

Minutes*

Senate Committee on Finance and Planning
Tuesday, May 16, 2000
3:15 – 5:00
Room 238 Morrill Hall

Present: Charles Speaks (chair pro tem), Jean Bauer, Dan Feeney, Cynthia Gillett, Wendell Johnson, Gerald Klement, Susan Carlson Weinberg

Regrets: Stephen Gudeman, Catherine French, Michael Korth, Terry Roe, Rose Samuel, Rachel Sullivan

Absent: Charles Campbell, Eric Kruse, Terrence O'Connor, Richard Pfitzenreuter, J. Peter Zetterberg

Guests: Lester Trapp (Auxiliary Services); Jane Phillips (Subcommittee on Twin Cities Facilities and Support Services)

[In these minutes: congratulations to a retiring committee member; business standards for auxiliary operations; report from the Subcommittee on Twin Cities Facilities and Support Services on Human Resources and food service and other issues identified; issues for the Committee for next year]

1. Congratulations

Professor Speaks convened the meeting at 3:15 and turned first to Mr. Klement to inquire of him how long he had served on the Committee. Mr. Klement estimated that he had served perhaps 15 or more years; "a long time." Professor Speaks congratulated him on his upcoming retirement and thanked him for an "incredible number of years of incredible service"--and then told him he was still on the hook because the Committee would have a meeting May 30.

Mr. Klement thanked Professor Speaks and said that his experience with the University has been great and that it has been a great honor to work here.

2. Developing Standards for Business Operations (Auxiliaries)

Professor Speaks now turned to Lester Trapp to discuss the process of developing standards for business operations. Mr. Trapp explained that Associate Vice President Theresa Robinson, who was scheduled to join the meeting, was ill and sent her regrets.

Mr. Trapp distributed a handout and told the Committee that Auxiliary Services consists of ten units, all of which are service units (e.g., Addressing and Mailing Services, Bookstores, Bindery, Campus Mail, Fleet Services, Parking and Transportation, Printing Services, University Stores). Earlier in the year the Financial Management Group developed a work plan that included development of standards for

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business operations for auxiliaries, which are units that have sales to external individuals or groups (e.g., parking, bookstores, etc.) A committee was appointed to develop recommendations; the group met 3 - 4 times earlier this year and endorsed a general approach supported by the Controller's Organization based on risk analysis. Thereafter a set of preliminary recommended standards was developed. His own view, Mr. Trapp commented, is that in a large organization such as the University, oversight standards should call for appropriate control but not excessive control; the latter is very costly.

Mr. Trapp then reviewed the action plan, noted that a guidebook would be developed, and drew the attention of Committee members to a list of auxiliary organizations sorted by external sales volume in dollars. They will be focusing on those 29 units that have sales in excess of \$1 million per year, which account for about 88% of sales, and not on the other units.

With \$31.5 million in sales are the Bookstores considered non-profit, asked one Committee member? They do make a profit, Mr. Trapp responded, and those funds pay for other things. There are two possible expectations of such organizations: keep prices low or use profits to fund other projects.

Professor Speaks thanked Mr. Trapp for joining the Committee and said it would look forward to a report in the future on the standards.

3. Historical Footnote

Professor Speaks then read to the Committee an excerpt from its minutes from 1989, when one Committee member proposed a resolution after the University had been presented with large bills from Chicago attorneys who dealt with problems in athletics. The resolution proposed that intercollegiate athletics should be responsible for a fair share of the cost of investigations. It was felt important that the resolution be adopted as a statement that the University would not tolerate rules violations and that if future violations led to penalties the University might invoke its own "death penalty" or impose financial sanctions.

The athletic committee, the Men's Athletic Director, and the faculty representative all opposed the resolution; the Committee was assured there would be no costs in the future for such investigations.

Professor Speaks noted that the University was, indeed, back in the same position.

4. Report of the Subcommittee on Twin Cities Facilities and Support Services

Professor Speaks now turned to Ms. Phillips to present the report of one of the subgroups of the Subcommittee on Twin Cities Facilities and Support Services, one charged to look at Human Resources. There was concern whether it was changing with the job market and affecting the University's ability to hire people. The subgroup concluded that Human Resources is changing quickly and doing a good job and concluded that Human Resources should be thanked and encouraged to continue to expand its web communication systems. (The report of the subcommittee is appended to these minutes.)

The Committee unanimously adopted a resolution thanking Human Resources for its work.

There were a few other issues raised in the course of the work of the subgroup, however, that it wishes to pass along to this Committee. One has to do with Worker's Compensation; work is in process

and a report should be requested by this Committee in the fall. Two, the campus communication system needs attention; it seems that often people do not see what they need to see. It may be time to review the University's communication procedures; perhaps some of the experts in academic departments could be asked to help.

One Committee member noted that Institutional Relations plays a role in organizational communications--and pointed out that in his 35 years at the University, communication has always been a problem. It is something always to be worked on, never fully solved.

It was agreed that the Committee would ask Vice President Gardebring to join it early in the fall to discuss communications and would invite Cary Jones to join it for a discussion of Worker's Compensation.

The one additional question that arose was how units such as Human Resources obtains its budget in an IMG environment. The answer to the question was not clear to Human Resources. The Committee might wish to take up this question.

The other subgroup that was charged during the last year aborted its activities, Dr. Gillette reported. It had been asked to look at Aramark quality issues, began its work, and then President Yudof appointed a task force on the food service. At that point the subcommittee bowed out; one member of the Subcommittee is on the task force and its report is due to the President fairly soon.

It was agreed that the report of the task force should be provided to the Committee as soon as it is available and that the subject should be on the agenda of the Committee early in the fall.

5. Issues for Next Year

Professor Speaks inquired of his colleagues what issues they would like to see the Committee take up during the next year. He noted that there would be two meetings this summer to offer advice on the biennial request, and that subject would stay on the agenda during the fall.

Other suggestions were:

- Has anyone taken an overall look at IMG from the faculty perspective? It is a big issue in that it affects workload and tuition expectations; the imposition of the taxes because the central administration does not have enough money is another concern.

There was agreement that since IMG has been in place for two years there has been enough time for an analysis. The Committee agreed that faculty should be involved in the review, not only administrators, and that the Committee on Educational Policy should also be involved.

- The Committee will work with the Committee on Faculty Affairs on faculty salaries. The guiding principle will be the concept of a University commitment to salaries that equals the commitment to paying off bonds. Professor Speaks said he intended to ask Professor Gudeman to work with the Committee on Faculty Affairs on this issue.

- The Budget Advisory Committee (formerly the Budget Management Task Force, chaired by CLA Dean Rosenstone) is now chaired by Executive Vice President Bruininks and should be asked to make a report in the fall.
- Fringe benefit costs should be examined. The year after next it is expected that fringe benefit rates will increase by 13%; the University needs a strategy to deal with the problem.

Professor Speaks commented that there are a number of other items that fall within the purview of the Committee on Faculty Affairs but which should be reported to this Committee for information as well, such as tuition remission for faculty and staff and retiree health care. The Committee should be informed because proposals have financial implications. He said he would speak with Regents' Professor Goldstein on how the two committees might interact on these topics.

In the case of the latter, one Committee member said, NOT offering retiree health care may have costs for the University as well, because people who otherwise want to retire do not do so because they do not have health care coverage. There could be a proposal to limit the University's unfunded liability. Such health care could also be a attractive in hiring new faculty. Offering such health care would not be an INDUCEMENT to retire but it would permit people to retire if they wished to do so.

This Committee should play a role in both proposals, it was said; that would increase faculty support. In addition, the fact that two committees with different mindsets both endorse a proposal should make it more likely to be adopted. This Committee, it was said, is seen as a more pragmatic body.

- It was noted that this Committee is responsible for providing the charge to the Subcommittee on Twin Cities Facilities and Support Services. One topic it could be asked to look at is charges by Facilities Management compared to charges by outside contractors. Facilities Management estimates sometimes seem VERY high compared to other bids. The Subcommittee might look at data, rather than just hear anecdotes. It was agreed that the Subcommittee should take on this issue.

Professor Speaks adjourned the meeting at 4:10.

-- Gary Engstrand

University of Minnesota

March 3, 2000

To: SCFP Members
From: Jane Phillips, Human Resources (HR) subgroup, STCFSS
Re: HR subgroup report

One of the charges to STCFSS this year was to review policies and procedures of Human Resources (HR), specifically looking for information about how HR gathers information of how well the policies and procedures serve the university community and how well HR responds to requests for change. This

charge was relegated to a subgroup that developed a number of questions and met twice with Carol Carrier and staff selected by Carol* to get answers to these questions.

* John Erickson, Norma Peterson, Nan Wilhelmson, Julie Sweitzer, Bob Fahnhorst, Margaret Klein

Based on these meetings and discussions, we believe that HR is responding to the university's needs in an appropriate manner and as timely a way as is possible considering the complexities of employment activities (e.g. constraints placed on them by federal regulations, bargaining unit contracts, etc.)

Thus, our recommendation is that we thank HR for the work they are doing and encourage them to continue to expand their web-based communication systems. We feel no need to continue our review of HR activities.

On related notes, however, we did find two items we would like to see pursued:

A review of employee concerns about the Worker's Compensation program.

There have been complaints about the administration of this program for a number of years (and these complaints have surfaced at a number of different university committees.) With a new head of this unit (Cary Jones, Program Director in the Treasury Office), we hope these employee complaints will be addressed, but we would like to see a follow up on this next year. If SCFP so wishes, we will ask for a report from Cary Jones in the fall.

A campus-wide review of communication processes.

While we were reviewing HR activities, we continually ran into the problems of communication processes at the U. This is not a new topic as many have been frustrated by examples of the breakdown in communication (e.g. information forwarded to the "DDD" list that doesn't get to the people who need to see it.) We are not sure what group is appropriate for a campus-wide review, but we would like to see it done. Perhaps a reasonable start for this review is to focus on the function and use of the "DDD" list (Who manages the list? How is it updated? Do those who get the DDD communications know it stops there and it is their responsibility to forward the information? Are the DDDs overloaded with materials that would more efficiently and effectively be sent to another "list"?) And since we are looking at communication "processes", perhaps involvement of experts in communication from our academic departments would be helpful.

Finally, one question SCFP may want to consider is how units like HR get appropriate and properly prioritized budgets for the changes the U community would like to see in a time of IMG. Maybe Cathy French (Chaired the IMG task force for 2-3 years) already has an answer for this.