

Minutes\*

**Senate Committee on Finance and Planning  
Tuesday, February 1, 2000  
3:15 – 5:00  
Room 238 Morrill Hall**

Present: Stephen Gudeman (chair), Jean Bauer, Dan Feeney, Wendell Johnson, James Perry, Richard Pfutzenreuter, Charles Speaks, Rachel Sullivan, Susan Carlson Weinberg

Regrets: Charles Campbell, Cynthia Gillett, Gerald Klement, Michael Korth, Vinay Nangia, Terry Roe, Shana Saeger, Rose Samuel

Absent: Catherine French, Eric Kruse, Terrence O'Connor, J. Peter Zetterberg

Guests: Vice Provost Craig Swan (Office of the Executive Vice President and Provost), Steve Fitzgerald (Director, Office of Classroom Management)

[In these minutes: report on Aramark and other matters from the Subcommittee on Twin Cities Facilities and Support Services; plan for technology upgrades in classrooms; Twin Cities bookstores finance and governance]

**1. Report from the Subcommittee on Twin Cities Facilities and Support Services**

Professor Gudeman convened the meeting at 3:15 and turned to Professor Perry for a report from the Subcommittee on Twin Cities Facilities and Support Services (STCFSS, or stickfuss).

This is an interim report on what they are doing and where they are, Professor Perry told his colleagues. The subcommittee has divided into groups. One is dealing with Aramark issues and met with representatives of Aramark as well as University staff. One problem seems to be transitory campus management.

The status report from STCFSS follows.

The Sub-Committee has been involved with a variety of issues. Perhaps the most interesting of those is Aramark and University Dining Services; we also have been actively discussing and thinking about Human Resources, Parking and Transportation, Building Use and Green Campus issues. This interim report is intended only as a comment on our progress to date.

**Aramark and UDS**

A sub-set of STCFSS has met with Aramark plus University staff, with University staff alone, and with Housing Services. Our further intention has been to meet with student representatives, and with Aramark alone, then to synthesize our comments for presentation to the full Finance and Planning Committee.

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\* 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.

The President has commissioned a Food Services Task Force, which includes one representative from STCFSS, and which runs concurrently. That Task Force began weekly meetings January 6 and will continue for several more weeks. An interim report was submitted to the President today.

It appears that there may be overlap in responsibility and interest between STCFSS and the Food Services Task Force. It also appears that other groups are independently engaged in discussions with Aramark. Clearly, there is the opportunity for confusion. The STCFSS group will convene to discuss our findings to date and summarize those for the Food Services task Force. We will then decide whether we feel that the needs of the faculty and staff are adequately met by the Task Force, or if we should continue our deliberations.

#### **Human Resources**

A sub-set of STCFSS has met with Human Resources staff, has discussed hiring policies and examined a wide range of documents and issues. Our preliminary conclusion is that faculty and staff needs are being well-met by HR policies and actions.

#### **Parking and Transportation**

A sub-set of STCFSS participated in the review and update of Parking and Transportation policies. That has been completed and the report has been forwarded to responsible authorities.

#### **Building Use Policies**

Facilities Management staff presented STCFSS with a draft revision of a Building Use Policy which focuses on energy and safety issues. The Sub-Committee has endorsed the latest version of the policy and will bring it forward to Finance and Planning in the near future.

#### **Green(ing the) Campus**

Through discussions with Facilities Management, a sub-set of STCFSS has addressed the issue of interweaving the academic and management aspects of campus. The goal is to use campus management (e.g., construction, maintenance) as learning laboratories within which students can become more engaged. FM has agreed to collaborate, to provide partial financial support and to assist in locating additional support.

## **2. Report from the Office of Classroom Management**

Professor Gudeman welcomed Mr. Fitzgerald and Dr. Swan to the meeting to report on a general purpose classroom technology upgrade plan.

Mr. Fitzgerald noted that his office had been created about eight months ago as a direct result of reports dating back to 1995 and because of specific recommendations from the Subcommittee on Twin Cities Facilities and Support Services that were later approved by the University Senate. He was hired to implement the recommendations in the reports. One of the issues that must be addressed is technology in the classroom; the problems and the identification of what lacks has been clearly documented, he said, and does not need further study. The problem is well-defined and what is needed is action.

Mr. Fitzgerald distributed copies of a set of slides and walked the Committee through them. The points he made included the following:

- 75% of Twin Cities general purpose classrooms lack any data/video projection capability; 73% lack instructor internet connectivity.
- The demand for technology in classrooms already exceeds supply. The problem is getting worse; demand is growing exponentially and the University is falling behind other institutions. New and current faculty, TAs, and students increasingly insist on technology; many are taking training in the use of technology, such as the multimedia development courses offered by the Digital Media Center.
- The goals for the classroom technology upgrade are to rapidly establish (by 2004) a new baseline for classroom technology that includes an internet-capable instructor station, data/video projector capability, a user-friendly laptop interface, faculty support structure for in-class problem resolution, and funding for life-cycle and replacement costs of new equipment and systems.

Mr. Fitzgerald said that having a user-friendly laptop interface was a key part of the program. With one simple plug-in and a single push of a button, the instructor is up and running on the data projector in either a Mac or PC environment. Using a laptop instead of a permanently-installed computer is critical because of acquisition cost, rapid obsolescence, security, and most importantly from the teaching perspective, configuration control. With a personally-controlled laptop, the instructor would know the machine, its operation and content, and he or she would not be vulnerable to others using or changing it. Mr. Fitzgerald said that it is also essential that there be recurring funding for replacement; right now the University funds classroom needs primarily on a one-time basis, when the situation is critical. Increasingly, equipped classrooms will need life-cycle funding.

One Committee member said that the baseline for faculty support should be a telephone in the classroom that the instructor can use to call about problems. Mr. Fitzgerald agreed, and added that there needed to be staff to respond to the calls as well.

- The classroom upgrade plan consists of "tech packages" that would be installed starting now and completed in all general-purpose classrooms within four years and it would include a front-end focus on mid-size classrooms (40-60 students).
- The upgrade plan would focus now on basic teaching technology and later (2003 and beyond) on in-classroom student network connections. This will allow him to concentrate near-term classroom funding on technology support for the instructor, and will allow the emerging wireless technology to mature so that it can be incorporated into the student connections.
- Internet connections at classroom instructor stations would be accelerated and completed by 2003, there would be classroom support positions filled to deal with classroom problems, and life-cycle costs and replacement costs would begin to be funded.
- One upgrade package would consist of a projector, laptop interface, control system, low cost digitizer/visualizer, basic sound system, wireless mic (in some rooms), lectern, and VCR (in addition to the existing overhead). The other upgrade package (for smaller rooms) would have a lesser sound system and not the digitizer or wireless mic. Both packages include the basic

elements of data projection, laptop interface/control system, and VCR. Either could include a slide projector, additional I/O device or other special-purpose equipment.

- The plan is to have about 300 classrooms internet and projector capable by 2003.
- The total one-time costs for the upgrade would be \$7 million (about \$31,000 per classroom); annual recurring costs would be about \$1.3 million, or about \$4,200 per classroom. The annual costs include a "ready response" telephone hotline and staff as well as equipment replacement costs. Mr. Fitzgerald said it is important not to orphan equipment in the classrooms; once the decision is made to upgrade, it cannot be reversed, because once faculty and students start using integrated technology in the classroom, it cannot be allowed to wither. The funding does include replacement, so additional funds would not be requested (barring a decision to change to more expensive technology or upgrade further).

These costs are consistent with the 1995 report and with the recommendations of STCFSS.

One Committee member said that this is one of the best stories he has seen come to the Committee since he has been on it; this is the first time there has been a concerted effort to address the deplorable situation of classrooms. He suggested that if the Committee agrees, it should give strong support to this plan. He recalled that he has experience teaching in a new classroom, and the impact on both faculty and students is measurable and significant; this should be a high priority, he concluded. Another Committee member spoke of his experiences and agreed that there is no comparison between teaching with technology and teaching without it.

Asked about the availability of funding, Mr. Fitzgerald said he understood that there is some one-time money available to start the process; the Committee could recommend that it be used for this purpose. One concern Mr. Fitzgerald expressed was about timing; it is almost getting too late to order long lead-time equipment and to schedule work this coming summer. On the other hand, as prospective students look at the University, it will not be competitive with the classrooms it now has so it needs to move ahead rapidly and take maximum advantage of summer and semester break periods.

The \$7 million is net new dollars, Dr. Swan observed; there is \$150,000 in recurring funds now available for maintenance and replacement. He agreed that it is good news that the University is finally taking this seriously, and said that the numbers are digestible--and if the University does not spend the money, it will remain in terrible shape in its classrooms.

Does this plan dovetail with new buildings? There has been no advocate for general classrooms in the past, Mr. Fitzgerald said, in planning for new construction or renovation. But Classroom Management is now a part of the process, and was able to intervene in some of the renovation projects that are now underway and get the classrooms upgraded. By doing so, however, he said he has been depleting his budget.

The request for the funding is pending in Morrill Hall, Mr. Fitzgerald said in response to a question. Dr. Swan said that Dr. Bruininks will make the final decisions.

It was moved, seconded, and unanimously voted that

"The Committee receives enthusiastically and strongly endorses the recommendation for the general purpose classroom technology upgrade and urges it receive the highest priority for funding and implementation at the earliest possible date."

It was also suggested that the Senate Committee on Educational Policy and the Faculty Consultative might wish to endorse the report or join in the resolution.

Mr. Fitzgerald thanked the Committee for the resolution.

### **3. Bookstores**

Professor Gudeman now welcomed Mr. Robert Crabb for a return visit to talk further about the bookstores.

Mr. Crabb recalled that he had been asked to speak about a number of issues, include the finances, outsourcing, trade books and gifts, and governance. He first used an overhead projector to provide more detailed information about the budget of the bookstores. The net margin from the bookstores last year was \$663,000, or about 2.1% of sales of \$31.3 million. That margin is below the standard for retailers except for discount chains and grocery stores; he guessed, in response to a question, that the standard for bookstores is probably about 3%, although pointed out that most are not public.

The bookstores do not have rental costs; they funded the construction of the portions of the buildings they occupy and have corresponding depreciation costs instead.

The \$663 margin goes to the University. Some used to go to bookstores reserves, but now all the money goes to the University. Some money has been taken from the reserves by the University, in fact, in recent years. Mr. Crabb said the reserves need to be augmented by about \$550,000 per year for fixtures and equipment replacement. They have about 55,000 square feet and need to replace fixtures on a ten-year cycle at a cost of \$100 per square foot. Mr. Crabb and the Committee discussed the changes in the allocation of money to reserves and the impact of the change in computer sales on those reserves. As for distribution of the money, that is decided by Auxiliary Services, University Services, and others, not by the bookstores. Professor Gudeman observed that the question of how this money is distributed should be taken up by the Committee.

It is likely, as reported at the last meeting, that the bookstores will get out of the computer business, Mr. Crabb said. The space now allocated for computers will be used for other purposes. The highest margin items are clothing and gifts, then supplies, then trade books, and then texts. They make no profit on course packets.

The allocation of space to each function in the bookstores has not changed very much over the years, Mr. Crabb said in response to a question. He said that university-owned bookstores did not evolve until the 1930s; before that, there were only privately-owned stores. Since sales of texts is highly seasonal, the stores most likely got into sales of trade books and clothing and gifts as a way to reduce losses in the slow months and to retain their staff. Many large-university bookstores have large reference, scientific, and technical sections, but with only 15,000 square feet of selling space in the University's largest store, the East Bank Williamson Hall bookstore, they do not have the room to do what they would like in that respect.

At the east bank store, they had 50-60% more business on the first day of classes with semesters than they did with quarters. The west bank store requires a major remodeling to sell texts and avoid long lines. It is their hope to get the rest of the space in Williamson so that they can have a large, respectable bookstore like those at Wisconsin, Illinois, Stanford, Washington, UCLA, and many others (which have 50,000 - 100,000 square feet of space to work in).

They would like to consolidate textbooks in one store so that students would not have to go to two different stores and in order to increase efficiency of operations by reducing the need for staff and not having to maintain inventory across stores. That, however, is off in the future and would need faculty support. It would mean reducing the size of the west bank and St. Paul bookstores, which would only sell apparel and other items, but it would allow the bookstores to have a very respectable trade book and scientific/reference section in Williamson Hall. Barnes & Noble and Borders are trade book stores but they appeal more to a suburban market than an academic community. A large academic-oriented bookstore could be an asset to the University and something the faculty would appreciate. It would cost a fair amount of money to take over the space and build up the inventory. They could fund such an expansion with reserves if they are allowed to maintain their reserves.

Mr. Crabb then provided information on the ownership of bookstores at large universities. Between 1994 and 1999, of the 53 members of the Large Store Group of the National Association of College Stores, seven changed from institutional/co-op/non-profit to a lease with an outside vendor (there had been no lease arrangements among this group in 1994). The large majority of the stores in the large universities continue to be owned by the institution; leasing tends to be more prevalent in smaller college bookstores. Larger stores typically have the sales volume to permit them to run well.

The in-house bookstores tend to be the best ones, Mr. Crabb affirmed, and the major limitation for the University is space. The Twin Cities bookstores have 55,000 square feet spread over five stores (East Bank, West Bank, AHC, Law, and St. Paul). Is it feasible to think about centralizing textbook sales in one store, with the campus so spread out, asked one Committee member? If they did so, Mr. Crabb said, the University would have a bookstore that would rival any in the United States; it could be a focal point for the campus. They would give up space in other locations and consolidate operations in Williamson. There is also the option to continue with much smaller stores on the West Bank and St. Paul campuses, if it was felt important to have a presence in those locations. But it would seem to be an advantage to students to be able to buy their books in one place, rather than having to go to two or sometimes three stores. The AHC bookstore could probably continue as a stand-alone operation, although it is very cramped and has long lines, because there is almost no cross-over between it and the other campus bookstores. The advantage to combining would be increased efficiency as the bookstores move to more e-commerce: they would not need to pull orders from different places and ship them separately (or combine orders from different locations--either option is very labor intensive).

Is there a threat to the bookstores from stores on the periphery of campus or student-run stores? That is an ever-present threat, Mr. Crabb said, although the location of stores on each campus has probably reduced it. With the rise of e-commerce, and electronic publishing on the horizon, he said he is not concerned about those stores siphoning off business. It is difficult to operate such stores at a profit in the day of e-commerce.

In terms of e-commerce, could space for texts be located off-site in a warehouse and shipped to students when they order? They thought about that in the recent past, Mr. Crabb said, because picking, packing, and shipping from a possibly three store sites for a single student's order is very expensive. To relocate texts to a warehouse, however, assumes students would purchase exclusively by e-commerce--and that practice is a long ways off. Moreover, half the books they sell are used, and students want to SEE a used book before they buy it to see how heavily marked up it is. To split stock between a warehouse and the retail stores would be prohibitively expensive in terms of inventory and systems to keep it straight.

One Committee member inquired if the bookstores are seeing a lot of competition from other e-commerce organizations. Not yet, Mr. Crabb said; entities such as Amazon.com will likely not get into the textbook business because the margins are too low while the higher education e-commerce sites are not yet a factor, although they could grow. There are factors that militate against that likelihood, but if they could obtain pricing advantages from publishers (e.g., 15-20% discounts) the picture might change. That, however, seems unlikely given the distinct difference in the nature of the textbook industry compared to the trade book industry. Large players in the textbook industry do not have buying leverage with publishers as do trade book retailers and wholesalers. Textbooks are "pre-sold" at the time they are adopted by the faculty.

The bookstores are planning to start a bookstores advisory committee that would have faculty, students, and a University Services representative in order to get issues on the table and to come up with a direction for the bookstores on which there is some consensus. That would, said one Committee member, help keep the bookstores in touch with the market. The Committee needs to have a discussion of the specific charge to the advisory committee, Professor Gudeman suggested. The goal is to hear from faculty and students, and to get support from both groups for any changes that might be made.

It was agreed that the issue of the advisory committee should be presented to both this Committee and to the Committee on Educational Planning.

Professor Gudeman thanked Mr. Crabb for joining the Committee again, and then adjourned the meeting at 5:00.

-- Gary Engstrand

University of Minnesota