

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

February 8, 2002

A meeting of the Board of Regents of the University of Minnesota was held on Friday, February 8, 2002 at 10:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Maureen Reed, presiding; Anthony Baraga, Robert Bergland, Frank Berman, Dallas Bohnsack, William Hogan, Jean Keffeler, Richard McNamara, David Metzen, H. Bryan Neel, Michael O'Keefe, and Lakeesha Ransom.

Staff present: President Mark Yudof; Chancellor Samuel Schuman; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice Presidents Tonya Moten Brown, Carol Carrier, Sandra Gardebring, Eric Kruse, and Christine Maziar; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Provost David Carl; Associate Vice Presidents Gerald Fischer, Richard Pfitzenreuter, Robert Jones, and Gail Klatt.

RECOGNITION OF ERIC KRUSE

Recognition was given to Eric Kruse for his service as Vice President for University Services. Kruse is leaving the University to pursue a career as a facilities consultant.

APPROVAL OF MINUTES

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

Educational Planning & Policy Committee - December 13, 2001
Facilities Committee - December 13, 2001
Faculty, Staff & Student Affairs Committee - December 13, 2001
Finance & Operations Committee - December 13, 2001
Litigation Review Committee - December 13, 2001
Board of Regents - December 13, 2001
Board of Regents - December 14, 2001

REPORT OF THE PRESIDENT

President Yudof provided a brief legislative update indicating that University representatives are urging the legislature not to cut the University's operating budget. While the University is committed to being involved in state government's solution to its

forecasted shortfall, any recession of the University's operating budget may result in tuition increases, retrenchments, reductions in personnel, and scaled-back plans. The President provided scenarios of possible retrenchments that might have to be made and stated the University is facing a significant challenge. He will continue to meet with legislators to review the University's needs and urged University constituencies to convey to their legislators the importance of having a quality University.

REPORT OF THE CHAIR

Chair Reed thanked members of the Board for their participation in the legislative hearings during this session.

She called on Regent Metzen who provided a brief report on the open forums held by the Ad Hoc Committee on Athletics. Metzen reported that the committee met on January 28 and 29, 2002 and received testimony from approximately 60 individuals. The testimony was very informative and will provide valuable advice as decisions on athletic programs at the University of Minnesota are made.

Regent Keffeler stated her concern that because the majority of the testimony focused on the issue of the future of the women's athletic program, the broader array of financial difficulties that the entire athletic program is facing is not realized. She also expressed concern regarding statements indicating that there is a loss of success for women athletes when athletic departments are combined. She requested information relating to the success of men's and women's athletes in merged vs. separate athletic departments on a national level, both in terms of grade point average and graduation rates, and in competitive success. In addition, Keffeler asked for a market study related to realistic revenue prospects for football in a metropolitan area like the Twin Cities.

Regent O'Keefe added that it would be helpful to have an understanding of intramural sports activity at the University.

Reed called on Regent Bergland who provided an update on the Ad Hoc Committee for Outreach. Bergland reported that the committee has met several times gathering information relating to outreach activities at the University and opportunities for outreach to expand. The committee is continuing to gather information and plans to conclude its activities by late spring.

Reed called on Regent Neel who provided a brief update on the first meeting of the Commission on Excellence which was held January 31, 2002. He reported that the commission has established a meeting schedule through July 2002, reviewed a draft workplan, and discussed the charge to the commission. Future meetings will include presentations on the University's finances and accountability and discussions relating to the five academic interdisciplinary initiatives.

RECEIVE AND FILE REPORTS

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

GIFTS

Associate Vice President Gerald Fischer presented the monthly list of gifts to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation through December 31, 2001, as presented in the docket material and on file in the Board Office.

A motion was made, seconded, and the Board of Regents voted unanimously to approve the receipt of gifts as presented.

REPORT OF THE ALL-UNIVERSITY HONORS COMMITTEE

Regent Reed stated that the Report of the All-University Honors Committee was forwarded to the Board from President Yudof on January 22, 2002.

A motion was made and seconded and the Board of Regents voted unanimously to approve the Report of the All-University Honors Committee. A copy of the report is on file in the Board Office.

REPORT OF THE FACULTY, STAFF, & STUDENT AFFAIRS COMMITTEE

Regent Metzen, Chair of the committee, 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 February 7, 2002 committee minutes.
- b. Adoption of the amended Board of Regents Policy: *Sick Leave and Disability Leaves*, as follows:

Sick and Disability Leaves

Section I. Informal Sick Leaves.

All academic employees, including student/professional training classes, may be absent with pay because of illness, injury, or other disability of the employee or the employee's child, for up to two weeks by informally notifying the appointing authority. If, in the judgment of the appointing authority, there is excessive use of informal sick leave, the appointing authority may require the employee to submit a health care provider's certificate to verify the illness, injury, or other disability of the employee or the employee's child. An academic employee who takes a leave of two weeks or less shall make reasonable efforts to ensure that classes are taught by others or made up later.

Appointing authority refers to the vice presidents, general counsel, chancellors, deans, directors, and department heads.

Section II. Formal Medical Leave.

Subd. 1. Eligibility. This policy applies to full-time (100 percent) academic employees appointed for nine months or longer, with the following exceptions:

- (1) tenured faculty and continuous professionals qualify for prorated benefits at 67 to 99 percent time, nine months or longer;
- (2) faculty ranks with visiting, clinical, and adjunct prefixes (appointment types V, U, A) are not eligible;
- (3) professional classes lecturer (9753), teaching specialist (9754), research specialist (9755), and clinical preceptor (9756) are not eligible; and
- (4) student/professional training classes (95XX) are not eligible.

Subd. 2. Medical Leave Notification Requirements. Medical leave is the term used for an individual who is sick or disabled beyond the two week informal sick leave. The appointing authority may require the employee to submit a health care provider’s certificate. The Personnel Action Form (PAF) requesting a medical leave of absence should be processed with a copy, if available, of the health care provider’s certificate documenting inability to work. In some cases, such as elective surgery, the period of absence may be known in advance. In most cases, however, the period of absence required is estimated and will be corrected when the individual returns to work. If inability to work is documented, eligible academic employees may have three full months of paid medical leave. The department is responsible for making arrangements to cover the employee’s responsibilities.

Section III. Disability Leave.

Subd. 1. Eligibility for Disability Benefits. Academic employees who cannot return to work by the fourth month of combined informal sick leave and formal medical leave must apply for disability benefits under the Faculty Group Income Disability (FGID) Insurance Plan, under social security, and under other specified disability programs whose benefits are deducted under the Disability Insurance Plan. The FGID payment under this policy will be reduced by the amount of the benefits paid under those programs. If the individual fails to apply for these other disability benefits, payments under this policy will be reduced by the benefits that would have been received with proper application.

Subd. 2. Obtaining Application. The application for Faculty Group Income Disability is obtained by calling Employee Benefits (612/624-9090).

Subd. 3. Salary Calculations. For academic employees who are on sick or disability leave for more than three months and who have at least two years’ service, beginning with the fourth month the central administration will pay the cost of that portion of the leave with pay which is not covered by insurance and to which the individual is entitled under this policy.

A (12-month) Appointments

| Period of service | First 3 months | Next 3 months | Next 6 months | Next 12 months | More than 24months |
|--------------------------|-----------------------|------------------------------------|------------------------------------|-----------------------------------|---------------------------|
| < 2 years | full salary | FGID only | FGID only | FGID only | FGID only |
| 2 - 10 years | full salary | FGID plus U supp. to = 100% salary | FGID plus U supp. to = 2/3 salary | FGID only | FGID only |
| >10 years | full salary | FGID plus U supp. to = 100% salary | FGID plus U supp. to = 100% salary | FGID plus U supp. to = 2/3 salary | FGID only |

B, L, and M (9-month) Appointments

University Salary During Academic Year Only

| Period of 9 service months | During More than Summer 18 months Periods | First 3 months | Next 3 months | Next 3 months | Next |
|-----------------------------------|--|-----------------------|------------------------------------|------------------------------------|-----------------------------------|
| < 2 years only | FGID only | full salary | FGID only | FGID only | FGID |
| 2 - 10 years only | FGID only | full salary | FGID plus U supp. to = 100% salary | FGID plus U supp. to = 2/3 salary | FGID |
| More than 10 years | FGID only | full salary | FGID plus U supp. to = 100% salary | FGID plus U supp. to = 100% salary | FGID plus U supp. to = 2/3 salary |

Salary and supplement are paid during the contract year only.

G (9.5 month appointment): Full salary first 3 months

Service between 2 and 10 years: supplement to = 100% next 3 months
supplement to = 66.67% next 3.5 months

Service more than 10 years: supplement to = 100% next 6.5 months
supplement to = 66.67% next 9.5 months

K (10 month appointment): Full salary first 3 months

Service between 2 and 10 years: supplement to = 100% next 3 months
supplement to = 66.67% next 4 months

Service more than 10 years: supplement to = 100% next 7 months
supplement to = 66.67% next 10 months

Subd. 4. Definitions.

(a) FGID = Faculty Group Income Disability

(b) Full Salary = Base Salary and administrative augmentation in effect as of the onset date of disability.

Subd. 5. Payments. Disability insurance payments are based on 60 percent of salary for the 12 months preceding the onset date, up to a limit of \$3,250 per month (equivalent 12-month salary \$65,000 and 9-month salary \$48,750). The first payment from the FGID Plan is for the fourth month after the onset date

of disability. Insurance payments are mailed monthly to the individual's home address. University supplements are based on the salary in effect on the date of onset of disability and will be paid by semimonthly paycheck. Supplemental payments will cease with the last disability payment.

Subd. 6. Time Limits. The time limits in this policy are maximums for each separate disability. An academic employee will be entitled to more than one period of paid leave only upon proof that the sickness or disability which requires a subsequent leave is separate from and not a continuation of an earlier sickness or disability for which the academic employee took a paid leave. The president or delegate may determine in the interest of fairness that the person who suffers a recurring disability after returning to work should be allowed a subsequent paid leave.

Section IV. Bone Marrow Donation.

An academic employee who works an average of 20 or more hours per week may have a paid leave of absence of up to 40 work hours to undergo a medical procedure to donate bone marrow. Employees requesting paid leave pursuant to this section must provide written verification by a physician of the purpose and length of each leave requested to donate bone marrow. To the extent possible, the leave should be arranged not to interfere with the work of the academic employee.

Section V. Organ Donation.

An academic employee who works an average of 20 or more hours per week may have a paid leave of absence of up to 40 work hours to undergo a medical procedure to donate an organ or partial organ to another person. Employees requesting paid leave pursuant to this section must provide written verification by a physician of the purpose and length of each leave requested to donate an organ or partial organ. To the extent possible, the leave should be arranged not to interfere with the work of the academic employee.

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

Metzen reported that the committee also received an overview of the promotion and tenure process at the University and reviewed information items, as described in the docket materials. The agenda item on student leadership development at the University of Minnesota Duluth was delayed due to time constraints.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

Regent O'Keefe, Chair of the committee, 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 February 7, 2002 committee minutes.

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

O'Keefe reported that the committee reviewed the annual insurance and risk management report; received an update on the Governor's 2002-2003 supplemental operating budget recommendations and the 2002 capital budget recommendations; and received an investment manager report from Alliance Capital Management. The committee also reviewed information items as described in the docket materials.

Venora Hung, Chair of the Student Representatives, spoke briefly addressing issues surrounding the University of Minnesota budget update. She reported that the state continues to underfund the University despite economic booms and downturns. The student representatives believe that now is the time to aggressively take advantage of citizen support from around the

state. They urged the University to increase its efforts to communicate the implications of an under-funded University budget to the public.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

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

- a. Approval of the Consent Report for the Educational Planning & Policy Committee as presented to the committee and described in the February 7, 2002 committee minutes.
- b. Approval of a resolution relating to the establishment of the University Plan, Performance, and Accountability Report, as follows:

WHEREAS, the University is committed to academic excellence and the constant improvement of its teaching, research, and outreach programs for the benefit of students, staff, faculty, and the greater community; and

WHEREAS, the President and the Board of Regents are entrusted with the responsibility of being good stewards of the public trust, resources, and facilities; and

WHEREAS, it is the responsibility of the Board of Regents, in cooperation with the President, to articulate the directions and priorities of the institution; identify and analyze the critical issues and challenges confronting the University; assess its operations; and evaluate the performance and success of its colleges and campuses; and

WHEREAS, in November 2000, the Board reviewed a conceptual framework for the report, and approved a resolution stating that the report articulate the alignment of academic priorities established within each unit to the overall goals, directions, and investment strategies of the institution as established by the President and the Board of Regents; and

WHEREAS, it was resolved that the *University Plan and Performance Report* shall articulate the alignment of academic priorities established within each unit to the overall goals, directions, and investment strategies of the institution as established by the Board of Regents and the President through the capital request, the biennial request, operational and capital budgets, and institutional evaluation and accountability measures; and

WHEREAS, it was resolved that the *University Plan and Performance Report* shall include and expand upon near-term and future challenges, opportunities, and priorities of the institution; statistical profiles of the University at the campus level; selected statistics related to system trends; University-wide and unit strategies to achieve goals as reflected in the Compact Planning Process; summaries of accomplishments and investments; progress in the Institutional Measures; and summaries of special institutional studies and reports; and

WHEREAS, it was resolved that the *University Plan and Performance Report* shall replace such required reports as the University Plan and the Institutional Performance Report, specified in Board of Regents Policy: *Board Operation and Agenda Guidelines*, and requested reports such as the *Compact Planning Process Report*; and

WHEREAS, it was resolved that the Board of Regents directs the administration of the University of Minnesota to present the *University Plan and Performance Report* (renamed the *University Plan*,

Performance, and Accountability Report) to the Board of Regents in December of each year for review and action.

NOW, THEREFORE BE IT RESOLVED that the Board of Regents accepts the *University Plan, Performance, and Accountability Report* as submitted by the administration, recognizing that it meets the goals established by the November 2000 Board of Regents Resolution.

BE IT FURTHER RESOLVED that the Board of Regents directs the administration to make recommendations on the effectiveness of this new format for reporting and on the timing for updating the report in the future.

- c. Approval of a resolution relating to submission of legislative accountability reports on academic priorities, post-secondary planning, and the University of Minnesota Extension Service, as follows:

WHEREAS in 2001 the legislature of the State of Minnesota requested that the Board of Regents of the University of Minnesota submit by February 15, 2002 accountability reports on academic priorities, post-secondary planning, and the University of Minnesota Extension Service;

BE IT RESOLVED, that the Board of Regents of the University of Minnesota accepts for submission to the legislature the accountability reports on academic priorities, post-secondary planning, and the University of Minnesota Extension Service.

BE IT FURTHER RESOLVED, that the Board of Regents applauds the efforts of those involved in the planning and preparation of these reports.

The Board of Regents voted unanimously to approve the recommendations of the Educational Planning & Policy Committee.

Hogan reported that the committee received a presentation on scholarships and financial aid relating to undergraduate education and reviewed information items as described in the docket materials. Due to time constraints the committee did not discuss the committee's workplan.

REPORT OF THE FACILITIES COMMITTEE

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

- a. Approval of the Consent Report for the Facilities Committee as presented to the committee and described in the
February 7, 2002 committee minutes.
- b. Approval of a recommendation of the President that the FY2002 Capital Budget be amended by \$7,500,000 to incorporate additional funding for the Walter Digital Technology Center/Science and Engineering Library project located on the University's Twin Cities campus.
- c. Approval that the schematic plans for the Kirby Plaza - Phase IA project and of the appropriate administrative officers proceeding with the award of contracts and the development of construction documents and construction.
- d. Approval of the schematic plans for the Laboratory Science Building project on the Duluth campus and of the appropriate administrative officers proceeding with the award of contracts and the development of construction documents and construction.

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

Baraga reported that the committee also reviewed a proposed resolution reserving the Riverbend Commons Phase III site for ten years for the Riverbend Commons Phase III project; engaged in discussions regarding the capital budget prioritization process and the project delivery process; and discussed an accountability plan for University construction projects. The committee also reviewed information items as described in the docket materials. Due to time constraints, the committee did not discuss the Quarterly Capital Improvement Plan Report.

REPORT OF THE AUDIT COMMITTEE

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

a. Approval of changes to the Department of Audits Charter as contained in the docket materials and on file in the Board Office.

The Board of Regents voted unanimously to approve the recommendation of the Audit Committee.

Bergland reported that the committee also reviewed the annual management letter of the external auditor; received a report on the results of the A-133 compliance audit for fiscal year 2001; and received an update on internal audit activities, results, and observations.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Neel, Chair of the committee, reported that the committee met on Thursday, February 7, 2002 to discuss attorney-client privileged matters and no action was taken at the meeting.

FACULTY CONSULTATIVE COMMITTEE REPORT

Professor Joseph Massey, Chair of the Faculty Consultative Committee (FCC), presented a report from the committee as included in the docket materials. Issues addressed by the FCC include: the impact of the State's budget shortfall on the University; the outreach role of the University at a time when the Extension budget is effectively being reduced; the University's subsidy to intercollegiate athletics; revisions to the University's grievance policy; and faculty salaries.

RESOLUTION: STATE OF MINNESOTA EMERGENCY SECURITY REQUEST

President Yudof presented the following resolution relating to a proposed submission to the State of Minnesota for an Emergency Security Request, as follows:

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 safety and security of the University community is among our top priorities in order to preserve life, maintain health, and ensure safety; and

WHEREAS, since the events of September 11, 2001 the University has focused on preventing and preparing for emergency situations and has undertaken campus-wide assessments of facilities, policies, and practices regarding safety and security; and

WHEREAS, the national Director of Homeland-Security recently urged colleges and universities to safeguard sensitive research projects and biological agents as part of the national push for domestic security; and

WHEREAS, the University has identified the need for significant improvements in our ability to adequately secure potential targets of attack including locations housing highly toxic chemicals, gases and solids as well as radioactive materials; and

WHEREAS, the University must implement measures to control access to critical facilities relating to research, improve capabilities to respond to chemical, biological, and radioactive releases on campus, and acquire additional equipment to effectively monitor critical facilities; and

NOW, THEREFORE, BE IT RESOLVED that to achieve these goals, the Board of Regents approves the submission of an Emergency Security Request of \$3,980,000 to the State of Minnesota, as detailed in materials on file in the Board Office.

Yudof reported that in the wake of the September 11, 2001 terrorist attack on the United States and a recent arson attack at one of the University's construction sites, the administration has decided it would be prudent to provide tighter security for the University. He stated that steps to improve security over the past few months have included the appointment of University of Minnesota Police Chief George Alyward as the interim Assistant Vice President for Campus Safety.

Yudof reviewed details of the proposed request and noted that the University will seek the funding for these additional security measures through the bio-terrorism bill currently under consideration by the state House of Representatives.

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

BOARD OF REGENTS POLICY: *BOARD OPERATION AND AGENDA GUIDELINES*

Chair Reed presented a revised Board of Regents Policy: *Board Operation and Agenda Guidelines* for review, as provided in the docket materials. She stated that the policy was last amended in March 1996. Following the adoption of the Board of Regents Policy: *Reservation and Delegation of Authority*, Board staff were asked to draft revisions to the Board of Regents Policy: *Board Operation and Agenda Guidelines* to incorporate changes from the newly-adopted policy; reflect current practice; and simplify and/or clarify when possible and appropriate. The draft policy contained in the docket materials reflects those revisions. The proposed policy has also been reviewed by the President, General Counsel, and senior administrators who staff Board committees. Reed called on Executive Director Cieslak to describe the changes proposed.

Cieslak provided details on the significant changes proposed and noted the changes that reflect current practice. She called attention to Section II, Subdivision 10 relating to emergency approvals. The current policy has a provision for emergency approval of contracts for purchases of goods and services over \$250,000. The proposed policy broadens emergency approvals to any item which poses a health, safety, or financial risk to the University. The emergency approval would come at the recommendation of the president and approvals would be required from the chair and vice chair of the Board and the chair of the respective committee. The emergency approval would be reported to the Board at its next meeting. Board members expressed support for the proposed change in the policy. Reed added that while the policy provides for more latitude in emergency approvals, she would caution that items approved in this manner be significant emergency items and not items that appear as a usual course of doing business.

Reed urged that Board members review the policy in detail and provide suggestions to the Chair or Board Office before the policy comes to the Board for approval in March.

The meeting adjourned at 12:08 p.m.

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

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