

Minutes*

**Senate Committee on Finance and Planning
November 20, 1990**

Present: Burton Shapiro (chair), Avner Ben-Ner, David Berg, David Biesboer, Bill Chambers, Laël Gatewood, Virginia Gray, Michael Hoey, Fred Morrison, Nancy Ann Root, Mary Sue Simmons, Charles Speaks, John Sullivan

Guests: Associate Vice President Edward Foster, Ken Janzen (Regents' Office), Geoffrey Maruyama, a Daily reporter

1. Report of the Chair

Graduate School Tuition Policy Professor Shapiro began by noting that progress had been made on the tuition problem of graduate students created by the change in the rules concerning thesis credits; he turned to Dr. Foster to report events. Dr. Foster told the Committee that a solution had been worked out which appeared to satisfy all those involved. There appears to have been miscommunication among Student Affairs, the Financial Aid Office, and the Graduate School.

One Committee member related that she was aware of one graduate student who, as a result of the change, would probably be forced to discontinue graduate work; it was suggested that the student should speak with Vice President Hughes. It is probable that the solution--funds to be provided by the Graduate School for those students "harmed"--will not include full compensation for those students who need to immediately come up with money.

Professor Shapiro thanked Dr. Foster for his help in seeing to it that the problem was addressed.

The Campus Club Professor Shapiro reported that he had spoken with Professor Ibele about the contract with the Campus Club; there is concern about whether or not there will be sufficient sensitivity to the role the Campus Club plays in University faculty life. A fast and perhaps capricious decision should not be made, it was said. This item will be on the agenda for the next meeting.

Presence of Reporters It was agreed that Professor Shapiro would, hereafter, ascertain whether or not there was a reporter present at the meeting.

Next Meeting There will be a meeting on December 4 to continue the discussion of the biennial request.

2. Report on Asbestos and Radon

Professor Shapiro next turned to Ms. Simmons, chair of the Subcommittee on Physical Plant and Space Allocation, to present the final report on Asbestos and Radon.

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The Subcommittee, Ms. Simmons reminded the Committee, had been asked to develop a statement on asbestos; the Subcommittee also took up radon, which caused greater concern than asbestos. Their report, she noted, was not the only report on asbestos; Mr. Donhowe also recently provided her a copy of another report on asbestos which he had commissioned. The two reports, as it turns out, dovetail nicely. The Subcommittee report, however, is the only one she knows of which deals with radon.

In response to a question, Ms. Simmons agreed that removal of asbestos, in the case of remodeling, was a question that had to be dealt with on a case-by-case basis.

It was unanimously voted to accept the report of the Subcommittee and to forward it to the Senate Consultative Committee.

3. Discussion of the Massy Articles and the Vest Report from Michigan

Professor Shapiro next opened the meeting to a discussion of the documents which had been distributed to the Committee. He called on Professor Gray to make a few comments.

One source of frustration in serving on this Committee, she said, is that the Committee is always being briefed and being provided reports but that it rarely initiates action itself. Industry is often confronted with the problem that costs increase but prices cannot be increased--so it must become more innovative and productive. This is similar to the situation in which higher education finds itself. The articles distributed face this issue.

Reallocation and retrenchment, which the Committee has been talking about at length, is usually concerned with dollars and positions. These articles suggest that productivity can be examined, and increased; such changes could have a large impact in the long run. A few areas where the University's efforts are perhaps not justified by the benefits obtained are:

- The practices which lead to the deployment of labor depicted in the report last summer on Physical Plant (where a driver was asleep in a truck);
- Search and grievance procedures and related regulations lead many to frustrations; a current search committee upon which she sits has 20 people, including 4 from outside the college. Could that committee not work as well with 12 people?
- The new grievance procedure calls for individuals from outside the college and generally requires a lot of personnel time.
- Briefing meetings, such as the one this Committee had on the CUFS systems; if a dollar value were put on the time of everyone in the room, it was the most expensive briefing anyone at the University has ever obtained.

What happens, she observed, is that the University continues to elaborate its procedures, and adding steps, but there is no point at which anyone asks "is this worth it?" Could this Committee, itself or by starting the process, try to change that situation? If some stopped attending meetings, for instance, they could

probably teach another course or write another article. One article suggests that "we should make academic productivity a central part of strategic thinking"; the University has not done this.¹

The grievance process, it was pointed out by one Committee member, was an explicit attempt to simplify the process. Whether or not it will work remains to be seen.

The University, it was pointed out, represents the last vestige of the planned economy--one of the last places in society where there is little economic incentive and much emphasis placed on process rather than on result. If one goes through the right process it doesn't matter that one gets a horrible result because everyone will be satisfied; affirmative action is a good example: the University's record is not particularly good "but we have more forms than anybody else in the United States--and therefore we're happy."

Moreover, these issues go to performance, including administrative performance. In reviewing the performance of administrators, there is a tendency to not ask what has been accomplished but rather whether or not one has caused any major ruckus. There is yet to be an administrative performance review which is open, discussed, and which has consequences. The process is in place, so everyone is happy, but no one does anything or causes anything to happen. There have been some indications in the past year that the Provost's office has good intentions; if accomplishments in affirmative action are part of administrative reviews, as has been suggested, and has some consequences attached thereto, then things will have improved.

Another Committee member suggested that the Massy articles argue implicitly that outcomes management should be incorporated in the University. The suggestion made is that one looks at the desired outcome, the end result, and then examine the processes leading up to it (and the resources necessary); if they don't accomplish the end then they should be abandoned. There is a simple lack of management at the University.

The function of faculty governance, it was pointed out, is consulting and auditing rather than decision-making. It is all process, rather than outcome--but democracy requires participation and engagement that is costly in time and resources. One could audit outcomes every once in a while or one can keep an eye on the process as one goes along; there are disadvantages to the continuous consultation in terms of time required. It may not be necessary to be as closely involved as the governance process is, at every level of the University, but periodic audits may not give the system sufficient strength to have an impact on outcomes, so the continuous role may be required--the dilemma has no solution.

The intent is not to eliminate faculty governance, it was said, but reducing the size of every committee by 10 or 20% would not affect the quality of the system but fewer people would be required to participate. A rollback of the "accretion of unnecessary tasks," procedures and processes, is what is

¹A case in point: In applying for a UROP grant of \$750 for a student to work with a faculty member on research, the document explaining the rules is 10 pages long and there are several different application forms to be filled out by the faculty member and the student; these are then reviewed at the college on the basis of merit, and at the University level. She has had six meetings with the student to apply; it would be easier to give the student \$750 out of her own pocket than to go through all this rigmarole. Is it worth the effort?

needed. One way to proceed might be to examine all new processes and procedures with an eye to the benefits obtained; there must be a balance against the impact on productivity. Everybody who studies a problem views it as important to establish new procedures to address that problem; some central group needs to examine the impact on productivity. Alternatively, any proposal must include an estimate of procedural requirements.

This Committee, it was suggested, should bear in mind its own agenda as it formulates its agenda; certain things it takes up could reasonably be taken up by others. The Committee is, moreover, advisory; it insists that items be brought in a timely fashion. Sometimes the press of time makes that difficult; that isn't true now but issues are still not brought to the Committee.

What the central administration thinks about the Massy articles--and what it intends to do about them--is more important than what the Committee thinks about them, it was suggested. Dr. Foster responded that the papers have been read with interest by the Cabinet; what will done is a little trickier to determine. The diagnosis of the "cost disease" is helpful. The papers tend to focus too much on cost control, however--they spring out of a new evangelical movement called quality management. The movement is talking about improving quality, responding to the needs of those being served, respect for employees, and other organizational culture changes which try to treat employees with greater respect and at the same time to simplify processes and improve the responsiveness of the institution. If one concentrates solely on cost-cutting, the most important part of the message is missed--and the employees are irritated rather than helped because the effort is seen simply as ax-wielding.

On the broad issue of quality management and its implementation, Dr. Foster said, a few universities have already tackled it with enthusiasm. Minnesota started doing so informally, through efforts of Senior Vice President Donhowe in the units which report to him. A consultant was retained to help managers implement projects, but the consultant apparently did not work out and the process has not proceeded as smoothly as was hoped. He has assigned himself the task of ascertaining how the University can implement quality management in academic areas; they are at the point of deciding how to do so and will be back to the Committee with the plans.

Review of the processes should also be a part of what is done, it was said. Everyone participates in processes that are relics which need to be examined. Review of these processes would be a mammoth task but well worth the effort if the house can be cleaned up for 5 or 10 years.

One suggestion, made only half facetiously, was that every time a committee is constituted an estimate of the hourly and total cost be computed. If the faculty were to bill the administration for every time a committee meets, the size and number of committees might be driven down. There was agreement that computing the cost might be useful, if only for the shock value, but a caution was extended that the administration should not be blamed; it is the faculty who create the committees and it is the faculty who argue for more consultation. It is, therefore, up to the faculty to do something about it.

Quality management also requires a certain responsiveness on the administrative side to "inputs"--which has not always been present, it was maintained. Several instances of "low quality management" were cited. Elimination of the "process" side of the equation requires doing something about the "result" side.

Dr. Foster observed that there is a close relationship between quality management and the items of concern which Professor Gray spoke to. The fruit that is ripest for plucking--simultaneous improvement in quality and responsiveness and reduction in cost--is simplification of processes. One flow chart (an effective tool for quality management) tracked the process for approving reimbursement for travel expenses at one university; in an instance where there was nothing wrong, approximately 36 signatures were required, 21 for authorization and the remainder for information. The simple fact of making the flow chart inspired the institution to make drastic changes in its procedures.

Other examples of procedures which should fall if subjected to any reasonable cost-benefit analysis were cited, including applications for international travel for research or conferences and a CLA committee to award travel money to faculty. Anytime such a procedure is identified it should be eliminated. Finding a few examples might help to set a tone. Another suggestion was that committees be selective about their agendas and delegating work so that productive efforts can be made. Being responsive is often easier, and appears less productive, than is acting affirmatively.

Saving the time of faculty on committees is a useful goal; central administration might require of deans that no committees can be appointed unless there is an effective cost-benefit ratio (subject to exemptions). Very small awards, for instance, could more effectively be passed out at random rather than distributed after lengthy committee reviews. The major issue is raising consciousness about colossal wastes of faculty time.

Any new policies, it was suggested, should carry with them a cost-benefit analysis. Cost-benefit relationships will change over time, it was cautioned; the initial costs will be higher than when a procedure is routinized. One not need move to a random process; a reasoned decision by one individual, after guidelines have been established as a result of practice, is as good as the deliberations of 10 people.

Professor Shapiro suggested that a subset of the Committee be asked to articulate the problem and recommend how it could be tackled; he and Professor Gray, along with Professors Ibele and Collins of the Consultative Committee, will do so. Thereafter a subcommittee will be selected, with the understanding that its membership could go beyond the membership of the two committees. There are, he concluded, three different issues involved: university committees, bureaucratic practices, and allocation of resources.

4. Discussion of the Biennial Request

Professor Shapiro distributed a letter from Professor Morrison which proposed two resolutions for consideration by the Committee.

The first proposed resolution registered contingent Committee approval of the biennial request--contingent upon an appropriation for a satisfactory salary increase for faculty and staff. If the legislature does not make such an appropriation the Committee asks that the administration suspend the reallocation plans in order to consider other priorities, including retention of a high quality faculty and staff. The resolution did not call for complete elimination of programmatic change, only a suspension in order to reconsider the situation. Given that the University may not know what the appropriation will be until close to the end of the session, this may be a continuing discussion.

The second proposed resolution responded to the reallocation plan proviso that no reallocated funds (except for those specially designated) could be used for salaries; the resolution suggests that discretion should be left to the deans so that if salaries are a more important problem, they should be permitted to respond to them. The restriction on funds constitutes micromanagement, it was said; the deans should be responsible for the use of the resources.

It was clarified that if all of the 2% reallocation were diverted to salaries for faculty and staff, the funds would provide 2% salary increases plus a small amount left over for SEE. Comments at the previous meetings, unfortunately, confused this issue.

If there is no increase in the appropriation, the first resolution implies, there will need to be cannibalization; vacant lines will have to be cancelled, for the short run. At the least, this alternative should not be precluded. It may not be necessary to retrench all vacant lines; a balancing act may be possible.

One Committee member said that additional information will be needed in advance of the next meeting. There would not be 2% available, it was said, because certain changes in the reallocation strategy will mean that the central administration will not have the full 2%. Dr. Foster said, however, that the basic reallocation plans, as set out in the memorandum from the President and two Senior Vice Presidents, have not changed: Reallocated funds must be proposed for distribution in accord with the high priorities identified in the biennial request. It was also pointed out, however, that the "notch" in the faculty retirement plan will be eliminated next year and that health care costs will very likely continue to increase; these two items alone may consume a full percent of the increase.

There has been much rhetoric from the central administration about the improvement of undergraduate education, one Committee member observed, and reallocated funds were to be used to accomplish that improvement. To make those proposals conditional on other actions will subtract from the ability of the administration to deliver on the promises. As Massy pointed out, it was said, the emphasis should be on outcomes; the resolutions might hinder the possibility of achieving the objectives.

Dr. Foster provided the view of the administration on the authority of the colleges to reallocate funds internally to provide salary increases. When President Hasselmo returned to the University he decided that practice should be stopped, although it was permitted last year, if a persuasive case could be made by the dean, because the decision to reallocate came late in the year. This year even persuasive cases will not be accepted; salary increases must come from central action. The reason he opposes the practice, Dr. Foster told the Committee, is that the main cases made for reallocation by the colleges are predicated on the number of resources--people--it has to meet its program needs. If the college cannibalizes its budget in order to raise salaries, and then turns around and argues that it has an insufficient number of people to offer its programs, there is no method for the central administration to make intelligent decisions. Increases beyond the overall increases should be based on very persuasive cases the colleges can make that they are in dire straits compared to their peers (of which there are a few).

No one finds cannibalization a good idea, it was said. Further, improvement of undergraduate education can be achieved by retaining good faculty and keeping them in the classroom; the discussions at this meeting are not antithetical to the objectives for undergraduate education.

Another point needs to be considered, argued one faculty member. The University cannot put the staff and faculty--especially the staff, who have been hurt the worst in the recent past--in the position of no salary increases. It is at the bottom of the salary scale that a zero increase would hurt the most. On the other hand, if there is no appropriation for salary increases but the University provides such increases anyway, there is cause for grave concern about the message being sent to the legislature for future years.

Professor Shapiro said that the discussion will continue at the next meeting, on December 4.

The Committee adjourned at 5:00.

-- Gary Engstrand

University of Minnesota