

Minutes*

**Senate Finance Committee
Senate Planning Committee
Joint Meeting
February 2, 1988**

Present: Warren Ibele (chair, SFC), David Dittman, Vernon Eidman (chair, SPC), Art Erdman, Lael Gatewood, Gerald Klement, Gary Kravetz, John Tackett, Matthew Tirrell, Walter Weyhmann

Guests: David Berg, Shirley Clark, Ed Foster, Gregory Fox, Gayle Grika, Nick LaFontaine, Geoffrey Maruyama, Irwin Rubenstein, Maureen Smith

Professor Ibele began by introducing John Tackett, a new student member of the Senate Finance Committee who is succeeding the position held by Eric Huang. Both are Student Senate Consultative Committee members.

1. Minutes

The December 1 and January 5 minutes were approved with the following correction to the latter. Item #2 in the minutes should be titled "Enhancement of Morse-Alumni Teaching Awards," rather than Alumni-Amoco. Please note the following correction (in bold print) in that section of the minutes:

Professor Gatewood, who has served on the awards committee, said that if the number of awards were increased there would be no problem in finding worthy candidates. She added that it is beneficial that the award is extended to coordinate campuses as well.

2. Update on University lobbying efforts

Guest: Tom Nelson, Director of State Relations

Mr. Nelson distributed the information packet that is being used in all lobbying efforts within the state and legislature. His impression of the reception that the University is getting so far, Mr. Nelson said, is more positive than he had originally imagined. He pointed out, however, that a positive reception does not necessarily insure positive results in the legislative session. The questions that are being asked are more pointed than in the past, focussing on Physical Plant, reserves, as well as other issues that have been publicized. Mr. Nelson included these observations in his comments:

-- The disappointment that some legislators feel in regards to the University is connected to the financial difficulties of the state in the early 80's - they see the University as having hoarded reserves during hard times.

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-- Leaders in institutions of higher education are beginning to join efforts to increase the higher education budget, rather than "cannibalizing" each other for a share of inadequate funding, as has been done in the past.

-- Senator Roger Moe has been receiving a lot of letters of support for the University. It is important to keep up the effort, particularly to write letters to legislators from your districts.

Some specific questions were asked regarding the governor's budget, allowing for clarification of the following points: there is no inflationary increase in it at all, nor is there any salary increase for staff or faculty. The whole educational system in the state is roughly in the same position, so the governor's position is not necessarily punitive toward the University. He has probably taken this position mindful of the fact that the Legislature will make some changes, which is the reason that it is crucial that the Legislature receive a strong message of support for the University at this time.

Professor Rubenstein described the efforts that he has been making as legislative liaison, with Professor Maruyama as President of the Faculty Association, which include organizing home visits with faculty and legislators in each district. Mr. Nelson suggested that a commitment of support for the University be sought from legislators during these visits.

3. Contingency Financial Planning

Guests: Provost Clark and Associate Vice President Ed Foster

Provost Clark began by saying that she did not have a lot of information to share on this issue since the Management Committee itself had not yet addressed retrenchment plans. A meeting is scheduled, but, she pointed out, final decisions will not be made during that meeting. The governor's budget places the University in a retrenchment position, so the guiding principle of this exercise will be to determine what the bare bones necessities are for preserving the quality of the University.

Various implications of retrenchment were addressed briefly, including: budgetary obligations, the capital request, faculty/staff salaries, comparable worth adjustments, and auxiliary enterprises. These issues will be addressed more fully at the next meeting, after the Management Committee has met.

4. Morse-Alumni Teaching Awards

Professor Clark distributed the letter he wrote to Professor Brenner, chair of FCC, which contained SCEP's final recommendation regarding the modification of this award. The recommendation is as follows:

Beginning in 1990, the 25th year of the Morse-Alumni Awards, the University will make 10 annual awards through the procedures currently being employed or modified by SCEP. The award to each individual will be for \$2500 cash with an additional \$2500 to his/her home academic unit for the exclusive use of the recipient for the further enhancement of undergraduate education. The award will be given to

each individual for three consecutive years while he/she is in residence at this University.

The Committee concurred with this recommendation. Some comments made were these: that the money that goes to the academic unit will be for "exclusive use" of the award recipient is a vital feature of this recommendation. Another observation was that it is a small but positive recognition of teaching that is timely both in that it is the 25th year anniversary and in that it will ameliorate faculty morale issues.

The Senate Finance Committee passed a motion endorsing this recommendation, and advocating a "diligent and vigorous" search for funding of the award.

5. Graduate School General Research Fund

Provost Clark reported that she sent a memo in January to Dean Holt indicating that the Management Committee had agreed to designate 15% of the ICR offset for this fund in lieu of the proposed increase in the biennial request. This solution is likely to gain more support than requesting a significant increase for the Graduate School.

6. 1988 Financial Report

Guest: Budget Director Nick LaFontaine

Professor Ibele reported to the Committee that the widespread distribution of the annual financial report represents a welcome return to an earlier practice at the University. Mr. LaFontaine said that this report is an effort to de-mystify the finances of the University, and then gave the following responses to specific questions:

- That on the "Statement of Changes in Fund Balances" page of the report, the actual change is given on the third to last line in each column, in the section labelled "Net Increase (Decrease) for the year."
- The report has received broad distribution. All legislators have received it. There are many requests for copies of the report, which Mr. LaFontaine he takes as a good sign.
- The effort to inform people that unrestricted funds are not available for general use should be continued. It is important that unrestricted funds are not seen as "cookie jar" funds.

Professor Ibele mentioned a concern related to misunderstandings of unrestricted funds that was raised by legislators during his service on the Financial Review Committee: the departmental fund balance reserves. The Committee included legislators, three University people, and the State auditor. They were concerned that departments might be using money from unfilled positions for other purposes. They were assured that this was not representative of most departments, however, and that most deans typically hold such a faculty position in the College until it is filled.

One member voiced concern regarding potential financial surprises that might arise and be headlined by the media. Provost Clark mentioned that representatives of the media were present

during Financial Review Committee meetings and that they did not take the opportunity to publicize any of the findings. She agreed, however, that information regarding department reserves needs to be made known. Mr. LaFontaine said that deans are being asked to report on what some of the larger unrestricted departmental funds are being used or held for, and that this is coming to closure very quickly.

The question was asked whether some donations from alumni and University friends could have been deposited directly into department accounts, thereby accounting for these large reserves. The answer was that most gifts go through the departments and end up being reported in the financial report as restricted.

Regarding reports in general, a Committee member remarked that at least one legislator mistrusts them, believing that reports, such as the Spencer Commission Report, find what they want to find. What, if anything, can be done about this? One response was that it is important that challenges to the content of reports be met with strong evidence of their accuracy. There is nothing in the reports to incite mistrust.

Professor Ibele asked if the Senate Planning Committee had any issues they would like to pursue in this meeting. As they did not, the meeting adjourned at 4:45.

-- Kelly Craigmile

University of Minnesota