Minutes[*]

Senate Committee on Finance and Planning
Tuesday, September 19, 2000
2:15 – 4:00
Room 433 Johnston Hall

Present: Charles Speaks (chair), Leanne Baylor, Stanley Bonnema, Charles Campbell, Stephen Gudeman, Michael Korth, Richard Pfutzenreuter, Cory Stingl, Susan Carlson Weinberg

Regrets: Jean Bauer, Daniel Feeney, Wendell Johnson, Terry Roe, Rose Samuel

Absent: Eric Kruse, Michael Volna, J. Peter Zetterberg

Guests: Associate Vice President and Chief Information Officer Steve Cawley, Deputy Chief Information Officer Shih Pau Yen, Bernie Gulachek (Office of Information Technology); members of the Senate Committee on Information Technology; Elizabeth Eull (Office of Budget and Finance)

[In these minutes: high-speed remote access to the Internet for faculty, staff, and students; the consultative process; the biennial request]

1. High-Speed Remote Access

Professor Speaks convened the meeting at 2:15, called for a round of introductions, and then turned to Mr. Cawley and Mr. Yen to lead a discussion of high-speed remote access to the Internet and University computers for University faculty, staff, and students.

Mr. Cawley distributed a handout that defined some of the terms and outlined the options that are, or are expected to be, available to University faculty, staff, and students. There are two means of high-speed remote access: cable modems (cable TV) and digital subscriber line (DSL) (telephone). Cable modems are modems "designed to operate over cable TV lines. . . . A cable modem can be used to achieve fast access to the Internet (~300 kbps uploads and ~1000 kbps downloads in the best case). However, you are sharing bandwidth with others in your neighborhoods." DSL turns "a single pair of copper telephone wires into a multi-channel data delivery system. One channel transmits voice services, so normal phone usage can continue regardless of whether a user is connected to the Internet. DSL provides continuous connection, there is no need to dial up. . . . Speeds depend on the distance from the telephone company central office and can range from 272 kbps - 780 kbps. DSL can provide a dedicated circuit, unlike cable modems."

Mr. Cawley recalled that he had talked with the Committee last year about the University providing Internet access to faculty, staff, and student homes. At present the University uses modems, which are heavily used, and the first 50 hours of use is free. The cost is built into the network; it costs the University about $4 per month for each account while the individuals pay for the telephone line. This is,

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he said, very low-cost Internet access for approximately 40,000 students and 20,000 employees. The student portion of the cost is paid by an allocation from the Provost; the employee portion is part of the charges to units.

His office has been looking at new technologies, Mr. Cawley said, because many applications require faster service. As a result of a request last year from CLA, the Office of Information Technology (OIT) has been negotiating with vendors to provide service to the University. The University has taken the position that it will not underwrite high-speed remote access and provide the service free to students, faculty, and staff. Departments and colleges, however, could choose to underwrite the cost for individuals for business purposes.

Mr. Cawley then outlined the options that are available for cable modem access and DSL access.

For cable modem access, AT&T Broadband (formerly MediaOne) is one service provider; negotiations are going on with TimeWarner (soon to be AOL). The cost for AT&T broadband customers is $34.95 per month; for those not customers it is $44.95. Both prices include a modest discount for University users.

For DSL access, Qwest (formerly U.S. West) provides the infrastructure; both GoldenGate and Qwest.net are service providers. There is an installation fee (depending on circumstances), an activation fee of $69 (free until October 31 or later, if negotiations delay availability), and there are various levels of charges (composed of two costs, for connection and Internet service) ranging from ($19.95 plus $13) to ($29.95 plus $14.95. The Internet service charges also include a discount for University users.

The cost is thus roughly the same for either option. In both cases, Mr. Cawley said, the University has taken the position that if the companies are going to work with the University, they must have special service procedures available. The University and company help desks will be connected to help users solve problems. The University wants a good relationship with these companies, Mr. Cawley added, but will quit doing business with any carrier that does not provide good service.

Professor Speaks inquired about the proportion of University faculty and staff who have cable; Mr. Cawley said he did not know but would guess that it is probably a slight majority, although likely less than 10% buy the broadband service. This service is being rolled out over the next 15-18 months; Time-Warner is two years away and needs to upgrade its cables. In the case of DSL service, over 60% of the metropolitan area is served by Qwest and can buy DSL service; one has to call them and they test the line to see if it is available for a particular individual (which depends on where one lives).

The services are not yet available through the University, but it is expected that students, faculty and staff will be able to go to www.techmart.umn.edu to learn about, and order, DSL or cable modem services.

Professor Campbell pointed out that current DSL users cannot gain access to certain University features (such as journals); will that change with the new service? Mr. Cawley said a solution is being developed, a virtual private network (VPN), which in combination with one's (X.500) password leads the computers to believe one is using the service from the University. This option would be available with any Internet service provider and the plan is to provide it for free to University students, faculty, and staff.

Professor Gudeman asked if the Committee could be given a sense of the difference in the speed between DSL and cable modem service. Mr. Cawley said there is no perceivable difference. The network can be slow on any day for various reasons, as everyone knows; cable has a neighborhood layer involved and in theory could see bottlenecks while DSL service is a direct connection. There should be no difference, he concluded.

They are not looking at all four campuses for this service, Mr. Cawley said in response to a Question from Ms. Weinberg, except possibly Duluth. Mr. Cawley explained that modem pool access has always been a campus-by-campus domain, as has funding and network support models. In addition, Mr. Gulachek said, there is the issue of market share; it is not in the best interest of a company to focus on areas less heavily populated because they cannot get sufficient penetration to repay the investment required.

Will modem pool access remain an option, Professor Speaks asked? That will always be free and a fall-back option as long as he has anything to say about it, Mr. Cawley replied. The modem pool will likely get smaller over time, and more modems will not be added, but it will remain available.

Asked about the likely percentage of faculty, staff, and students who will want to convert to DSL or cable modem, Mr. Cawley said he did not know but that the "take rate" has not been huge so far. This is a newly-emerging option, he said, but demand is not high yet. He pointed out that the University administration could argue that it will not underwrite high-speed remote access because in the near future having fast service will be the norm and most homes will have it for entertainment, shopping, and so on.

This report represents significant progress, Professor Campbell said. Professor Speaks thanked Messrs. Cawley and Gulachek and Dr. Yen for joining the meeting.

2. Discussion of Consultation

Professor Speaks said he would like regularly to set aside time for discussion and now invited Committee members to discuss what had been learned at the last meeting; he asked if there were any motions or concerns.

Professor Campbell repeated the point he had made at the last meeting: the Committee needs to hear sooner about issues so that it is truly consulting. Professor Speaks recalled that he had sent a summary of remarks made to new members of the Board of Regents a few years ago by one of the staff about consultation. It is frustrating, he said, trying to get items on the Committee agenda in a timely way, before they are cast in stone. He said he would like to curtail presentations in the future so the Committee can have at least a few moments to review what they have learned.

Professor Gudeman raised the topic of debt levels, about which information had been presented at the last meeting. He noted that he had raised this Question two years ago and asked for information. The issue is not simple and it is not clear what the Committee can do about it. The debt level peaks next year, and in the past when new buildings have been proposed there has not been the kind of analysis that was provided at the last meeting. The impact of debt level on the budget is that there are trade-offs.

One of his concerns, Professor Gudeman continued, is that the University wishes to retain an AA rating from Moody's. Moody's deals primarily with corporations. He said he is not convinced that using

Moody's is the right standard to use; of course the University has enough money and can support expenditures for debt service, but there is insufficient consideration of the larger picture. The decisions on debt affect everyone but there is little consultation on it and it puts expenses off on someone else.

The point is to look beyond the Moody's rating, Professor Gudeman said. A university is different from a corporation or a city. Moody's does all universities, Ms. Weinberg pointed out, and Minnesota is not unique. The bigger issue, she said, is the trade-offs: as an increasing percentage of funds go to pay debt service, all other parts of the budget suffer.

There are two issues at hand, Professor Speaks commented. He said he is not bothered if Moody's or Standard and Poor rate the University; once the ratings are determined, the Question is how to curb the University's appetite for living up to its debt capacity. Second, what can faculty governance do about curbing that appetite? Professor Gudeman agreed and said he was not saying Moody's was not sufficient but that there are other ramifications to debt service that have not been connected to the University's operating budget. The recent presentation, however, clearly linked debt service to the budget, Professor Campbell observed; the issue has been raised so the Committee can engage it.

Professor Speaks agreed that the information is now better than it has been. He recalled that the Capital Improvements Advisory Committee (CIAC)--most of whose recent meetings have been cancelled--three years ago called for all capital improvements to be linked to academic priorities. Ms. Weinberg added that the six-year capital plan is seen as a way to limit the University's appetite for facilities, and she also pointed out that the University is trying to tie capital budgets to academic planning through the compact process. That is the first time that has happened, she said.

Professor Speaks agreed and said that up until three years ago, CIAC saw a procession of deans and vice presidents making presentations on why a facility was important to an academic program. It does not see that now; it is not clear where presentations are being made.

The Committee must act prospectively, Professor Gudeman maintained. It knows the budget cycles. At present it receives presentations that are prepared for the Board of Regents; it needs to anticipate issues and ask for information it wants on costs and income. It needs to think about what steps it can take. The Committee will think about what issues it wants brought to it and what information it needs, Professor Speaks said, and it may have to have summer meetings to participate in the budget cycle.

Committees are always frustrated about the process, Professor Campbell said. Anything that is passed out should be provided to the Committee ahead of time so people can think about it and so the presentation can be limited.

3. The Biennial Request

Into the discussion of consultation walked Mr. Pfutzenreuter and Ms. Eull to discuss the biennial request.

Professor Speaks told them of the Committee's wish to have time to discuss issues and to therefore limit presentations accordingly. Mr. Pfutzenreuter said he had handouts; Professor Speaks inquired if it would be possible in the future to receive them two or three days before the meeting. Mr. Pfutzenreuter said that in the case of this one, it would have been easy because it was prepared for the

Board of Regents. Many documents, however, are in a constant state of change and it is never clear when they are done. Many of his presentations, he said, he cannot make until they have been vetted by the President. He said he would try his best to get materials to the Committee in advance.

Mr. Pfutzenreuter turned to the copies of the slides on the biennial request. First, the request is consistent with previous requests going back to 1998; it contains essentially the same themes. There is a two-part budget: "strengthening the foundation" and "investing in the future." Each of the six major components of the request are divided into strengthening the foundation and investing in the future. Ms. Eull reviewed each of the six components with the Committee.

-- Competitive compensation: strengthening the foundation includes funds for a 3% inflationary adjustment for all employees ($50.7 million), extraordinary health insurance cost increases ($81.2 million), and reasonable minimum annual compensation ($1.7 million). On the last item, the President has proposed that anyone who works for the University "full time" (i.e., 75% time or more, non-student employees) should be paid at least $12 per hour. Investing in the future in compensation includes improving the competitive position of Twin Cities campus faculty compensation ($32.2 million); the plan is to deliver salary increases of 4%, 4%, 5%, and 5% above inflationary increases over the next four years. This plan would put faculty salaries at the mean of the top 30 research universities IF, on average, the other institutions do not deliver more than 4% per year in salary increases during that same period. Of the public institutions, only Michigan and the California schools would have higher average salaries.

If the University is assuming the other institutions will average 4% increases why is it only planning an inflationary increase of 3%, Professor Speaks asked? Because that is what the Department of Finance directed, Mr. Pfutzenreuter said. In addition, Ms. Eull said, an analysis by Dr. Zetterberg shows that the average increase at the other institutions has historically been about 4%; the University's plan assumes that they will not be trying to catch up in the same way the University is. Moreover, if one plans on greater increases, the numbers get very large.

Where is the University on trying to get health care costs out of the higher education budget? Mr. Pfutzenreuter said the health care issue will be presented to the Regents in November and the Health Plan Task Force will make its report in December. That will not be the end of the discussion of health care cost increases, however, and no decisions have been made. The process includes educating the Board of Regents and waiting to see what happens in the legislature. Other state agencies, and MnSCU, face the same cost increases but the Department of Finance has told them not to ask for funding to cover them.

Ms. Eull reviewed the other elements of the request.

-- Enriching the Undergraduate Experience (all "strengthening the foundation")
  - -- Increase undergraduate teaching capacity ($7.1 million)
  - -- Student advising ($3.0 million)
  - -- Undergraduate research opportunities ($1.4 million)
  - -- Student study abroad opportunities ($3.5 million)

She noted that the University in the last request sought 100 new faculty positions and received 30; this request asks for 40 new positions. Professor Speaks said the University asked for 100, got 30, and now asks for 40; does that mean the other 30 were not needed? It is phasing the increase, Mr. Pfutzenreuter said; the health care number is so large, Ms. Eull added, that other parts of the request were scaled back in order to keep the total request from becoming huge.

- Interdisciplinary Academic Initiatives (all "investing in the future")
  - Advancing the investments in:
    Biological sciences ($6.0 million)
    Medical sciences ($10.4 million)
  - Computer and information sciences ($3.8 million)
  - Nanotechnology ($1.5 million)

  The biological sciences investment includes funds for new faculty in law, ethics, and public policy, the ecological and environmental impacts of research, and for the translation of knowledge, as well as technical staff and equipment to support new faculty research. The medical science money is for 26 new faculty in Medical School clinical departments in selected areas; all will be on hard funds.

  The money for computer and information science is for 28 faculty across all four campuses to increase the capacity of departments to have students major in the field and to permit non-majors to take courses in the field.

  The nanotechnology funds are primarily for equipment so that the University can be competitive in seeking the millions of dollars NSF is putting into nanotechnology.

- Health Professionals Education
  - Stabilize the core funding of the Medical School ($16 million) "strengthening the core"
  - Educating more health professionals for Minnesota ($7.1 million) "investing in the future"

  The latter includes hiring more faculty to increase teaching capacity so more students can go into the fields of nursing, medical technology, pharmacy, and dentistry in non-metropolitan Minnesota.

- The Engaged University
  - Agricultural, natural resources, and rural vitality initiatives ($7.8 million) "investing in the future"
  - Inflationary adjustments for State Specials ($0.4 million) "strengthening the foundation"

- Facilities, Information Services, and Technology (all "strengthening the foundation")
  - Facilities ($36.3 million)
  - Libraries ($4 million)
  - Technology ($8 million)

Mr. Pfutzenreuter then explained that the request includes a projected 3% tuition increase each year as well as a 2.5% reallocation of the state appropriation each year. The governor announced that he expected state agencies as well as MnSCU and the University to reallocate. Asked if anyone is considering a "high tuition/high aid" approach, Mr. Pfutzenreuter said the University will stay with 3% increases. In terms of reallocation, the President informed the Regents that he would have to find the money; it amounts to $15 million in recurring funds. The money will have to be available July 1, 2001; the Committee urged that Mr. Pfutzenreuter bring to it ideas that it could consider, in either an open or a closed meeting, well enough in advance that there would be legitimate consultation. It was agreed that the Committee would take up the proposed reallocation in February.

The total proposal is $282.1 million, of which $228.9 million is being requested from the state; the balance comes from the 3% tuition increase and the 2.5% internal reallocation. Of that $228.9 million, $160.1 million falls in the "strengthening the foundation" category and $68.8 million falls in "investing in the future."

How do these amounts compare with past requests, Professor Chapman asked? The University requested $198 million for the 1999-2001 biennium and received $119 million.

It is frustrating to see undergraduate teaching capacity limited to 40 new positions while $40 million is proposed for medical fields, Professor Campbell said. Why would it not have been possible to find an additional $2 - 3 million for more undergraduate teaching for that part of the University that teaches most of the undergraduates? Professor Speaks concurred. Mr. Pfutzenreuter responded that 30 positions were provided last time and 40 more are being sought over the next two years; in the last request the Medical School received no funding for new faculty.

Mr. Pfutzenreuter then told the Committee that the six-year capital plan will not go to the Regents until November for information and in December for action. The President needs to make major decisions about the Academic Health Center and I.T. before it can be submitted, so it has been postponed by a month.

Asked if consultation at the October 17 meeting would be timely, Mr. Pfutzenreuter said it would but that he could not promise he would have a list of capital projects. The President must approve it first, he said. Then, Professor Speaks observed, the President does not accept the principle of faculty consultation if he insists on approving the list first, which precludes discussion BEFORE final decisions have been made. The list, Mr. Pfutzenreuter declared, has $2.8 billion in projects; he could bring the entire list.

It was agreed the Committee would meet an additional hour on October 17 and that other agenda items that day would be rescheduled. Mr. Pfutzenreuter said he would do the best he could to get an OK from the President to consult with the Committee on the six-year list. Professor Speaks thanked him and adjourned the meeting at 4:00.

-- Gary Engstrand

University of Minnesota