

Minutes*

**Senate Committee on Finance and Planning
(to which Faculty Consultative Committee members were invited)
Tuesday, September 22, 1998
3:15 – 5:00
Room 238 Morrill Hall**

- Present: (SCFP) Stephen Gudeman (chair), Jean Bauer, Charles Campbell, Catherine French, Cynthia Gillett, Wendell Johnson, Eric Kruse, Terrence O'Connor, Richard Pfutzenreuter, Peter Robinson, Charles Speaks, Susan Carlson Weinberg, J. Peter Zetterberg
- Present: (FCC) Sara Evans (chair), Kent Bales, Mary Dempsey, David Hamilton, M. Janice Hogan, Roberta Humphreys, Leonard Kuhi, Judith Martin, Matthew Tirrell
- Regrets: Gerald Klement, Jane Phillips, Terry Roe
- Absent: none
- Guests: Associate Vice President Robert Kvavik; Executive Vice President Robert Bruininks
- Others: Dr. Linda Johnsrud (ACE Fellow)

[In these minutes: compact planning process; the 1999-01 biennial request, items and data]

1. The Compact Process

Professor Gudeman called the meeting to order at 3:20 and turned to Dr. Kvavik to lead a discussion of the compact planning process.

Dr. Kvavik distributed a multi-page handout and discussed the compacts. He pointed out that colleges will not start from scratch next year, but rather will refine the existing compacts. If the compacts are used as management tools during the year, used in discussions with the deans, they can be refined and used as the basis for new compacts. The compact process also begins to better integrate budgets and planning.

A set of instructions about compacts is going to the support units as well. Those instructions emphasize clients and benchmarking the quality of services. These are items the administration expects to negotiate with the support units. There will also be compacts with the President's Office, the Controller's Office, and so on; there are issues in those offices that should be dealt with, and the compacts can provide a sense of directions to follow.

* 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.

Asked what the differences among the compacts were, Dr. Kvavik said that some were weak on outcomes (the President would like them to be concrete). Some came with editorializing (e.g., about IMG), or made comparisons with other units. The compacts should not be uniform; priorities should vary with colleges, and they will identify those priorities and how they will be held accountable. The administration must recognize those differences and seek funds for facilities and for programs that support those differences. The compacts, he concluded, are partnerships between the colleges and central administration in addition to being management tools.

One Committee member inquired what the components of a good compact would be. Dr. Kvavik said it should be readable, give one an idea of where the college is going, what its priorities are and strategies for attaining them, there should be clear and believable measures of accomplishment, and a budgetary strategy that is reasonable. These are not long-term documents, he said; they are to identify what the college can do in the next 1-2 years. The colleges should all have long-term plans, of which the compacts are not a part but to which the compacts should relate. Some compacts explicitly refer to the college's long-term plans.

Dr. Kvavik said that in terms of the biennial request, if a college priority would not be included in the request, it would not be in the compact. The administration does not wish to create expectations on which it cannot deliver. If something is in the request, however, it will be in the compacts. The two are tied together (e.g., with respect to faculty hiring and facilities).

In response to a query, Dr. Kvavik said that consultation within the colleges varied. Some of the compacts were taken almost directly from the college plans. He expressed doubt that faculty would find any surprises in the compacts.

Next year they intend to have this process completed by the end of June, rather than the end of September. The compacts should be the basis of every conversation with a dean, and could be seen as the dean's achievement document. It will allow everyone to see what was accomplished during the year.

Who will evaluate the process itself, one Committee member asked, and are comparable processes used at other universities? It is premature to begin evaluating it now, Dr. Kvavik said. They will get a sense during the year of how it is working, but expect that this Committee will be an appropriate group to evaluate the process. The Committee will see the compacts and faculty can evaluate how they are used within the colleges. If the college moves in the directions laid out in the compact, and those directions make sense, then the process works. If not, then it takes lots of energy that could be spent elsewhere. President Yudof used them effectively in Texas, but these are not quite the same documents. The environment is different, these compacts have a longer time horizon, they appear to include more long term strategy in addition to work plans, and they are more comprehensive in their budgeting perspectives. The Texas compacts are more explicit and stronger, at this time, about outcomes, in part because funding commitments appear more short-term.

Dr. Bruininks said the compacts should be thought of as a long-term process. The compacts have essential elements of the agreement between the college and the administration; there are more detailed work plans on how the compact agreements will be achieved, and address what will be accomplished in the next year or so. They may not include every issue of importance to the college; the compacts are ways to structure the conversation and ways to reach closure on items. He recalled that as department chair and as dean he had been in many planning meetings and never had any sense of closure. The

process should be evaluated constantly, by this Committee, by the college governance bodies, and perhaps by a third-party evaluator. Those involved in the process are the best ones to ask, he said; the administration learns immediately if something was wrong in what they said, but the process is a respectful give and take that includes an ongoing and built-in evaluation system.

Dr. Kvavik added that the administration is attending more meticulously to graduate program reviews, participating in closing meetings, and when appropriate, including items from the reviews in the compacts. Dr. Bruininks said this was essential; there has long been a disconnect between planning and budgeting, and the Graduate School has to be involved in the process.

What role is envisioned for this Committee, the Consultative Committee, the various college committees? The environment will be much more open than in the past, Dr. Bruininks commented, and data will be more available. The Committee should certainly review and evaluate the process and make recommendations on its design; it probably does not have a role in the actual allocation of funds. But it can ask questions such as whether the process is serving the long-term interests of the University, if it is creating a sense of community and accountability, if it contains the right information and data needed, and if it supports broader University goals and strategy in direction.

Dr. Bruininks recalled that he had said to FCC that the process will be of value to the University if it is driven by broad institutional priorities AND comes from the bottom up. There must be a broader vision for the overall academic community, but a decentralized institution does not work well if governed from the top. The process should encourage creativity to the maximum extent possible.

Professor Evans said that faculty have a significant responsibility to identify where they have been consulted, and to be sure that it is working. At the same time, Senate committees cannot substitute their judgments for the views of the college faculties. The question is how to obtain the perspective from 30,000 feet up – do the committees read all the compacts? With whom do they consult? How can they avoid duplicating efforts?

Another question is what happens if a unit does not achieve the benchmarks set out in the compacts. How will the compacts be revised? Are the benchmarks measuring the right things? Dr. Kvavik noted that the University has the critical measures, on which a lot of time was spent and which there is presumably agreement on (such as diversity, graduation and retention rates, research quality and growth, and so on). A number of the initiatives in the compacts address these measures. Many of the benchmarks need to be developed locally, but reviewed; there have been too many times when money is put into a program but no follow-up evaluation to learn if the money was well spent. The University should know this, and take the money back and spend it elsewhere if the results were not obtained.

Dr. Bruininks said that these are challenging questions, and there must be multiple measures and lenses in a complex institution. One such lens is for looking at what the institution is trying to do as a whole in such areas as student characteristics, revenue generation, and esteem for the University among certain groups. Some of these may generalize to the colleges; others may not.

A second lens looks at the quality, productivity, and efficiency of the University based on college indicators. Both qualitative and quantitative measures indicate the directions they are going and how those directions are tied to goals. He will, for example, look at FYE costs, although not in isolation; some

units may have high costs for good reasons, while in other cases, there will be a need to understand why the costs are high. He considers it necessary to assess at least 6-10 indicators to evaluate the colleges.

A third lens must consist of measures that THEY can use to judge how well they are doing vis-à-vis their mission. There is no homogenous set of measures that can be used.

There must be a framework to the process that makes sense, at both the institutional and college levels, and the use of measures generated by the faculty and staff. The process is iterative, he pointed out. States are more and more likely to use this kind of process in the future; universities that set goals and measure their progress in achieving them will probably fare better than those which do not. They will also probably be better institutions for having done so.

Professor Gudeman thanked Dr. Kvavik for joining the meeting, and turned next to Dr. Bruininks and Mr. Pfutzenreuter to lead a discussion of the biennial request.

2. The Biennial Request

Mr. Pfutzenreuter distributed a set of slides containing information about the biennial request; Dr. Bruininks narrated.

The slides presented a conceptual framework for the request, Dr. Bruininks said, and came out of a series of working groups; the proposal has gone to the President and is still being worked on. The final numbers will be established in the next few days and mailed to the Regents for review at their October meeting. Final action will be at the November Regents' meeting.

In accord with the President's view that the University's presentation to the legislature is more successful if the request is organized and presented under broad themes (five):

- Competitive compensation
- Enriching the undergraduate experience (This is seen as the best way to leverage the overall quality of the institution; if the undergraduate experience is improved, there is substantial impact on other areas of the University. Vice Provost Craig Swan has prepared a report on what must be done to improve undergraduate programs, and the administration will work with faculty to broaden the strategy to improve all undergraduate education, not only those areas included in the request.)
- Financing health professional education (The Academic Health Center trains 70% of the health professionals in the state.)
- Connecting the University to the community at large (This includes a range of activities, including teaching, research, and outreach, to help the University carry out its public responsibilities as well as to connect it to the private sector.)
- Promoting a climate of quality service (This includes the physical infrastructure and what is needed to maintain quality services on all campuses.)

The compensation theme has two parts: base compensation increases for all employees that are consistent with state agency base increases (3%), and a compensation strategy pool to see competitive compensation for all employee groups and to provide training and developmental opportunities for faculty and staff (2%). The base pool includes increases in fringe benefit costs. Dr. Bruininks emphasized that

this is not a compensation PLAN, it is a request. Any plan to be prepared will come after discussions with the broader community. Compensation should continue to be market-driven, as has been true the past few years, and there may be internal reallocation (e.g., 1-1.5%) to increase the size of the increases, as was also true last year.

Enriching the undergraduate experience includes a major increase in freshman seminars (the lead proposal), providing “an undergraduate experience for the state’s best prepared students that treats every student as an honors student, provides faculty instruction on a small scale,” includes students in research, includes service learning, mentoring, and internships, “integrates career development and academic advising” from the outset, and a major increase in freshman seminars. The funds would be used, in addition to 100 new faculty positions (50 assistant professors, 50 associate professors), advising, UROP, technology-enhanced learning, the libraries, and study abroad opportunities.

The request for funds for health professional education is predicated on several factors: declining Medicare and managed care revenues, the shift from the hospital to more community settings, an aging population and need for health providers, especially in rural areas, flat research funding in the AHC because of pressure on faculty to maintain clinical revenues, and the need for students to know more than they did in the past in such areas as managed care, business practices, technology, disease prevention, and new discoveries. The request includes funds for health professional education and community and population-based services (prevention models, outcomes research, health information access, health sciences and agriculture connections).

Connecting the University to the community at large includes a number of items, such as technology transfer, the virtual university, the Rochester center, wireless technology, digital library resources, and a variety of additional programs. The largest portion will be for improvement of library services.

Promoting a climate of quality service includes improvement of the physical infrastructure, promoting quality of service, and provides for ongoing maintenance, upgrading, beautification, and preservation of University facilities. This is NOT a capital request.

The numbers associated with these items are as follows (for the biennium):

3% base compensation	64.1 million
2% compensation strategy pool	31.8
Improved undergraduate experience	24.1
Health professionals education	40.0
Connecting the University to the community	23.3
Climate of Quality Service	33.9
Total	217.1 million, of which 20.8 million is expected to come from increases in tuition revenues (@3% per year)

Several points were made in the discussion that followed.

- Dr. Bruininks said that the compensation item was not a 5% salary increase plan. The funds can be targeted differentially, and their distribution will require a great deal of conversation. He urged that the University not argue now about what employee groups might gain in salaries; the University must build its best case now and develop the plan later.
- The University is also trying to deal with the transfer to semesters, and is modeling different outcomes based on the experiences of other institutions.
- That compensation will be market driven means looking at the faculty as a whole as well as looking at different fields. Units were allowed to deliver different increases, depending on market. In response to a comment, Dr. Bruininks said that if the faculty are not involved in the discussions, his tenure in office should be even shorter than otherwise expected.

With respect to the top 30 research universities, if one assumes they received an average 4% increase for the current year, Minnesota would be 23rd, 20th, and 20th for full, associate, and assistant professors, respectively. There were gains; Minnesota was 28th for full professors about three years ago. If one compares Minnesota to the top 15 publics, it would be 8th, 6th, and 7th. The DOLLAR differentials at the assistant professor levels are small. Dr. Bruininks recalled Professor Kuhi's emphasis on being sure that the University is paying enough to be competitive for new young faculty. At the same time, the University is seeing increased pressures at the associate professor level. This is a multi-year process, but the University is making progress.

- The amounts for the improvement of undergraduate education and for health professionals education seem disproportionate, said one Committee member (\$24 million compared to \$40 million). Why? Because of the relative costs to fix the problems, Dr. Bruininks replied. The numbers are not final. The amount for health professional education is based on analysis of the budget and expected resources. He agreed that most would prefer to see the numbers reversed, but this is a problem all over the country. There is a detailed report from the AHC that is available for review. The Committee needs to understand this better, it was said; the numbers seem lopsided.

A legitimate question that can be asked, Dr. Bruininks observed, is whether the University should be expected to pick up the entire responsibility for health professions education. His own view is that the cost should be shared with the community – but the health care systems are themselves under pressure. This item will appear in compacts with the AHC colleges (probably more in the future than in present ones), and this element of the request will probably receive more intensive scrutiny than any other.

Mr. Pfutzenreuter reported that President Yudof shares the concern about this item. One intent in making this request is that the state be engaged in a discussion about how to pay for medical education. Dr. Bruininks agreed that this is an important issue for public discussion in the legislature. The programs will be at risk, but there are contractual obligations that must be financed, and if there is no financial plan to address these growing pressures, the risks are even greater.

It will take multiple strategies to deal with the problem, Dr. Bruininks said in response to question about whether this request would solve it. Health professions education must be changed, the mix of revenues is changing, and more creative partnerships with the community may be needed.

- The improvements in the library are worthy of support. FCC members were astonished at what the Morris campus library has accomplished; there is nothing on the Twin Cities campus like the services the Morris library offers to students.

The Committee then spent time discussing with Dr. Bruininks, Mr. Pfutzenreuter, and Dr. Zetterberg the amount of the request, how it compares with previous requests, and the manner in which the tuition revenue projections were devised (there is some doubt about them, in light of the transition to semesters and its impact on student enrollment patterns). Dr. Zetterberg commented that if every faculty member spoke with 10 students about the need to keep their credit loads up, there would be no problem. Were students to do so, there would likely be no revenue problem and students' own best interests would be served in terms of timely graduation and expense of higher education.

One Committee member inquired if the University is asking for what it needs, or if the needs are greater than the request. If the latter, the numbers associated with actual needs must be known. Dr. Bruininks said they would be. The funding sought for quality services and infrastructure, for example, are only a small part of what is actually needed.

Professor Gudeman thanked everyone for coming and adjourned the meeting at 5:10.

-- Gary Engstrand

University of Minnesota