

Minutes*

**Senate Finance Committee
May 5, 1988**

Present: Mark Brenner, John Clark, Shirley Clark (chair), David Hamilton, Sally Jorgensen, Gerald Klement, Bill Kukowski, Geoffrey Maruyama, Cleon Melsa, Richard Mealey, Tom Scott, Walter Weyhmann

Guests: Roger Benjamin, David Berg, Mary Bilek, Gayle Grika, Jonathon Hanft, David Johnson, Delores Lutz, Roger Paschke, Irwin Rubenstein, Jim Schoon, Maureen Smith

1. The March 31 and April 15 minutes were approved. The April 21 minutes were approved with corrections. (See attached memo)

2. AIDS Task Force Funding Recommendations

Mr. David Johnson and Professor Jonathon Hanft, AIDS Task Force committee members

David Johnson began by telling the committee how the AIDS Task Force arrived at their cost estimates: salary estimates were obtained from Personnel and printing estimates were based on a cost of 1\$ per person for 70,000 people. Overall, the task force set out to keep costs at base line.

The committee's questions and suggestions fell under the following three categories.

A. Housing of the AIDS program

Professor John Clark asked why there was the emphasis on a separate coordinator's office. Couldn't an existing structure, such as the School of Public Health, be supplemented?

Mr. Johnson responded that the committee was not able to find an appropriate office. Boynton, for instance, has a limited budget and only serves students. One responsibility of the coordinator would be to draw on systems already in place. The Task Force agreed that one full time coordinator was necessary since AIDS is likely to be an ongoing problem.

Professor Hamilton suggested that the Provost be the one to direct the appropriate people to various tasks.

B. Current Educational Resources

The committee offered suggestions for AIDS education such as an information column in the Daily. Another suggestion was that some version of the Bell Museum exhibit be on display at various campus locations.

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Mr. Johnson pointed out that the enthusiastic response to the Bell Museum exhibit displays the widespread desire for information.

Professor John Clark asked if the Task Force considered obtaining data from studies that have been done on other campuses.

Professor Hanft responded that the Task Force made some calls to other universities but did not find that there was adequate knowledge. Task Force members agreed that given the seriousness of this issue that a "wait and see" attitude should not be taken.

Professor Shirley Clark asked if the educational efforts being made in the lower grades have been taken into consideration. Professor Weyhmann asked if this educational effort might be duplicating the forthcoming \$1 billion mass mailing of AIDS information sponsored by the federal government.

Mr. Johnson responded that while there is a lot of speculation about what is needed, and some educators think that we educate children too early, AIDS education is a slow and tedious process that requires a multiple-level effort. One large lecture, for example, will not go very far in changing sexual behaviors or preventing AIDS hysteria.

Professor Hanft added that while the State of Minnesota Department of Education has mandated AIDS education curriculum, the educational efforts vary around the state. Urban areas, for instance, seem to be making more of an educational effort than rural areas. He also said that an extra effort is needed at the University since students are becoming sexually active. Brochures on the subject of AIDS transmission are fairly ineffective.

Mr. Johnson informed the committee that the employer is obligated to provide pertinent health information to its employees as is done in the Employee Assistance program. A professionally run staff might be better able to coordinate all aspects of education: students, staff, and faculty.

C. Research funding

Committee members expressed a reluctance to allocate University monies to AIDS research when there seems to be money available for research grants at the federal level.

Professor Hanft said that funding "seed money" grants might be the right place to start, but that at this point the University is probably not in a very good position to compete with other institutions for federal grant money. A good track record needs to be established first.

Professor Hamilton pointed out that the School of Public Health has an excellent track record in its research on coronary diseases. He also asked for a summary of estimated costs. The following estimates were a part of the AIDS Task Force report.

Health Education: \$225,000
HIV Testing: 57,000
Research: 250,000

Professor Brenner expressed his support of the coordination of the effort and suggested that a specific home be found for the AIDS office. This home, the School of Public Health, for example, would develop a proposal. In the meantime, a functional testing facility could be established. The University would obtain grant money for AIDS research from the Federal government.

In response to a question about the goals of the AIDS Task Force Mr. Johnson replied that the committee felt that the University has a responsibility to provide leadership for the state in this area. It could affect the health industry's impact on life threatening diseases, could help establish the lifelong changes of sexual behaviors that are needed, and could help to prevent widespread AIDS hysteria. The Task Force selected what was appropriate for this environment while recognizing both the need for and reluctance to spend money in response to the AIDS issue.

3. Income Projections

Roger Paschke, Director of Asset Management

Mr. Paschke distributed a chart titled "University and Foundation Investment Pool Summary." He went over the chart with the committee. It lists the valuation of each fund, its investment objective, the spending policy and the amount which is added to the central reserves for fiscal year 1989. The total amount invested is \$825,827,075 and the total additions to central reserves is \$6,000,000.

Professor Scott asked if the state allocations are included in these funds and if that has any effect on the amount invested. Mr. Paschke responded that Vice President Campbell has to prove to the state that we stay within limits.

Provost Benjamin pointed out that the University is ahead of other universities. Mr. Paschke said that all of the investment strategies, including arbitraging and securities lending, take time, effort and a lot of money. Some schools with huge endowments are more complacent, while this university is "hungry," and therefore motivated.

Professor Brenner asked if the market crash of October has affected the investment policy.

Mr. Paschke responded that there is concern over the possibility of a repeat of the latter half of the 70's in which there was no reward for taking risks. The solution is to make shorter term investments and stay more within a cash basis. Other than that, more caution is being taken in the stocks that are invested in and more moderation is taken in equities investments. Arbitrage is a conservative program to begin with.

In response to questions about the fluctuations of income Mr. Paschke said that while there could be some fluctuation in these numbers they are pretty solid and conservative.

Professor Maruyama asked, in light of the spend down of the central reserves, if the money that is added to the reserves is tracked. Mr. Paschke responded that this money is tracked in that the valuation of the fund is watched.

4. Biennial Request

Provost Roger Benjamin, Vice President Richard Heydinger, David Berg, Director of Management Planning and Information Services, Mary Bilek, Assistant to the Vice President of Academic Affairs

In this discussion, administrators expressed a desire for more governance involvement in the process of developing the biennial request. At the end of this discussion, Professor Clark summarized the role of the Senate Finance Committee in the process of developing the biennial request. First, the administration needs the committee's input regarding broad issue areas. The committee would come up with a list of priorities to pass along to the administration. Second, the committee will respond, as it has done in the past, to the request plans as they develop.

Provost Benjamin started by explaining that it was clear that we are not starting from ground zero with this request since we have the Academic Priorities document. There is plenty of data so what is needed now is communication. Vice President Heydinger added that the needs and priorities have been discussed thoroughly in budget hearings with the chancellors so we are not starting from a blank slate. David Berg said that there are time constraints, however, since the submission date is October 1 and the plan needs to be pretty well in place by June. Provost Benjamin later said that he hopes that the Board of Regents will act on the Academic Priorities items by July, and some other major items by June.

Professor Shirley Clark asked if this schedule is typical of past years or if it is being done differently this time.

Provost Benjamin and David Berg concurred that each time it is done differently. The process used to be an unwieldy one that included a general request for items to be included in the biennial request, but that this is not practical.

In response to a question about how the size of the request is determined, David Berg said that the state will offer us some limits but at first we take an open-ended approach.

Professor Brenner remarked that he has learned that each item is part of a matrix and it is not helpful to single out one item without considering its relation to and impact on other items.

Professor Weyhmann added that this committee has seen how the salaries interact with the supplies budget. He also added that this committee is obligated to consider other groups besides the faculty; civil service salaries, for instance.

David Berg responded that University civil service salaries will be equivalent to civil service salaries of other agencies.

In light of the administration's interest in knowing the budgeting priorities of the governance structure, the committee decided that a joint meeting with the Senate Consultative Committee would be appropriate in the near future.

5. Miscellaneous items

David Berg reported to the committee that he was in a meeting with the Blue Ribbon Commission and that this group is well-disposed to the University. He also mentioned that the governor appeared and that he commented that the University has not received its proper share of state funding.

Professor Clark mentioned that she met with Mr. Spencer of the Blue Ribbon Commission. He seems to intend to focus more on helping the University than on a strict audit.

David Berg concluded that no faction is currently "out to get us". Coopers-Lybrand has been selected for the audit and they are likely to focus on management recommendations.

Provost Benjamin noted some changes in the current letter to the Board of Regents.

Professor Maruyama expressed concern over the possibility of the Blue Cross/Blue Shield charge coming in. Provost Benjamin agreed that this possibility warranted consideration.

Professor Shirley Clark announced that Mark Brenner will serve as chair for the Senate Finance Committee for the 1988-89 academic year.

The meeting was adjourned at 5:30.

Respectfully Submitted,

Kelly Craigmile

University of Minnesota