

Minutes*

Senate Committee on Finance and Planning
Tuesday, December 14, 1993
3:15 - 5:00
Room 238 Morrill Hall

Present: Irwin Rubenstein (chair), Mark Davison, William Gerberich, Michael Hoey, Karen Karni, Craig Kissock, Gerald Klement, Fred Morrison, Richard Pfitzenreuter, Doris Rubenstein, William Rudelius, Thomas Scott, Mary Sue Simmons, Dianne Van Tasell, Albert Yonas

Regrets: Mary Askelson, David Dahlgren

Absent: David Berg, Karen Geronime, Roger Paschke, Susan Torgerson

Guests: Associate Vice President Robert Kvavik, Anne Sales (substituting for David Dahlgren)

Others: Ken Janzen (Regents' Office)

[In these minutes: Reorganization of the health sciences (beginning and end of meeting); budget principles]

1. Comments of the Chair

Professor Rubenstein imposed order on a chorus of conversations at 3:15 and noted that there were three items on the agenda: health sciences, collegiate and cluster planning, and budget principles. The first two were on for information; the third for consultation.

Professor Rubenstein then noted the addition of Professor William Rudelius from the Carlson School of Management to the Committee; introductions were made.

2. Reorganization of the Health Sciences

The health sciences issue was ACTED ON by the Board of Regents at their December meeting even though it had been scheduled only for information.

One Committee member then moved sharply that since there had been no consultation on this issue, the Committee proceed to the next item of business. [Senior Vice President Erickson was unable to join the meeting until the last half hour, so it was agreed that questions would be asked of him then.]

Asked if there had been consultation with other Senate committees on this issue, Professor Rubenstein said he did not believe there had been.

*These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate or Twin Cities Campus Assembly; none of the comments, conclusions, or actions reported in these minutes represent the views of, nor are they binding on, the Senate or Assembly, the Administration, or the Board of Regents.

3. Resource Allocation Guidelines

Professor Rubenstein then asked Mr. Pfutzenreuter to take up the revisions in the budget data and the resource allocation guidelines (budget principles).

This information was presented to the Board of Regents, Mr. Pfutzenreuter explained. He then walked the Committee through the revised documents.

- Updated forecasts for current year expenditures and revenue estimates will be made later in the year, which will affect the projections for 1994-95.
- The beginning balance of O+M funds on July 1, 1994, will be \$50,000. This does not include balances in department accounts, only system-wide balances. The appropriation amount is what the legislature provided a year ago. The tuition income represents current-year levels carried forward--they assume neither enrollment increases nor rate increases.
- Base budgets include \$2.8 million in base adjustments (Restructuring and Reallocation, additional debt service, increases for the Basic Sciences building shared 50/50 by O+M and ICR funds, and few other small changes). Subtracting the base budgets from the revenues leaves an unobligated balance of \$11.2 million. There have been NO assumptions about inflation on the expenditure side, salary increases, or a tuition rate increase.
- For the O+M budget, a 5% tuition revenue increase would yield \$8.5 million (i.e., with no change in enrollment); added to the unobligated \$11.2 million, there would be \$19.7 million of new resources. Potential cost increases could include: a 3% inflation on non-salary O+M expenses (\$3.9 million), a 4% salary increase (\$13.4 million) or a 6% salary increase (\$19.6 million), and a possible strategic investment pool (about which no recommendation or decision has been made). One can see that a tuition revenue increase plus the unobligated \$11.2 million balance would be enough to cover a 6% salary increase--but not enough for non-salary inflation or for a strategic investment pool.
- The agreement with the legislature was that there could be a 3.5% tuition increase but anything above that, to a maximum of 5%, must be justified on the basis of quality initiatives. Theoretically, then, the strategic investment pool needs to have \$2.5 million to accommodate the 1.5% of the 5% tuition increase.
- There are a number of options one can pursue with these numbers--higher or lower salary increases, strategic investment pool, tuition increases, and so on. The Board of Regents was quite direct in saying they had expected the administration to come in with scenarios and asked that they be prepared for the January Board meeting. He has been asked by the President to develop them by December 21.
- One can be reasonably optimistic that there will be additional revenues in the updated O+M forecast in January. Tuition revenues are running ahead of predictions; it remains to

be seen if they hold up. If they do, current year revenues would be up--as would the base for projecting next year's revenues. Cautioning that the numbers may not hold up, although the projections were conservative, O+M revenues through Fall Quarter were up \$3.3 million (on an annualized basis).

Mr. Pfutzenreuter was asked what the current discussions suggest the number in the Strategic Investment Pool (SIP) should be. It was noted that Senior Vice President Infante had said to the Faculty Consultative Committee that about 2.6% of budgets should be set aside. He said he has heard numbers that range from zero to \$15 million.

How will the rationale for the number be developed? And who will do it? Mr. Pfutzenreuter said there will be a rationale and that the President has asked the two Senior Vice Presidents to present options by December 21.

There has already been some reallocation in that base adjustments to budgets have been made. What is the relationship between that reallocation (the fourth year of Restructuring and Reallocation) and reallocation that would be funded out of the SIP? Mr. Pfutzenreuter answered that the R+R process was supposed to "net to zero"--for every dollar put in, there was a dollar taken away. In fact, every year of the R+R process has been unbalanced. But there is an R+R plan underneath all of the numbers, and if the SIP is to have any money it would be on top of the R+R transfers. So it's not that there has been no money for strategic investments, it was said; the question is how much more needs to be done and will it be necessary to tax programs by some percent more to accomplish those ends. It is NOT that the University has done nothing; how much more does it need to do? Mr. Pfutzenreuter agreed, noting that this will be the fourth year of a 5-year plan. The SIP would be on top of that R+R.

The SIP was designed to move on to the next stage, said one Committee member, once the final phase of R+R was completed; this is the transition phase. What is being talked about now is establishing the SIP and setting directions toward the year 2000--as opposed to 1995.

One thing Dr. Infante has said, observed one Committee member, is that one omission in the 1991 plan was sufficient attention to infrastructure. That may be something that the University wants to begin working on as soon as possible, and perhaps letting that work overlap the previous planning. It was also pointed out that justification for spending SIP funds would presumably be made in terms of the areas of emphasis in the five strategic directions (laid out in the December 3 draft collegiate planning instructions). One must assume that will be the case if the planning process is intended to further the University's accomplishment of the strategic directions.

Part of the question, it was said, is "how much money have we already spent on some of those things?" Facilities have been neglected--but how much of the base budget adjustments have gone to facilities? "None," Mr. Pfutzenreuter responded.

From the perspective of those who were sitting on the Committee back then, it was recalled, one thing that was said--back then--was that money for academic programs would be coming from the finance side of the house by cost-cutting. We've now seen the consequences of that--windows don't get washed and the tuckpointing doesn't get done. This proposal is basically a choice to reverse much of R+R. It's probably wise, it was added, but it is a choice to reverse many of the principal decisions that were made in

1991, to move money back into the operations side from the academic side. This may not be objectionable, but it should be recognized that this is undoing what was done four years ago. The infrastructure and facilities DO need help--those are big worries right now.

As one looks at the numbers, said one Committee member, first, there must be a 6% salary adjustment--and any decision to fund it at less than the full cost will simply be a concealed retrenchment. There is no reason not to think of it that way. If there is to be a 6% increase (with an actual cost to departments of perhaps 5.5 or 5.6% when retirements and other factors are taken into account), and only 4% is funded, that is a 1.6% across-the-board retrenchment. The University should be explicit about that if that is what is to happen. But the salary item in the budget should be close to the salary increases to be granted--if 6%, then the amount should 5.5 or 5.6%.

There also must be a 6% increase, given the State settlements and the information provided by Mr. Pfitzenreuter.

So one starts with the proposition that the University must spend about 5.5% on salary increases. It must also increase by about 3% funds for supplies and expenses. Those two items take up the unobligated balance plus a 3.5% tuition increase plus whatever "loose change" appears in the January forecasts. That leaves the SIP unfunded. It may be that the SIP should be funded ONLY with the 1.5% tuition increase.

Second, there has been talk about going to the legislature for part of the money needed for the SIP. It would be a very good idea to go to the legislature and point out that the University has committed to doing a number of things--and that it needs a small downpayment of about \$5 to 10 million for the SIP. If it cannot, that says something about the state's attitude as well--and how enthusiastically the University should proceed.

A further idea is that the University identify for 1995-96 a larger target for internal reallocation (on the assumptions that salaries and other costs are funded)--1% of the budget should be identified for the first year of the next biennium as an internal reallocation into the SIP. The reasoning for that can be supported: One can be VERY concerned that increasingly it appears the planning process is being run by the budget and not vice-versa. The decisions about planning for five and ten years in the future are being made on the basis of next year's budget. As one can understand it, there is a proposal to make major discretionary fiscal cuts and shifts before any collegiate planning document enters Morrill Hall. That's putting the cart before the horse. We ought to make those big decisions in 1994-95, with knowledge and a plan for funding them--not before the plans come in. This "shoot from the hip financing and shoot from the hip planning" is very disturbing.

At this point Associate Vice President Kvavik joined the meeting and said he would comment on the primacy of collegiate and cluster planning, and what he believed should occur, when the Committee got to that item on its agenda--recognizing that he would be expressing his own views.

The draft proposal for collegiate planning is in many ways reasonable, said one Committee member. Sometime in January instructions will go out to collegiate units telling them how much money they will have to come up with. Another Committee member said there appears to be strong resistance to any across-the-board formulation and to keeping present formulations--so one must assume the decision-

making will be on the basis of "uninformed subjective judgments before the collegiate plans come in." Is that correct?

Mr. Pfutzenreuter noted sternly that he had had this discussion before with Committee members. He recalled that he has sat through these meetings and has had this question thrown at him a couple of times--and is beginning to wonder what the benefit of his presence is. He comes to talk WITH the Committee about the budget situation, not AT it. He said he is getting a little alarmed that every time he comes to the Committee he gets beat up because the academic planning isn't done--while everyone has known for some while that this is a transition period. He said he did not know what benefit there was to repeatedly raising this question; the University must set a budget for next year. His responsibility is to see that it gets set, he pointed out, and he is alarmed at the tone.

The concern, responded his inquisitor more gently, is that when the budget for next year is set, that a large number of expensive discretionary decisions be made before the plans are developed. A budget can be set for next year, with an expectation that there will be bigger shifts in the following year--after the plans are in. Part of the reason for the tone of the question is that in the rush to get some action, the University is not using the planning process.

Mr. Pfutzenreuter said that right now the point is to frame the budget situation. A conscious decision must be made about the SIP--whether to have one and what size it ought to be. On the way to making it there are more things at stake than academic plans. The University can choose to have dirty buildings and bricks falling out of them--but it need not wait for academic plans to know that floors and bathrooms ought to be cleaned and the bricks ought to be fixed. Some of those choices need to be made this year. Or the University could wait, but it appears unlikely the Regents will want to wait.

Then it becomes a question of "how much," it was said. What has been suggested here is that the SIP start with the \$2.5 million from the last 1.5% of a tuition increase plus whatever the legislature might provide. And focus that money, it was said by another Committee member, on infrastructure. The changes ought to be highly visible to students in terms of improvements so they see where their tuition money is going.

Relying on the legislature for money would be putting our head in the ground and ignoring the fact that the University needs to do something itself, Mr. Pfutzenreuter commented. And waiting on the legislature provides no time to plan if they don't appropriate the money because they will not be done until late in the spring. If the University does not start planning for some money in an SIP to fix some things, the Committee will be meeting in June and again accuse him of proposing an across-the-board cut because no planning was done. He said he did not wish to be at yet another meeting under those circumstances.

The point is that academic programs will be cut, it was said, and what is the plan? The consequence of those cuts will become apparent through the budget process as units come in and describe the impact of cuts, Mr. Pfutzenreuter said. But unless the questions are asked, and numbers provided for planning, answers to the questions will not be available and choices cannot be made. And again he would be proposing an across-the-board cut without any information for this Committee or the Regents about the consequences of such a cut.

What the Strategic Investment Pool is asking us to do, one Committee member said, is almost certainly to cut academic programs. That is not clear at this point, Mr. Pfutzenreuter responded. It would be clear if the SIP is to have \$15 million. Mr. Pfutzenreuter concurred but noted that it could be \$7 million or \$8 million--no one knows yet what it will be. No one will know until January. Given that the Regents' docket materials must be ready on December 30, it was agreed that the Committee would meet next week.

The Committee should also convey to Mr. Pfutzenreuter its views on whether the SIP should be large or small, in addition to its views on the various budget scenarios. One view expressed at this meeting is that the amount next year should be small; it might be useful for Mr. Pfutzenreuter to know if the Committee favors a big or small amount. The Committee will need to know what "small" and "big" mean vis-a-vis the other items in the budget, it was said--it is not independent of the other items on the table. One can always want more information, it was said, but in this case more information may not be helpful; the question is whether or not there should be a large SIP before collegiate plans are developed.

Who specifies that assumptions that will underlie each of the scenarios that the Committee will look at? asked one Committee member. If the Committee has a preference for one or more scenarios, Mr. Pfutzenreuter said, he would be glad to develop them. Mr. Pfutzenreuter affirmed that inasmuch as there are only a few key variable, one chooses one or two levels of each. He added that it would be useful to have discussion about not only the magnitude of the SIP but also about the needs. He drew the attention of the list of examples of items upon which SIP funds could be spent; are these areas where there are needs? It would be a benefit to know if these are needs--or if there are items that can be delayed. Before one even decides on the question of how much money there should be in the SIP.

One Committee member then complimented Mr. Pfutzenreuter on the revised "Resource Allocation Guidelines." They make it clear that salaries are the priority and the Committee should endorse them. Another Committee member agreed, noting that just as the infrastructure has suffered, the salary freezes have led to a decline in the human infrastructure; it is as important to keep faculty and staff morale high as it is to keep up buildings--or more important.

It would be useful to think of an accelerating process that might start slow; when units have time to think about it, a year out is easier than a month out, observed one Committee member. Two areas of the five goals are interrelated and should be addressed as soon as possible: undergraduate education and research and graduate education. Broad issues such as libraries and computer resources to support those areas could be addressed early on, as could other elements of the infrastructure. Those three could be central consideration for funds from the SIP.

One could also hope that units, after consulting with faculty and staff, would be invited to submit tactical and operational plans to compete for funds in the SIP; those plans would presumably be focussed on these planning areas. A central decision would then be made about which of the plans should be funded at this time. And it is at that point the details would begin to come into the planning.

The time interval now available--four or six weeks--is very, very short, it was said. But since this is a year-by-year process, we can recognize there will be much more time before next year's cycle begins.

One Committee member, contemplating the list of possible examples for expenditures from an SIP,

asked what the University's policy on spending O+M funds on financial aid is. It is a big need, it was said, but does spending O+M money on financial aid reflect a shift in policy? Mr. Pfutzenreuter noted that Central Reserve funds have been used for financial aid in the past and commented that he envisioned the SIP as including more than just O+M funds. The dimension of the problem of financial aid, it was then said, may be big enough that the University will have to confront the possibility of using O+M funds for it; will it need to be dealt with as a policy issue?

Asked if he or other officers had been talking with legislators--"does it look better next year?"--Mr. Pfutzenreuter noted that there were upcoming meetings to discuss legislative relationships. A lot of agencies and organizations are interested in the projected \$414 million surplus--and the worst legislative sessions, in his experience from working at the Capitol, were those when there was money--it was easier to say "no" when there was no money. And in the off-year session, everything is in the Governor's hands because no legislation has to be enacted.

The University has received a lot of terrific coverage in the press on U2000, but a year from now recollections of that support will have dissipated. It would perhaps be wise to try to capitalize on that coverage.

Dr. Kvavik said he has thought it would be helpful to try for a "jump start" on U2000 in areas where the University would invest in any event, such as facilities or undergraduate education (e.g., technology to have degree progress audit reports or the new financial aid systems). One way or the other those improvements will be made; it seems that this kind of thing would be appealing to the legislature to help out with. The idea of a concrete list is attractive: invest in the University and we'll spend it on this, this, and this. It does invite legislative micromanagement, but in this case the University knows what it wants to spend \$X million on and could perhaps get help. Dr. Kvavik commented wryly that he'd like to have the Mariucci sightlines in classrooms--to which another Committee member rejoined "not to mention being painted. Or cleaned."

This does seem like the right track, added another Committee member--and for the first go-around, the list should be very short. And it should start out with a bang--things the University wants to accomplish and the accomplishment of which will be apparent to everybody. If they can be done with a minimum of getting budgeting ahead of the planning process, it is a very good idea.

One can always also make a tremendous case for the libraries, pointed out Dr. Kvavik. All of the many other institutions in the area and state clamor to use our collections as they develop programs.

It's important to balance the undergraduate element of the plan with the research element. The libraries are a key component of the research side and sends a clear message to faculty and staff that the University is serious about both.

Professor Rubenstein cautioned again that Mr. Pfutzenreuter should never take personally any of the comments at the meeting and thanked him again for his straightforward presentation of information.

4. Collegiate and Cluster Planning

Professor Rubenstein then drew the attention of Committee members to the draft collegiate

planning instructions.

Noting that this was the first conversation of the document, Dr. Kvavik said he would like to set the tone for the discussion. He said it should be approached in the same way that the strategic plan was: it is not set in concrete; it is staff work--good staff work, it is hoped--that puts enough on the table to start a sensible conversation. There will also be a support unit planning document similar to this one.

The document intends to establish some common principles, in addition to taking collegiate planning to the next steps, so that everyone understands what and why the University is doing this. It is intended to clarify the objectives. He said he would welcome different principles and objectives--but would like there to be agreement on them once the process begins. He said that he personally is more concerned, this first round, that there be a set of principles and objectives and a format and a protocol that we can live with for long-term planning than he is about what is in the plans--because he doubts collegiate and cluster plans can be developed in a short period of time and make sense--and fulfill the spirit of participation by faculty and staff in the consultation process to which the administration has committed itself. He said he did not believe there could be meaningful collegiate plans until this time next year--and it is for that time that the deans ought to be gearing up. Right now it is more important to develop a vehicle that all are comfortable using for the next period of time.

Dr. Kvavik then briefly reviewed the first several pages of the draft collegiate planning instructions and noted the section on "data and benchmarks." He acknowledged that these may not be the right ones. They are laid out in table format; it may be that different colleges and deans should pick benchmarks that make sense. The colleges will have to have measures to decide whether or not their units are making progress. It does not seem wise that Academic Affairs should specify all the benchmarks.

There probably ARE some benchmarks that need to be aggregated to the institutional level so that when presentations are made to the legislature, the University can point out what it has accomplished and thereby call for support. But a lot of the benchmarks are there so that units can make cases for themselves. There are a number of measures which may be more important; he invited the Committee to identify others. It may also turn out that as a college develops benchmarks for itself, Academic Affairs could say that they are better than what anyone else has thought of and recommend them to other colleges.

One Committee member commented that the plans appear to be heavily oriented to the academic units; will this charge be limited to academic units or will non-academic units or external-relations-types of units be asked to go through the same process. Dr. Kvavik noted again that there is a similar draft of a process for support units, modified in a way appropriate for support units.

One other point, Dr. Kvavik said--and again emphasized that these are his personal views--if the University is going to go anywhere, the academic capacity of the departments and colleges, the basic disciplines, is key. To the degree that new ideas come out of cluster planning to create interdisciplinary activities or new programs, they must be examined in terms of their impact on the capacity of the existing core disciplines. If the core disciplines are not good, the quality of the effort in applied or interdisciplinary activities is weakened. The collegiate planning documents, with their emphasis on the core academic departments, need to be addressed first--departmental capacity must be considered first. Then, as cluster plans evolve, the deans ought to tamper with the numbers in their tables to see the impact

on capacity--what would need to be added to a department to accomplish those new initiatives.

Similarly, support units need to have the benefit of academic planning in order to think about what the demands for their services are going to be--how many students need to be served? is new technology needed to deliver the services? and so on. A year or two along the line the academic and support unit plans ought to begin to mesh--and they will only do so if the format and protocols have some commonality and are tied to capital improvement documents and other things discussed earlier in this meeting. That is an objective, he said, and he isn't quite sure how to do it, but it has to happen if the planning process is to be successful.

One Committee member related concerns that arose among a group of people who work with external constituents about the participation of donors and alumni in U2000. It is to be hoped that there will be an opportunity for this very committed group of the University community to be involved in the process. There is a section in the document that refers to this issue, Dr. Kvavik noted, that may need expansion. That entry is very cursory, he was told, and the idea needs to be reinforced. "Write me language," Dr. Kvavik challenged--that is the best way to help improve the document, he said.

One Committee member expressed concern about the benchmarks. Some seem to be quite useful; others seem to be desperation measures. That may be a problem because these will eventually be public documents, which is itself a question that needs to be addressed. Will it be publicly available? There will likely to be no way to prevent it from being public. Then the University must inquire about the candor of the commentary, especially with respect to review of academic programs.

One concern about these benchmarks in general, said one Committee member, is that they will become public, someone will put them into a comparative table--whether research dollars per FTE faculty member or students taught per FTE faculty member--which will show that one unit does not obtain many revenue dollars per FTE and that another doesn't teach very many people per FTE. The University must be very careful about what it publishes.

Dr. Kvavik said he understood. The deans will have a major responsibility, he said, because many of the items are benchmarks for deans and colleges--and will vary by college a lot. There should be only a small set of benchmarks for which the vice presidents will be held liable or accountable.

Are the colleges being asked to establish their own benchmarks? inquired one Committee member. And if so, will there always be a certain minimum number of common benchmarks in each category? Dr. Kvavik said he had no position on the questions; he wants to find something that makes sense. He'd like the Dean of a college to say that he or she has W dollars and seeks to accomplish X, Y, and Z and has set up benchmarks to demonstrate that X, Y, and Z have been accomplished. "We would like to walk away from that meeting saying `congratulations. Keep up the good work,'" Dr. Kvavik said. It would not be wise for Academic Affairs to get into discussions with a dean about having a #4-ranked department move up to #3 next year--that doesn't happen. The process could be taken to a level of lunacy; much of this makes sense for deans and perhaps department chairs to be using, not Academic Affairs.

But a commitment has been made to develop and use benchmarks so the University can demonstrate to the public that it has accomplished something.

Discussion turned to the importance attached to various benchmarks proposed in the draft. Committee members drew the attention of Dr. Kvavik to a number of specific items that they suggested should be considered at greater length. They cautioned that some of the benchmarks may be misleading.

In the discussion of collegiate plan outlines, one Committee member suggested that a common format would be helpful. When numerous plans will be considered, it would be best to have a common format to improve comparison. Setting page limits should also be considered.

Discussion then turned to cluster planning and the letters sent out by Vice President Hopkins to the clusters for which she is responsible. Her first meeting with a cluster planning group will be in early January; the others have not been set. She has also called for lists of faculty who might be involved; disappointment was expressed by one Committee member that the memos say faculty "should" be involved rather than "must" be involved. Faculty will be VERY disappointed if cluster planning goes forward without them.

Dr. Kvavik commented that if time were available, the collegiate planning documents should precede cluster planning. He said he believed that in the future that is the sequence of events that would take place--because the criticisms lodged at this meeting are all fair. Some have argued that all dozen or more clusters should not begin work--that there are three or four with obvious problems and it is to those energy should be devoted now. The administration has been pushing a bit on the clusters so that a sense of their viability could emerge during the first phase of planning; the cluster planning, however, ought to lag behind the collegiate planning. This matter needs to be rethought.

Asked if the administration were still looking for short cluster reports by the end of February, Dr. Kvavik expressed doubt.

One Committee member expressed strong support for idea of communication across colleges and disciplines, pointing out that his discipline will need to become involved with a number of intellectual areas it is not now connected to. But the University is not organized in a way that gets those groups of people to talk to each other. The chance may be lost, with the clusters as described, because there is no hint they will accomplish this.

That same criticism has emerged in other conversations, reported one Committee member. For example, the cluster notion would perhaps make more sense in intra-CLA, and perhaps CLA working with other institutions, rather in the kinds of groupings that have been proposed. It is to be hoped that more such reactions are obtained soon because the basic issue--of disciplinary connections to other fields they need to work with--is what must be addressed. It is to be hoped that deans will provide initial comments, on the basis of some discussion, on what would constitute more appropriate ways to proceed.

All of these clusters, it was also pointed out, cannot all go down the roads they identify at the same time. It will be necessary to identify strengths and opportunities and areas where one might "make some bets." The concept is right, Dr. Kvavik maintained; it's the execution that isn't right, yet.

One of the issues is whether or not the University would be better off with ad hoc clusters to address problems that are not necessarily comprehensive across the University. Why is it necessary that every department and unit be in a cluster? "It's not," Dr. Kvavik replied. Another Committee member

pointed out that clusters are a way to get the conversation started.

Asked who could report periodically to the Committee on cluster planning, Dr. Kvavik said it would have to talk with the various vice presidents in charge. But he also commented that not as much thought has been given to the process as it warranted, due to the press of time; it has been hoped that if it gets going, the details will be filled in as one goes along. These questions suggest that may not have been the right strategy.

One of the questions contained in the document given by Vice President Hopkins to her clusters, pointed out one member of the Committee, is whether or not the cluster is meaningful--so as the discussions take place, that may be one of the first ones that emerges. However the process goes along, the question is embedded in it. Dr. Kvavik acknowledged that there had been SOME thought about it--that's why there are multiple stages so that nothing is written in stone and useful ones could be identified.

The other problem is that some might feel left out if they're not included in cluster planning, observed another Committee member--there are two sides to that issue of inclusivity. "Why are you focussing on X and ignoring us?"

The cluster planning, more than anything else around here, the faculty must take hold of, Dr. Kvavik averred, because it is the faculty who KNOW where the linkages and the strategic investment of resources are most promising in this institution. The faculty will get the clusters together; if the University is to take advantage of them, it will then have to consider what they will cost, what kinds of facilities need to be built up, what cooperative mechanisms are needed. It isn't clear who will set priorities--perhaps a distinguished group of faculty.

One Committee member said he endorsed what Dr. Kvavik was saying but sensed that the way to do it had not yet been discovered. Dr. Kvavik agreed. The faculty must be mobilized in this entire planning process, it was argued, and that next step has not been taken--faculty have not been energized. It may be that at the present level of morale doing so will be difficult. But if that energy is not obtained, the process will not go anywhere. Dr. Kvavik responded that he is saying the same thing.

Getting to some of these places will take an enormous amount of change, observed one Committee member, because the University is college and department driven. Goals and priorities are of the department and college. For a department to hire someone outstanding for their program and who will also have a significant impact outside it is not a high priority. Nor can they weigh the consequences of doing so or not doing so. But there are separate feudal institutions; the University is organized NOT to look at things from another's point of view. If the clusters or some other mechanism could get us out of that straightjacket it would be enormously helpful.

Dr. Kvavik solicited the Committee for any additional comments it might have and invited Committee members to send him comments.

Collegiate planning has not yet involved faculty yet, either, observed one Committee member. Dr. Kvavik pointed out that the charge letters have not yet been sent out but that once they are, the deans will quickly mobilize their faculty to start the discussions. One Committee member said it would be wonderful to see it "quickly"; another commented that the response of the faculty will be "we're dancing

as fast as we can"--and will ask how many roles they have: they're trying to teach, and do research, and will be asked to participate in college planning, and the asked to participate in cluster planning--the faculty resource must "buy into" the process, but it is a limited resource. It cannot happen overnight. Faculty are not apathetic, they are confused.

There is also a certain sense in this whole process, it was said, that things "get decided" or "ideas get had" here in Morrill Hall, and then faculty react to them. If they don't like something, or suggest something different, people in Morrill Hall say that it can or can't be changed. In one exchange at this meeting that theme was reiterated: when a document that appears to be finished, or one that has evolved, comes to the faculty from Morrill Hall, it's hardly ever possible to tell what is and is not official about it. The point is well-taken: if "class size" appears in a grid in a box marked "efficiency," it sends the message that bigger is better. It is important to recognize that there is a communication problem here; the clarity of communication from Morrill Hall to the faculty on what is still "up for grabs" and what is not negotiable is VERY important.

That is what is confusing to faculty and is the single most important thing that can be communicated.

Dr. Kvavik responded that if the discussion has 100 yards to go, this discussion today is on the 2-yard-line. The administration is here early; there is not a word or a format that he is not prepared to change. To get the process going, he said, he made his best effort, along with the people working with him, to wear a faculty hat, to propose a process that faculty can get engaged in and that will make sense for academic programs. That is what motivated this draft, not a Morrill Hall view. He said he is trying to say to the Committee, as openly and desperately as he can, that he WANTS the Committee to help develop the document that makes sense for what the University must do.

If there are 98 yards left to run, asked one Committee member, how much time is there left in the game? "We do fast dashes," Dr. Kvavik responded, but said that he hoped a protocol will be developed in this round that the University can begin to use--expecting that it will continue to change. Just as changes are being made in the capital improvements document--but the fundamental concept is not being changed. When the administration comes to this Committee and the Facilities Management Subcommittee with the capital budget, the long-term plan, and the information behind it, Dr. Kvavik said he hopes the response will be that this is the best information they've had and it will permit genuine participation and informed decisions. His question is whether or not there will be a protocol that will get the information on the table so that the academic and administrative communities can make the informed decisions--and so that the finance people can design a budget that responds to those directions.

2. Health Sciences Reorganization, continued

Senior Vice President Erickson at this point arrived from another meeting. The discussion returned to the health sciences reorganization and the "principles" document endorsed by the Board of Regents December 8. Committee members expressed their extreme displeasure that this document was adopted without consultation. Mr. Erickson apologized and explained that the Board of Regents liked the draft document that had been presented (for information) and decided to act on it immediately.

One Committee member asked if the Health System is ultimately responsible to the Board of

Regents and the President of the University rather than the Health Sciences Governing Board and the President of the Health Sciences System. Mr. Erickson said that everything was a matter of delegated authority from the Board of Regents and ultimately returns to it. This is the subject of current discussion, and there are unresolved issues, but as it is currently contemplated, the Provost would chair the Health System Board of Governors.

It was then noted that the documents also say that "all financial records in the Health Sciences Center, including private practice financial records, will be available to the University." Will not the private practice plans be in the Health System rather than the Health Sciences? Mr. Erickson said this is a matter of Regental policy on the practice plans: there is "complete auditability." Some of the mechanisms will need to be worked out over a period of time, he said; the principle being asserted is that ALL records, irrespective of whether in practice plans or departments or wherever, will be available and subject to audit by the University.

There are very tough statements on the accountability of the Health Sciences Center to the University, it was said, but there is little holding the Health System accountable to the University as a whole. Anything that uses the name of the University of Minnesota, it was contended, and trades on the University's name--and that can potentially therefore TREAD on the University's name--should be directly or indirectly accountable to the President and the Board of Regents.

The only authority that the Health System Board has, Mr. Erickson replied, is authority granted to them by the Board of Regents. It is subject to change at any time, there are regular documents coming to the Board, there is ex officio membership on the health sciences board.

One can imagine crises in ten years similar to the ones we have now, it was argued; this document clearly holds the Health Sciences accountable but it says nothing about the Health Systems, and the private practices in them, so the same kind of mess could emerge. Mr. Erickson reminded the Committee that there is an entire Regents' document on the delegation of authority that is very specific--but the Board holds all of the power and they delegate what they see fit to delegate. That delegation can be changed at any time.

Another Committee expressed support for the language calling for the Health Sciences Center to foster cross-disciplinary teaching of both undergraduates and graduate students, and especially courses that meet the liberal education requirements for undergraduates. That is refreshing.

The statement that the health sciences are an integral part of the University echoes that same theme, Mr. Erickson commented.

Mr. Erickson was asked if the Health Systems is organizationally part of the Health Sciences Center. He said that the Health Systems organization is an attempt to take the practice plans, which are external to the University, and develop contracts with them that will be linked to the University through the Health Systems Board. He emphasized that these concepts are evolving, but emphasized again that the Health Systems Board only has the power the Board of Regents deems it should have. The Board of Regents will receive the practice plan documents next month along with some specific methods of oversight. He also told the Committee, in response to a question, that the Health System will NOT be separately incorporated; it is a division of the University of Minnesota, just as is the hospital right now.

Professor Rubenstein thanked Mr. Erickson and adjourned the meeting at 5:10.

-- Gary Engstrand

University of Minnesota