment transactions.

Subd. 3. Investment Manager. Investment manager shall mean a person or firm engaged to execute investment-related activities on behalf of the University at its discretion within the parameters established by the president or delegate and consistent with applicable Board of Regents (Board) policies. In circumstances where applicable industry standards require registration with the Securities and Exchange Commission (SEC), only investment managers duly registered with the SEC may be engaged to provide services to or act on behalf of the University.

Subd. 4. Investment Transactions. Investment transactions shall mean:

(a) the purchase, investment in, possession, or other acquisition of an interest in a security;

(b) the sale, conversion, exchange, transfer, or other disposal of an interest in a security; and

(c) the pledge of a security.

Subd. 5. Emerging Investment Management Firms. Emerging investment management firms shall mean investment management firms that manage total assets of less than \$250 million.

Subd. 6. Broker/Dealer. Broker/dealer shall mean a person or firm duly registered as a broker-dealer with the SEC and a member in good standing of the Financial Industry Regulatory Authority, Inc. (FINRA) who is engaged to execute investment transactions on behalf of the University as directed by the president or delegate. Investment transactions may be executed in the open market or from the firm's inventory.

#### SECTION IV. DELEGATION OF AUTHORITY.

The president or delegate shall have the authority and power to take all actions necessary or appropriate to manage and conduct the investment program and execute investment transactions consistent with Board policies. Such actions include the following:

(a) to engage and terminate investment managers and advisors;

(b) to negotiate, enter into, and perform investment transactions with broker/dealers and investment managers;

(c) to negotiate, enter into, and perform purchases, sales, and other transactions in the secondary market when such action facilitates rebalancing to comply with asset allocation guidelines;

(d) to exercise any voting right related to a security owned by the University in a manner determined by the president or delegate to be in the best interests of the University and in accordance with all applicable policies;

(e) to direct the sale or exercise of any right related to a security; and

(f) to execute, acknowledge, and deliver all certificates, agreements, powers of attorney, or other legal instruments for any purpose related to the management and performance of the investment function of the University.

#### SECTION V. REPORTING.

The president or delegate shall make periodic reports to the Board as may be required in Board policies or as may be appropriate or

requested by the Board in order that it may exercise its oversight function.

SECTION VI. INVESTMENT PROGRAM REQUIREMENTS.

Subd. 1. Custody of Investment Securities. A system of custodianship shall be established to assure the appropriate management of access to, and the safety of, securities held on behalf of the University.

Subd. 2. Transaction Costs. All reasonable efforts shall be made to execute transactions at the lowest possible cost, taking into account commissions, efficiency of execution, and other relevant considerations.

Subd. 3. Limitations.

(a) Short sales may be effected only as a component of more complex hedging transactions and may not be made for speculative purposes.

(b) No direct purchases may be made of a security issued by the University.

Subd. 4. Securities Lending. Securities lending programs may be used as a means of augmenting income. Cash collateral received from borrowers may be invested only in cash equivalents and U.S. government securities.

SECTION VII. CERTIFICATE OF AUTHORITY.

As needed or may be requested, the secretary of the Board shall certify the authority and power of the president or delegate to enter into investment transactions or to invest and deal in securities as provided in this policy.

SUPERSEDES: INVESTMENT TRANSACTIONS DATED MAY 14, 2010; AND INVESTMENT MANAGERS DATED NOVEMBER 9, 1990.

d) Approval of a Resolution Related to Asset Allocation Guidelines, as follows:

WHEREAS, Board of Regents (Board) Policy: Endowment Fund provides in part that the president or delegate shall recommend asset allocation ranges for approval by the Board; and

WHEREAS, the following asset allocation ranges have been recommended:

1. Public Equities: The long-term target allocation for publicly traded equities, both domestic and international, shall be between 35 and 45 percent.

2. Fixed income: The long-term target allocation for fixed income shall be between 15 and 25 percent.



3. Private Capital: The long-term target allocation for private capital (such as private equity, venture capital, and distressed debt) shall be between 15 and 25 percent.

4. Real Assets: The long-term target allocation for real assets (such as real estate partnerships, timberlands, oil and gas partnerships, and other investable commodities) shall be between 15 and 25 percent.

NOW, THEREFORE, BE IT RESOLVED that the asset allocation ranges that have been recommended for investments in the Endowment Fund are hereby approved effective as of the date of this meeting.

e) Approval of a Resolution Related to Issuance of Debt for State Supported Biomedical Facilities, as follows:

WHEREAS, on March 10, 2006, the Board of Regents (Board) of the University of Minnesota (University) approved a resolution which requested that the Minnesota Legislature provide funding to assist in the construction or renovation of capital facilities and related equipment supporting biomedical sciences research (Facilities);

WHEREAS, the 2008 Minnesota State Legislature enacted Sections 137.61 to 137.65 of the Minnesota Statutes (Biomedical Science Research Funding Legislation), which provides that, on the condition that certain required certifications are made by the Board and the Commissioner of Finance, the State will transfer to the University up to 75 percent of the project costs for each of four projects approved by the Board, provided that the principal amount of bonds issued by the University to pay the state's share of the costs must not exceed \$219,000,000 (State Funding);

WHEREAS, Section 137.63, Subd. 2 of the Biomedical Science Research Funding Legislation requires that (i) the University, either acting on its own or in collaboration with another private or public entity, must pay at least 25 per cent of the project costs for each of the projects funded by the Biomedical Science Research Funding Legislation and (ii) the Board must not use tuition revenue to do so;

WHEREAS, Section 137.64, Subd. 1 of the Biomedical Science Research Funding Legislation provides that for each project approved by the Board, (i) the Commissioner of Management and Budget of the State of Minnesota (Commissioner) must certify that the Board has, by Board resolution, approved the maximum project cost and complied with the requirements of Section 137.63, Subd. 2; and (ii) the Board must certify to the Commissioner the amount of the annual payments of principal and interest required to service the bonds issued to fund such project and the actual amount of the State's annual payment to the University under Section 137.64, Subd. 2 of the Biomedical Science Research Funding Legislation; and

WHEREAS, in November, 2008, pursuant to the Biomedical Science Research Funding Legislation, the Board authorized the issuance of Bonds in one or more series in the total principal amount of up to \$292,000,000 (November 2008 Authorization), provided that

authorization for each series is subject to the conditions that it has been or will be certified by the Board in compliance with Secs. 137.63, Subd. 2 and 137.64, Subd. 1 of the Biomedical Science Research Funding Legislation;

WHEREAS, pursuant to the November 2008 Authorization, in November, 2009 the Board authorized the issuance of Bonds in one or more series up to an aggregate principal amount of \$53,200,000; in July, 2010, the Board authorized the issuance of additional Bonds up to an aggregate principal amount of \$100,000,000; and Bonds in the total par amount of \$153,120,000 were issued in September, 2010;

WHEREAS, it is now proposed that the University proceed, pursuant to the November 2008 Authorization, with an additional issuance and sale of Bonds up to an aggregate principal amount of \$100,300,000 (a total of \$253,500,000 authorized to date);

NOW, THEREFORE, BE IT RESOLVED by the Board of Regents of the University of Minnesota as follows:

1. As additional Bonds to be issued pursuant to the November 2008 Authorization, the Treasurer is authorized to approve the terms of one or more series of bonds up to a maximum project cost and an aggregate principal amount of \$100,300,000, including but not limited to the principal amount thereof, the maturity date or dates thereof, the interest rate or rates thereon, and the provisions, if any, with respect to the redemption of such Bonds prior to the stated maturity thereof, provided that if the interest rate on any series of Bonds shall be a fixed rate as provided in the Indenture of Trust or Order pursuant to which it is issued, the interest rate on any Bonds of such series may not exceed 8.00% per annum, and in no event shall any Bond mature later than 25 years following its date of issuance. The University, either acting on its own or in collaboration with another private or public entity, shall pay at least 25 per cent of the maximum project cost. The University shall not use tuition revenue to pay such costs.

2. The Treasurer is authorized to negotiate with one or more banks, investment banking firms or financial institutions to be engaged by the University as the underwriter for the Bonds, the terms and conditions upon which the Bonds shall be sold and issued, and to approve the terms of such sale and issuance, including if the Bonds shall be issued as general obligations of the University.

3. In connection with the issuance of any series of Bonds, the President and Treasurer are authorized to execute and deliver on behalf of the University the Indenture of Trust or Order of the University or any supplement or amendment thereto under which the Bonds are to be issued in the form and containing such covenants, agreements, representations and warranties of the University as may be approved by the Treasurer and the General Counsel, and the Secretary and Treasurer are authorized to execute and deliver the Bonds in accordance with such Indenture of Trust or Order of the University or any supplement or amendment thereto. The signatures of the Secretary and/or Treasurer on the Bonds may be by facsimile.

4. The President and Treasurer are authorized to execute and deliver a purchase agreement with the initial purchaser or purchasers of any series of Bonds in the form and containing such covenants, agreements, representations and warranties of the University as may be approved by the Treasurer and General Counsel.

5. In addition, the Treasurer is further authorized to negotiate with one or more commercial banks, insurers or other credit support providers the terms and conditions of any credit support for any series of Bonds, and the President and Treasurer are authorized to execute and deliver any agreements of the University with the provider of any such credit support facility. Such agreements shall be in the form and contain such rights, obligations, covenants, agreements, representations and warranties of the University as may be approved by the Treasurer and the General Counsel.

6. The Treasurer is authorized to approve the Preliminary Official Statement and the final Official Statement or any supplements or amendments thereto to be prepared and distributed by the University to any purchaser or potential purchaser of a series of Bonds, and the President is authorized to execute and deliver the final Official Statement or any supplements or amendments thereto.

7. The appropriate University officers are authorized to execute and deliver all other documents, certificates and to take such action as may be necessary or appropriate in connection with the issuance and sale of the Bonds. The Treasurer is authorized and directed to take all action that may be necessary or appropriate to inform the Commissioner of the directives stated in the first paragraph of this resolution and thereby enable the Commissioner to make the certification required by Section 137.64, Subd. 1, for this project.

8. As soon as practicable after the Bonds to be issued under this resolution have been sold and the underwriter for such Bonds has reported to the University the necessary information, the Treasurer is authorized and directed to certify to the Commissioner, on behalf of the Board, the amount of the annual payments of principal and interest required to service such Bonds and the actual amount of the State's annual payment to the University under Section 137.64, Subd. 2 with respect to such Bonds.

9. The Secretary and other officials of the University are authorized and directed to prepare and furnish to any purchasers of the Bonds certified copies of all proceedings and records of the University as may be required or appropriate to evidence the facts relating to the legality of the Bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the University as to the truth of all statements contained therein.

10. The execution of any document by the appropriate officers of the University herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. In the absence

of the President or Treasurer, any Indenture of Trust, Order, final Official Statement, purchase agreement with the initial purchaser or purchasers of any series of Bonds or any other document to be executed by the President or Treasurer in connection with the Bonds may be executed by the Chair or Vice Chair instead of the President and by the Secretary instead of the Treasurer.

The Board of Regents voted unanimously to approve the recommendations of the Finance & Operations Committee.

Simmons reported that the committee also discussed issues related to the President's Recommended FY2012 Provisional Annual Operating Budget; and reviewed a number of information items included in the docket materials. Due to time constraints the item on financial oversight: financial metrics and peer comparisons was delayed.

#### **REPORT OF THE LITIGATION REVIEW COMMITTEE**

Regent Allen reported that the committee met in closed session on June 9, 2011 and that no actions were taken.

#### **NEW BUSINESS**

Vice Chair Cohen acknowledged that Regent Allen has presided at his final monthly Board of Regents meeting. She extended her gratitude for his service to the Board of Regents. Allen briefly addressed the Board.

The meeting adjourned at 1:16 p.m.



**ANN D. CIESLAK**  
**Executive Director and**  
**Corporate Secretary**

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

**Public Forum on the President's Recommended  
Provisional Annual Operating Budget FY2012**

**June 10, 2011**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, June 10, 2011 at 12:00 p.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; Richard Beeson, Laura Brod, Linda Cohen, John Frobenius, Venora Hung, Dean Johnson, David Larson, David McMillan, Maureen Ramirez, Patricia Simmons, and Steve Sviggum.

Staff present: President Robert Bruininks; Chancellors Lendley Black, Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice President and Provost Thomas Sullivan; Senior Vice President Robert Jones; Vice Presidents Timothy Mulcahy, Kathleen O'Brien, and Richard Pfitzenreuter; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt and Sharon Reich Paulsen.

Regent Allen welcomed those in attendance to the Board of Regents Public Forum on the President's Recommended Provisional Annual Operating Budget FY2012. He noted that the University of Minnesota Crookston, Duluth, Morris, and Rochester campuses were connected to the meeting via interactive television. Allen reviewed the procedures to be followed for the meeting and stated that the Board of Regents intends to vote on the proposed budget at the June 20, 2011 Board meeting.

The following individuals were then called forward:

**Sarah Waldemar – Chair, Council of Academic and Professional Administrators (CAPA)**

Ms. Waldemar commented on the budget from the perspective of professional and administrative employees. She expressed support for the changes to retirement programs and the wage freeze, but urged the administration to undertake a system-wide compensation study to more strategically allocate resources.

**Kelly Alghamdi Zimmerschied – AFSCME Local 3800**

Ms. Alghamdit Zimmerscheid requested greater transparency in the budget process for University employees. She expressed frustration that employees have continually had to do more work, offer more of their salaries for benefits, and receive less compensation from the University.

**Allen Levine – Dean, College of Food, Agricultural & Natural Resource Sciences (CFANS)**

Dean Levine emphasized the University's land grant mission and the importance of funding for areas related to natural resources. He observed the return on investment of educating students in CFANS, noting that 83 percent of graduates had a job in their chosen field within six months of graduating.

**Galen O'Connor – Former University Employee**

Ms. O'Connor voiced the opinion that the University is too large and costly to operate and urged the institution to focus solely on educating students and basic research. She expressed frustration that rather than cutting expenses, the University follows a pattern of closing one element and opening another.

**Abou Amara – President, Graduate and Professional Student Assembly**

Mr. Amara observed that he was representing the nearly 23,000 graduate and professional students in the University system. He acknowledged that difficult choices must be made, but stressed that further tuition increases for graduate students will limit the institution's ability to remain a top academic institution.

**Cherrene Horazuk – AFSCME Local 3800**

Ms. Horazuk explained that she has worked at the University for seven years and commented on the effect of the budget on clerical staff. She noted that due to wage freezes and increased benefit costs, 33 percent of clerical workers have taken on a second job and 68 percent have had to borrow money or use a credit car to make ends meet.

**Polly Peterson – University Staff**

Ms. Peterson spoke in opposition to the budget, observing that she has worked at the University her entire adult life and that the financial status of employees has become more challenging. She urged the University to restore full funding of the Regents Scholarship employee tuition program, noting the importance of employee development.

**Russell Luepker – Professor, Epidemiology: Chair, Senate Committee on Finance and Planning (SCFP)**

Professor Luepker spoke in support of the budget and reported that the SCFP has worked dilligently with the administration on such issues as energy consumption and tuition and fees reform. He expressed reservations about across-the-board compensation cuts and the effect on the retention of talented faculty.

**Kemtae Lynch – University Alumnus**

Ms. Lynch explained that she is a former clerical employee at the University who was unable to finish her masters degree due to the changes to the Regents Scholarship program. She reported that she decided not to attend law school at the University due to her negative experiences as an employee.

**Jason Iverson – AFSCME Local 3937**

Mr. Iverson observed that employees who are members of his union hold such important positions as 911 operators, veterinary technicians, and nutrition experts. He expressed concern that employees in these areas are not treated adequately at a time when the ranks of upper level administration are increasing.

**Patrick Lloyd – Dean, School of Dentistry**

Dean Lloyd spoke in support of the budget and noted that broad consultation on budgetary matters has occurred in his college. He commented that student education will not be compromised by this budget, but further cuts from the state could affect patient care throughout Minnesota.

**Peter Swanson, Private Attorney**

Mr. Swanson explained that he was representing University students who object to the payment of mandatory student fees on the Twin Cities campus. He urged the

University to adopt a written appeals process to challenge the allocation of student fees funding.

**Rick Castillo - University Staff**

Mr. Castillo explained that he is an employee in the Department of Surgery and that he and other University employees are finding it increasingly difficult to make ends meet. In particular, he noted the challenges associated with mandatory furlough imposed in December 2010.

**Mary Lou Middleton - AFSCME Local 3800**

Ms. Middleton explained that she has been a University employee for 27 years and is still not at the top of her pay scale because of frequent wage freezes. She observed that wages are the highest priority issue for clerical workers, which made the furloughs of this past year extremely difficult on many employees.

**Jeremy Wang - Vice President, Council of Graduate Students**

Mr. Wang acknowledged the financial challenges facing the University, but commented that continually increasing tuition and fees for graduate students will have a negative long-term impact. He observed that graduate students are the backbone of the University's research mission and a talent magnet for the State of Minnesota.

**Tom Fisher - Dean, College of Design**

Dean Fisher spoke in support of the budget on behalf of the Twin Cities Deans Council and observed that the proposal is strategic and fair, utilizing both spending cuts and new revenues. He reported that despite decreases in the College of Design budget, student academic performance and graduation rates have improved in recent years.

The meeting adjourned at 12:47 p.m.



**ANN D. CIESLAK**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**June 20, 2011**

A meeting of the Board of Regents of the University of Minnesota was held on Monday, June 20, 2011 at 10:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; Richard Beeson, Laura Brod, Linda Cohen, John Frobenius, Venora Hung, David Larson, Maureen Ramirez, and Steve Sviggum. David McMillan and Patricia Simmons participated by telephone.

Staff present: President Robert Bruininks; Chancellor Charles Casey; Senior Vice President and Provost Thomas Sullivan; Vice Presidents Kathryn Brown, Kathleen O'Brien, and Richard Pfutzenreuter; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt, Stuart Mason, Sharon Reich Paulsen, Donna Peterson, and Michael Volna.

**PRESIDENT'S RECOMMENDED FY2012 PROVISIONAL ANNUAL  
OPERATING BUDGET**

A motion was made and seconded to approve the President's Recommended FY2012 Provisional Annual Operating Budget.

President Bruininks presented the President's Recommended FY2012 Provisional Annual Operating Budget (Budget) as detailed in the docket materials. He noted that the Budget was reviewed at the June 10, 2011 Board of Regents meeting. Bruininks explained that this Budget represents a "worst case" scenario based on the budget passed by the Legislature, but vetoed by the Governor.

Bruininks stressed the following:

- The proposed \$242 million reduction in appropriations from the forecast base follows a \$193 million two-year reduction in the current biennium, and returns the funding levels of the University to that of 1998. He added that the proposed state reductions are too deep and disproportionate for the University and for public higher education, especially considering the University's return on investment and contributions to the economy.
- The University is doing its part to address the state budget challenge by setting priorities, reducing costs, and increasing revenue from non-state sources.
- The University is working to protect students and families from the brunt of the state reductions. The proposed 5% tuition increase for resident undergraduate students is modest, with the cost of



attendance percentage lower due to prudent stewardship, scholarships, and other aid.

Bruininks also presented statistics on University employee numbers, the level of state support per student, increased enrollment, retention, and graduation rates, the growth in grants and contracts, and other significant gains in productivity.

Bruininks added that the proposed reductions in Minnesota's higher education appropriations are among the deepest in the nation. He urged lawmakers to improve the budget to protect the University's quality, reduce its impact on students and families, and create future opportunities that are critical to the long-term future of the University.

Regent Simmons commented that the President's Provisional Budget is based on principles that respect the University's commitment and mission. She feels that in the face of severe cuts, there are no better options. She indicated that she supports the Budget.

In response to a question from Regent Hung, Bruininks noted that compensation for the institution's lowest paid employees is comparable to that of peer institutions and other public/private markets. He added that strategies are being considered to protect the lowest paid employees from proposed increases in health care.

Regent Cohen commented that she supports the Budget, but worries about competitiveness with faculty and staff as salary and benefits slowly rise or stay the same.

Regent Frobenius expressed support for the provisional Budget. He noted the need to utilize best practices to set productivity targets and analyze costs and revenue. He also stressed the importance of modifying the business model at the institution in order to adapt to the "new normal" of reduced state funding.

Regent Larson commented that, historically, the state has been comparatively successful due to its investments in higher education. He added that the current levels of support and disinvestment are unsustainable for the state and the economy. He indicated that he supports the provisional Budget. Regent McMillan agreed, and also supports the Budget, noting that it is important to be fiscally responsible and move forward.

Regent Beeson emphasized the value proposition for faculty, employees, and students, which is stressed as costs increase beyond what families and employees can absorb. He urged the administration to find new ways to reduce costs, and cautioned against across the board cuts and job reductions.

Regent Sviggum commented that the University is a tremendous value to students at the current cost of tuition. He observed that Minnesota's financial situation may not be very different than that of many other states. He agrees that performance measures in a number of areas have improved, but feels the Budget could be more prudent, efficient, and realistic. He is unable to support the resolution.

Regent Brod commented that this is an honest Budget that illustrates the reality of the financial situation with a targeted, differential approach in terms of investment and cost cutting measures. She expressed concern about the institution's tuition strategy and the relationship between tuition increases and legislative appropriations.

She also stressed the need for more strategic ways to address productivity and move the institution forward in the best interests of the state. She indicated that she is unable to support the Budget.

Regent Ramirez commented that it is difficult to consider the institution at 1998 funding levels when recognizing growth in the student body, increased costs, changes in technology, and other competing interests. She expressed appreciation that the Budget includes differential reductions while continuing to make investments in critical areas.

The Board of Regents voted 9-2 to support the FY2012 Provisional Annual Operating Budget as follows. Regents Brod and Sviggum voted no.

WHEREAS, the University of Minnesota as the state's public, land grant university is charged with the responsibility to pursue knowledge and to help apply that knowledge through research and discovery, teaching and learning, and outreach and public service; and

WHEREAS, the State of Minnesota has not finalized the 2012 – 2013 biennial appropriations to the University of Minnesota, but has adopted a conference committee report that appropriates \$520,344,000 in state general fund monies for fiscal year 2011-12 to the University of Minnesota, which is a decrease of \$70,847,000 in appropriations compared to the prior year's funding level, for the pursuit of its mission and in support of our goals and objectives; and

WHEREAS, the University of Minnesota is preparing a provisional annual operating budget to support it in achieving standards of national and international excellence; and

WHEREAS, the future of the University is premised on partnerships within the University community of faculty, staff and students, with the State of Minnesota, other educational institutions, business and industry, University alumni, local communities, and the citizens of Minnesota;

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents hereby approves the University of Minnesota Fiscal Year 2011-12 Provisional Annual Operating Budget as follows:

The annual revenue and expenditure plan for current, non-sponsored funds and projected expenditures for sponsored funds for fiscal year 2011-12.

The Fiscal Year 2011-12 Provisional Annual Operating Budget approved by the Board of Regents includes the following attachments which are included in the President's Recommended FY12 Provisional Operating Budget:

Attachment 1 - Resource and Expenditure Budget Plan (University Fiscal Page)

Attachment 4 Revised - University of Minnesota 2011-12 Tuition Plan: Tuition Rates

Attachment 8 - University of Minnesota 2011-12 Tuition Plan: Course Fees

Attachment 9 - University of Minnesota 2011-12 Tuition Plan:  
Admin./Misc. Term Fees  
Attachment 10 Revised - University of Minnesota 2011-12 Tuition Plan:  
Academic Fees  
Attachment 11 - Student Services Fees  
Attachment 12 - Fund Forecast - Centrally Distributed and Attributed  
Funds

Modifications to the President's Fiscal Year 2011-12 Provisional Annual Operating budget Plan resulting from adoption of a 2012 - 2013 biennial appropriation to the Board of Regents of the University of Minnesota by the State of Minnesota during a 2011 special legislative session shall be reported to the Board of Regents at its next regularly scheduled meeting, and will include, as necessary, recommendations to modify the budget plan.

Chair Allen acknowledged that today is President Bruininks final formal Board of Regents meeting. He complemented Bruininks for his dedication to the University during the final months of his tenure.

The meeting adjourned at 10:55 a.m.



**ANN D. CIESLAK**  
**Executive Director and**  
**Corporate Secretary**