Minutes[*]

Senate Committee on Finance and Planning
Tuesday, November 13, 2001
2:15 – 4:00
238A Morrill Hall

Present: Charles Speaks (chair), Prince Amattoe, Brittny McCarthy Barnes, Stanley Bonnema, Stephen Gudeman, Gary Jahn, Wendell Johnson (by teleconference), Michael Korth, Elo Charity Oju, Richard Pfutzenreuter, Rose Samuel, Susan Carlson Weinberg

Absent: Jean Bauer, Charles Campbell, David Chapman, Daniel Feeney, Eric Kruse, Terry Roe, Michael Volna, J. Peter Zetterberg

Guests: Associate Vice President and Chief Information Office Steve Cawley; Associate Vice President Gerald Fischer, Assistant Vice President Judy Kirk, Charles Osborne (all three from the University of Minnesota Foundation)

Other: Mike Berthelsen, Office of Budget and Finance

[In these minutes: (1) changes in the way technology charges are assessed; (2) review of proposals with financial implications, tuition reduction proposal, resolution on classroom improvements, subcommittee on capital planning; (3) report and data from the Foundation on fund-raising efforts]

1. Changes in OIT Charges

Professor Speaks convened the meeting at 2:15 and welcomed Associate Vice President Cawley to discuss changes in Office of Information Technology charges.

Mr. Cawley said his office is in the process of examining how to recover the costs of the data network; it is becoming apparent they must do something to address the current system because it does not serve the University well and does not recognize mobile computing (such as laptops and handheld devices). The aim is to increase access, increase mobility and promote the use of the technology—all while simplifying the business model needed to support this goal. The University is in the position to do this technically but it must change the way that it distributes the cost of the network.

The current system is a charge-back structure based on connections and causes the consumer to act as though network connections are a scarce resource. That's not accurate; connections are generally abundant. It is the backbone that is scarce and needs funding. They need to allocate and recover costs for the network as well as promote full utilization of connections.

One idea that has been floated with the deans, students, and central administration is to redistribute the cost of the network based on counting people (faculty, staff, and students) rather than connections. Doing so would grant the right to individuals to use the system as much as they need to,

[*] 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.

supporting wired and wireless mobile computing (units would still have to pay for local wiring). This is not a "done deal," Mr. Cawley assured the Committee, and it is becoming a common practice among the University's peer institutions.

The charge would be about $14 per month per person. The charge would include use of the modem pool (with a charge structure as at present--free for the first 50 hours, then a nominal charge for each increment of 50 hours thereafter). The charge would be the same for faculty, staff, and students. It would be possible to try to make a case for different rates for different groups, based on different usage rates, but that could get very complicated, Mr. Cawley said. He has drawn on the Northwestern University model, which charges the same for everyone.

Committee members inquired how students would be charged. Colleges would be charged for students enrolled in them; it would be up to the colleges to decide whether to charge departments.

A second idea is that central funding be provided for these costs; this is an idea proposed by the colleges. As is the case with any such proposal, there would be winners and losers. Ideally, the budget office could take steps to ensure that there were NOT winners and losers, by providing funds to colleges with which to pay in order to make each unit whole. The colleges take the position that if there will be money moved around, why not just pay for the expenses out of O&M funds?

If central funding were to be provided, Professor Speaks said, then at a point when the administration says it has no money, there would have to be an increase in taxes--which then sounds like the first idea. Mr. Cawley agreed that the Internal Revenue Sharing tax would have to increase to cover network costs. Central administration would have to come up with some funds, and there are regulations governing Internal Service Organizations (e.g., with respect to research funding).

In response to concerns expressed by student members of the Committee, Mr. Cawley assured them there is no proposal to add a student fee to cover network costs. The fees administered by colleges go for college-specific technology needs. There would be no impact on student fees direction, he said (although there would be indirectly, of course, since rising costs affect everyone).

Ms. Samuel asked about the possibility of use-based charges; Mr. Cawley said there is no easy technological way to measure bits of information or usage.

Professor Jahn recalled the change in the way telephone charges were paid; in that case, he said, there were also winners and losers. There were different winners and losers than would be the case with this situation, Mr. Cawley said, and in that case the allocation of funds to units was not permanent. To make this proposal work, the allocation would have to be permanent.

Professor Speaks asked Professor Gudeman if the Budget Management Task Force had not urged getting away from taxes here and there and recommended instead one all-funds tax. This is an example of supporting what the Task Force recommended. Professor Gudeman agreed that the goal was to get away from piecemeal taxes. What does moving money around accomplish, given winners and losers, he asked? Mr. Cawley agreed that there would be a lot of accounting paperwork; his goal is a system that promotes use of the network. What happens now is limited implementation of connections because departments do not want to pay the monthly fees; conference rooms do not have connections because of the charges, and fees to the Office of Classroom Management would be VERY high--and not a fair allocation of the share of the backbone expense. It would also be possible to develop separate rates for classrooms, conference rooms, and so on, but that would lead to gaming and would not encourage network use and fit our goal of simplification.

Ms. Barnes agreed that there would be a benefit to promoting network use but expressed concern that students could be the ultimate losers, because if a department did not have enough money to pay the $14 per person, it could increase technology fees. Mr. Cawley said that if the University makes colleges whole in the transition, that should not happen, but if the colleges are shorted, they might theoretically impose fees on students to make up the difference. The key will be not leaving colleges short of funds in the transition to this new cost distribution model. He pointed out that the record on technology fees is clear: none of the money colleges collect goes to the Office of Information Technology directly.

What is missing, Professor Speaks said, is a plan to recover costs in a more equitable way but not generate additional funds. And produce better use of the network, Mr. Cawley added. That would happen if the node connection fee were to be cut dramatically--and the cut publicized--Professor Balas suggested. If he wanted to gamble, that might work, Mr. Cawley agreed, but how much should he lower the fee? He could lower it and sell more nodes to get to the same place, but Internal Service Organizations are not a risk-based business and cost does not always drive demand. And a lot of departments would take the savings and use the money for other things, Professor Jahn added.

If the problem is that there are more nodes than are being used, how does this change in charging address the problem, Ms. Samuel asked? That is not the primary reason, Mr. Cawley said; what he wants to create is incentives to use the system and wireless technology will be a major beneficiary--and it has no nodes.

What is the target date for making a decision, Professor Speaks asked? By February, following additional discussion with the deans and going through the budget process, Mr. Cawley said; implementation would come in July, 2002. This change would not affect the coordinate campuses, he said in response to a question. They are charged for connections to the Internet, on a fair share basis, and those charges are dealt with independently. The charges are reviewed regularly, to be sure they are fair (he believes they are).

In response to a query from Professor Gudeman, Mr. Cawley said that eventually there will be a higher percentage of the nodes used; they continue to put more and more in each month. They will never reach 100%, however, simply because of the use of geographic hubs and the nature of the technology that cannot fine-tuned down to the last user. The issue is demand that is not being met because of disincentives in the current system. The utilization of nodes is not a key issue.

Professor Speaks suggested that the Committee allocate an hour to this item in late January or early February, that it receive a written proposal concerning the costs as well as the benefits and drawbacks to the proposal and that the meeting include representation from several of the deans. Some members suggested CLA, IT, CBS, Education and Human Development, and a couple from the AHC.

Mr. Cawley noted that the plans are still fluid; he invited people to email him with any ideas or suggestions. Professor Speaks thanked Mr. Cawley for joining the meeting.

2. Committee Business

Professor Speaks now reported on a number of items that had been taken up at previous meetings. First, however, he emphasized that when he talks about a lack of faculty participation or consultation, he means consultation with faculty, staff, and students.

-- The Faculty Consultative Committee had reservations about the proposal that this Committee review all Senate committee proposals with financial implications. Professor Speaks suggested that the process not be formalized. Some Senate committee chairs meet once per month and have ample opportunity to talk; that is the point at which other committees can suggest that this Committee take a look at a proposal. He recommended that the Committee approve an informal process; other committee chairs welcomed this proposal and it would mean that this Committee would not play the role of traffic cop. The Committee concurred.

-- The Committee heard from Professor Goldstein about the proposal for reduced tuition for children of University employees; the Committee on Faculty Affairs (SCFA) has promoted the proposal without success. The Committee has received the information SCFA developed; does it wish to pursue the issue? Several Committee members urged that this Committee take up the issue. Professor Gudeman suggested the Committee invite the Provost and Mr. Pfutzenreuter and look at the issue in the context of the University's budget.

There is always one roadblock, Professor Speaks noted: the administration says there are many other priorities and a tuition benefit is not at the top of the list. It is not clear how important the other priorities are. He agreed to invite the Provost and Mr. Pfutzenreuter to discuss the proposal.

-- He distributed copies of a draft resolution concerning classrooms. He acknowledged that to consider this resolution was not the usual order of things; normally the Committee would hear from Vice Provost Swan or Mr. Fitzgerald about classrooms and funding for technology upgrades (it did hear about this last year and took a stand). Dr. Swan came to the Faculty Consultative Committee and talked about the importance of investment in classrooms, the need for recurring funding, and the significance of faculty/staff/student support for the plans. The Committee had an excellent presentation on this topic last year and not a great deal has changed since.

The draft resolution read as follows:

> "The Senate Committee on Finance and Planning reiterates its strong support for assigning a high institutional priority to providing funding for the “General Purpose Classroom Technology Upgrade Plan”
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> "The Committee views the lack of sufficient technology equipped general purpose classrooms with great concern. We note that the faculty’s needs for projection-capable Internet connected general classrooms far outstrip supply. Likewise, matriculating students are increasingly used to experiencing technology in classrooms in their K –12 education. They bring high expectations to the University of Minnesota, and we need to measure up.
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> "The Committee has closely followed the “General Purpose Classroom Upgrade Plan” since its inception, and is on the record as endorsing the plan and recommending accelerated

implementation. We also note that the Classroom Advisory Subcommittee as well as numerous governance, faculty, and student committees and groups have favorably endorsed the Tech Upgrade plan. All agree that this plan provides the critically important baseline level of classroom technology, and the foundation for future technology enhancements. The $7M, multi-year, phased plan began in FY00 and is scheduled to be complete at the end of FY04.

"The Senate Committee on Finance and Planning particularly notes that the Tech Upgrade plan identifies recurring funding requirements for life-cycle maintenance, equipment replacement, and support staffing as elements of the basic plan. We support this up-front identification of life-cycle costs as a fiscally prudent approach to upgrading classroom technology infrastructure.

"We note with great concern that the tech upgrade work to date has been funded only with one-time funds. The recurring life cycle costs for technology-enhanced classrooms has not been funded. We are, however, accruing these costs. Given the importance of general classrooms and their technology infrastructure, we cannot continue to defer these costs without jeopardizing our teaching and learning mission.

"The committee applauds the completion of 65 tech upgrade installations by the start of the Fall 2001 semester. We note however, that the plan called for completion of 146 rooms by this time. Funding shortfalls have caused the U to fall behind the Tech Upgrade Plan's timetable of completing 300 classrooms by end FY-04.

"The Senate Committee on Finance and Planning strongly supports and urges funding of the General Purpose Classroom Tech Upgrade Plan to complete, on schedule, the funding of recurring life-cycle classroom costs as well the establishment of a stable recurring funding stream for general purpose classrooms."

Following brief discussion, all members of the Committee save one voted in favor of the resolution; the one individual abstained.

-- On the issue of involvement in the capital planning process, Professor Speaks reported, the Faculty Consultative Committee very much wants the Committee to play a role, either through a subcommittee or through the full committee. There is no non-administrative participation except on an informal basis; the President has invited participation from this Committee.

The Committee cannot look at a $3-billion list of projects; what it could reasonably do is look at the list of the top 20-30 projects, he said, and the primary factor it would consider would be the link to the academic mission. Involvement in the process might require 2-5 meetings of this Committee every other year, Professor Speaks said, or the work of a subcommittee. Following brief discussion, the Committee voted 8-0-1 in favor of creating a subcommittee, with the understanding that (1) this Committee would set priorities and guidelines, (2) the subcommittee would provide summary rationales for its recommendations, and (3) the subcommittee membership would include students and coordinate campus representatives.

3. Report from the University of Minnesota Foundation

Professor Speaks now welcomed Associate Vice President Fischer and his colleagues from the University of Minnesota Foundation.

Mr. Fischer distributed copies of a set of slides and began by explaining that while he knew the Committee was interested in unrestricted funds, a discussion about them would be very short because there are not many of them. He decided that it would be more useful for the Committee to have an overview of the private funds that come to the University.

Mr. Fischer noted that unrestricted funds amount to less than 1% of the funds received. Last year, for example, the University received total new gift commitments of $217 million, of which $1.78 million, or 0.08%, were unrestricted. The amounts received in recent years are as follows:

	Total Gifts (millions)	Unrestricted $ (millions)
1991	47	.042
1995	78	.090
1997	107	.578
1999	135	.544
2000	234	1.46
2001	217	1.78

For the year 2000-01, the Foundation has received:

New gifts received	70 million
Gifts pledged	83
Deferred commitments	64
Total	217

How much reneging is there on pledges, Professor Speaks asked? That is a record he is very proud of, Mr. Fischer said; the Foundation has had to write off far less than 1% of its pledges. He noted that any pledge, to be counted, must be written, and the Foundation has relationships with the donors that make it confident the money will be received.

The gifts (2000-01) by size break down as follows:

	#	%	$	%
Over $5 million	5		53.0	
1-4.999 million	39		57.6	
250,000 - .999 million	86		40.9	
100,000 - 249,000	155		21.3	
Total these four categories		0.5		80
10,000 - 99,999	1,031	1.5	28.8	13
1,000 - 9,999	4,011	6	9.6	4
under 1000	64,080	92	6	3
Total	69,407	100	217.2	100

Mr. Fischer observed that less than 0.5%, or 285 donors, provided 80% of the gift money; major gift prospects are VERY important and key to achieving excellent results, he said. The Foundation is also broadening its base, however; 64,000 donors made gifts of less than $1000. In terms of organizations that donated--companies, foundations, etc.--the University is at the top of the Big Ten. The University has 350,000 living alumni, about 10% of whom donate; that figure is low in the Big Ten, which averages about 16-18%. The Foundation would like to increase the number from 35,000 to at least 50,000 alumni who contribute. On the other hand, the University is also near the top of the Big Ten in terms of non-alumni donors (a group that gave more money last year than did alumni); Mr. Fischer attributed that generosity to the availability of the University to the public.

Of the donations, organizations contributed 42%, alumni 26%, and non-alumni 32%. The faculty-staff contributions are part of both alumni and non-alumni donors. One extraordinary number is that more than 3200 faculty and staff gave $11.4 million in 2000-02, Mr. Fischer said; the anecdotal evidence suggests Minnesota is head and shoulders above the next Big Ten school in this regard, and it is a measure of the faculty and staff commitment to the school's mission.

To what extent does the legislature and the Governor understand that when there is strong state support, there is more likely to be strong private support, Professor Speaks asked? That has been part of President Yudof's message, Mr. Fischer said; Governor Carlson made a strong stand for the public-private partnership of the state and the University. The understanding, however, varies from one legislator to the next; the goal of donors, however, is to supplement the core funding of the University to create a margin of excellence, not replace declining state funding.

Some areas seem to be over-funded, Ms. Samuel said. More of a problem, Mr. Fischer replied, is a donor who wants to support a program that is not part of the core mission of the University. The Foundation supports the core mission and it has said "no" to some gifts. Over-funding is not something he has encountered.

The use to which a gift will be put is determined by the donor; donors designate use for 99% of gifts, which is common in public institutions. (In the private institutions, a much larger share is left to the discretion of the institution because it forms part of their core funding; in the public institutions, gifts are a supplement and to the extent private donations are used to replace state funds, donors become less motivated to give). The designated use of donations for 2000-01 were as follows (that is, of the total $217 donated, the following percent of the total were for the identified purpose):

51%	for academic programs
21	for scholarships/fellowships
11	for faculty support
8	for research and outreach
7	for capital improvements
1	for strategic initiatives
1	for unrestricted uses

In terms of gifts raised by University organizations, 2000-01, those who raised more than $5 million were as follows:

MN Medical Foundation	42.1 million
Institute of Technology	32.8
CLA	20.6
Arboretum	18.2
Humphrey Institute	12.1
School of Management	10.9
Law School	10.4
Vet Medicine	6.4
COAFES	6.1

Mr. Fischer said there were only three units on this list before 1996; the fact that six units raised more than $10 million is a remarkable achievement. Every unit is raising far more money than they did before the capital campaign began.

Two items in the recent Florida studies that ranked research universities were measures of private support. One was the institution's endowment. The value of the University's endowment (Minnesota Medical Foundation, University of Minnesota (funds the University itself manages), and University of Minnesota Foundation) and the University's ranking among research universities has been as follows:

Year	Value	Ranking (publics & privates)	Ranking (publics)
1997	1.14 billion	24	4
1998	1.335	24	4
1999	1.513	23	4
2000	1.809	23	5
2001	1.651	n/a	n/a

The public institutions that rank above Minnesota are Texas, Texas A&M, Michigan, and the California system.

Mr. Fischer commented that he was proud that last year the University of Minnesota Foundation had a positive return on its investments--a very good record given the dismal performance of the market. Do the different entities use different investment strategies, Professor Speaks asked? They do, Mr. Fischer said; the Foundation has a board that allocates assets; in assessing risk 18 months ago, the board decided to be more cautious and moved money from the equity markets to more defensive investments. The investment board includes six investment experts from outside the University, and they will occasionally engage a consultant on a short-term basis, but they do not rely on consultants for broad portfolio advice.

In terms of voluntary support rankings (that is, gifts actually received plus non-contract research grants to produce knowledge available to the public) in 2000, the University ranked as follows (* denotes public institution):

Rank	Institution	$ raised (millions)
1	Stanford	580
2	Harvard	485
3	Duke	408
4	Yale	358
5	Cornell	309
6	Johns Hopkins	304
7	Columbia	292
8	U of Penn	288
9	UW Madison	280 *
10	UCLA	254 *
11	USC	253
12	MIT	238
13	NYU	237
14	U of Michigan	231 *
15	U of Washington	226 *
16	UC San Francisco	218 *
17	Northwestern	203
18	Texas at Austin	202 *
19	Indiana U	201 *
20	U of Virginia	195 *
21	U of Minnesota	194 *
22	U of Chicago	178
23	Ohio State	174 *
24	Penn State	171 *
25	UC Berkeley	167 *
26	Princeton	166
27	UNC Chapel Hill	165 *
28	U Florida	164 *
29	Notre Dame	144
30	U of Utah	141 *

The University ranked 9th among the publics; their goal, Mr. Fischer said, is to move it to 5th.

In terms of the growth of voluntary support, as measured by the list above, Minnesota stands as follows over the past few years:

Year	Amount (millions)	Ranking (Pub + Priv)	Ranking (Publics)
1997	136	16	6
1998	154	18	6
1999	162	18	6
2000	194	21	9

In terms of development costs (that is, money spent to raise each dollar), there has been a 155% increase in funds raised but only a 67% increase in development costs. In 2000-01, the Foundation spent $17 million to raise $217 million. (In 1996, by comparison, it spent $10 million to raise $85 million.) The University's costs are well below the "danger" levels cited by the Council on Non-Profits, which cites 30% administrative costs as high; the University is under 10%.

The pay-out from a $1 million endowment established in 1986 at the Foundation was $55,000 in 1986 and $106,000 in 2001. The 15-year average total return on the Foundation assets was 10.5%; the average annual growth in payouts has been 4.8%. Will the Foundation stay with the 5.5% pay-out rate, Professor Speaks asked? Mr. Fischer said the rate will be gradually reduced to 5% over the next five years, and the averaging period to calculate what the dollar pay-out should be will be extended from three to five years. The fund managers have advised the Foundation that the 5.5% level would require an uncomfortable level of risk the asset allocation. Asked if the rate would increase in five years if the economy turned around, Mr. Fischer said they would be more comfortable with a 5% pay-out. The endowment is there forever, he commented, and they must balance what they can do in the present with what they expect to be able to do in the future. Are many of the donors savvy about the pay-out level, Professor Speaks asked? They certainly are, Mr. Fischer affirmed; society in general is more informed about money management and they receive very sophisticated questions from donors.

Minnesota is ranked #1 in terms of giving, Ms. Samuel commented; has the Foundation seen a drop in giving since the events of September 11? They have seen a slowing in donations since last April, reflecting the slowing economy, Mr. Fischer replied. In the last two weeks, however, giving has shown signs of pick-up but reaching another $200 million year will be difficult as long as there is a recession. If donors see the markets recover, they will be more comfortable giving to the University and other charitable causes.

Mr. Amattoe asked if Mr. Fischer expected to see the expenses of raising funds rise at the same rate as that of gifts received. Mr. Fischer said they did not but they are working hard to insulate the development budget from cuts because they feel there is a great deal of potential to increase donations when 90% of alumni are not (yet) giving. To cut their staff would put the revenue stream at risk.

Mr. Fischer next noted that the disbursements from the Minnesota Medical Foundation and the University of Minnesota Foundation had risen from $31 million in 1991 to $106 million in 2001; the average annual increase in disbursements for that period was 13.1%.

In terms of the capital campaign, $1.189 billion has been raised through September, 2001; 91% of the goal has been achieved in 75% of the time allocated for the campaign and 20 of 30 colleges/campuses/foundations are above their individual targets. They have been pleased with the corporate support, including from 3M for student support and a new business development program, from Hubbard Broadcasting for the new media initiative, from ADC Telecommunications for the digital technology initiative (including 5 chairs and $2 million in fellowships, including matching funds), and from Target for the design initiative. The faculty/staff campaign has been very successful; it has raised $49 million, well above the goal of $40 million from 7200 University employees. Mr. Fischer commented that these numbers are simply an amazing outpouring of support by those who see up close the difference a gift can make.

Vice President Maziar has talked about how difficult it is to raise funds for fellowships, Mr. Fischer recalled, and they are glad they decided to try rather than follow the conventional wisdom. The result has been the 21st Century Graduate Fellowship Challenge Match program, which has now raised $17.3 million ($34.6 million with the matching funds); the goal is $50 million ($100 million with the matching funds). There have been 158 new fellowships created.

Of the overall goals for the endowment, "great faculty" has achieved 109% of its goal, "great students" 63%, and "strategic initiatives" 44%. The last is the portion of the endowment available at the discretion of the responsible administrator--president, dean, etc.; the "great students" goal will be a key focus of the last two years of the campaign. Ms. Oju asked how the goals were set; Mr. Fischer said they emerged from a long discussion process both with key donors and with the colleges that took place before the campaign began.

Professor Speaks inquired about the link between athletics and fund-raising success. Mr. Fischer said that a winning football team is positive for fund-raising in the long term. It creates pride and connectedness. Donors want to feel pride; they give out of passion to create a better world, he said. Post-season play creates more capacity for that pride. On the other hand, the short-term effects of going or not going to the Rose Bowl will not affect donations. Alumni memberships may increase when there is a winning team but the Foundation works on major gifts over a number of years and usually would not be affected by post-season play in particular year.

The Campaign has had an impact on the number of endowed chairs and endowed scholarship/fellowships. The number of endowed chairs has risen from 138 in 1988 (at the end of the last capital campaign) from 260 in 1996 to 340 as of 2001. Similarly, the number of funds supporting scholarships or fellowships has risen from 407 in 1990 to 1311 in 2001.

Mr. Fischer reviewed additional data concerning the progress of the campaign and what the strategies would be for the future.

Professor Speaks told Mr. Fischer of the proposal from the Committee on Faculty Affairs to provide reduced tuition to children of University employees and of the Provost's reaction (that it is a good idea the University should not do). There was a careful fiscal analysis done that the budget office agreed was good; the Committee believes the proposal would not be very expensive but the administration does. Is there a role for the Foundation to play in this kind of proposal in order to minimize the financial impact on the University? Mr. Fischer said that one typically does not see fringe benefit issues as a focus for fund-raising.

Ms. Barnes asked if the Foundation played any role with the legislature last year, given that donors like to see strong state support. It seems as though there is a link missing between the Foundation and the legislature. Mr. Fischer said one of the most inspiring moments of the legislative session was when an alumnus and Foundation Trustee testified and told the legislature "shame on us if this state lets the University slide" in this knowledge age. The Foundation as an institution, however, cannot lobby without violating its non-profit charter, he said. The Alumni Association led a big effort.

Mr. Amattoe asked about the level of support provided by the Foundation to the units to achieve their goals. Mr. Fischer said the Foundation provides about 1/3 to 1/2 of the development budget in each college/campus. They hope that whatever the Foundation invests in a unit will be matched by the dean or chancellor on a 1:1 or 2:1 basis. They provide money as well as services, events, prospect research, planned giving, and so on. He said he hopes the Foundation provides the units with high-quality services.

Mr. Fischer was asked whether the Foundation could raise much more money if it were to hire another 20 or 30 people. He said there is a concern about diminishing returns but, given the identified potential, he believes more money could be raised if they hired more people. Resources are not unlimited, however, so they try to make the best investment of the dollars they have and measure the incremental effectiveness of each dollar they spend.

Professor Speaks said he would like to go on record expressing appreciation to Mr. Fischer and his staff for their success and the expertise they bring to their work. Most people do not give because they are not asked, Mr. Fischer said. The development staff has a profound sense of shared mission with the University and brings an extremely high level of professionalism and commitment to their work; they regard it as a privilege to work on behalf of the University.

Professor Speaks thanked Mr. Fischer for joining the meeting, and adjourned it at 4:30.

-- Gary Engstrand

University of Minnesota