

Minutes\*

**Faculty Consultative Committee  
joined in part by the  
Senate Committee on Finance and Planning and the  
Student Senate Consultative Committee  
Wednesday, July 12, 2000  
1:00 – 4:30  
Room 385 Law**

- Present: (FCC) Fred Morrison (chair), Wilbert Ahern, Susan Brorson, Mary Dempsey, Les Drewes, Dan Feeney, Richard Goldstein, Marti Hope Gonzales, David Hamilton, Mary Jo Kane, Leonard Kuhi, Marvin Marshak, Judith Martin, Joseph Massey, Paula Rabinowitz, Charles Speaks, Billie Wahlstrom
- Present: (SCFP) Charles Speaks (chair), Jean Bauer, Charles Campbell, Catherine French, Eric Kruse, Richard Pfutzenreuter
- Present: (SSCC) Sabeen Altaf, Khaled Dajani, Paul Enever, Jason Reed
- Regrets: Muriel Bebeau, Linda Brady, Tim Dunn, Percy Chaby, Cynthia Gillett, Stephen Gudeman, Roberta Humphreys, Wendell Johnson, Michael Korth, V. Rama Murthy, Jeff Ratliff-Crain, Terry Roe
- Absent: none for a summer meeting
- Guests: Senior Vice President Frank Cerra; Vice Provost Craig Swan; Vice President Eric Kruse, Jerry Trainer, Alan Leon (both Aramark); Executive Vice President Robert Bruininks, Liz Eull (Budget and Finance)
- Others: Rick Moore (Institutional Relations)

[In these minutes: grievance officer; tickets to athletic events for athletic committee members; Mitsubishi boycott; research compliance program and structure; implementation of the academic integrity report; food service on the Twin Cities campus; the biennial request (especially salaries)]

Professor Morrison convened the meeting at 1:00, noted that there was a long agenda, and called for a round of introductions since a number of new Committee members were attending.

**1. Committee Business**

Professor Morrison turned to a number of business items.

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**GRIEVANCE OFFICER** He reported that he had been informed that Barbara Shiels, Associate General Counsel, had been appointed Interim Grievance Officer, following the retirement of Nick Barbatsis. He said he saw that as a problem because the Office of the General Counsel is the standing representative of administrators in the grievance process. Ms. Shiels is a fine person, he said, but one would not hire the assistant county attorney to be acting district judge in cases in which the county attorney's office was appearing. There is a search being conducted for a permanent appointment to the Grievance Officer position and it is hoped the position will be filled by mid-September.

Professor Dempsey said she knew Ms. Shiels well and believed she could be objective, but that it would nonetheless be better to have someone else. Professor Rabinowitz said it did not matter if Ms. Shiels was objective; the appointment was not in the interests of faculty and staff.

Professor Morrison recalled from his law school days that not only must justice be done, justice must manifestly be SEEN to be done. Even if Ms. Shiels correctly rules against someone, in favor of the University, there would be grounds for objection. He said he would raise this issue with the President-- but added that he was not certain how much business would actually be conducted during the summer months.

**TICKETS TO ATHLETIC EVENTS** Committee members had received earlier a proposed policy governing the provision of tickets to athletic events to members of the two new athletic governance committees and to the faculty representatives to the Big Ten/NCAA. The proposed policy provided that members of the faculty academic oversight committee would receive no tickets, members of the athletic advisory committee (which advises the President and athletic directors on matters unrelated to academic issues) would be eligible to receive two complementary tickets to one event per year per sport, and that the faculty representatives would be eligible to receive complementary season tickets to all events and eligible to travel with teams on occasion. In the last case, Professor Morrison noted, the individuals are expected to be heavily involved with the programs and should not be expected to purchase tickets at their own expense. Traveling with teams, to increase their understanding and to create the appropriate relationship with the athletic programs, is part of the faculty representatives' job. In the case of the advisory committee, non-University members would be eligible to purchase season tickets at the same rate as University faculty and staff, since that benefit is available to other committee members.

The President would be free to invite members of either of the committees to events as his guests.

The Committee deliberated briefly and then voted unanimously to recommend the policy to the President.

**MITSUBISHI RESOLUTION** Professor Morrison then noted that the Committee had discussed, at its last meeting, suspending the Senate resolution calling for a boycott of Mitsubishi because the Physics Department wished to purchase a large piece of equipment from Mitsubishi. This Committee had referred the matter to the Social Concerns Committee.

Professor Morrison distributed copies of a recommendation from the Social Concerns Committee to the President that the boycott be waived and Physics be permitted to make the purchase. He noted that this was an issue within the bailiwick of the Social Concerns Committee, not this one, and it was appropriate that a recommendation came from them.

The issue may be moot, Professor Morrison told his colleagues. The Supreme Court in its most recent term issued an opinion that because of federal legislation on the subject, it was unconstitutional for states and agencies to boycott Burma. The logic of that case may apply in the instance of Mitsubishi as well.

Professor Morrison said that if the Committee agreed, he would advise the President that this Committee had no objection to the Social Concerns Committee recommendation and that he would ask the Social Concerns Committee to consider the status of the Senate resolution in light of the Supreme Court decision. The Committee voted unanimously that Professor Morrison do both.

A RESOLUTION Professor Hamilton said that the Committee needed a little levity from time to time. He reported that he had learned the President, on his recent trip to China with other senior officers, had offered to exchange Vice President Maziar for two pandas. He said he thought the senior faculty committee at the University should offer a non-binding resolution on this matter:

WHEREAS this Committee has recently learned that the President of the University of Minnesota offered to exchange the Vice President for Research (and others) for two adult panda bears,

BE IT KNOWN, therefore, that the Committee decries this offer and urges the President not to carry through with this offer except under the following conditions:

- Two pandas is too few. There should be no fewer than three pandas, all of whom must be mature adults.
- Exchange rates must be established for other senior officers.
- Adequate housing must be provided for the bears.
- All appropriate IACUC and other regulations must be followed whether or not the exchange takes place.

AGREED to this day, July 12, 2000, as a non-binding, friendly resolution.

The Committee voted unanimously in favor of the resolution. Reportedly, Vice President Maziar, upon learning of the President's offer, was delighted with the significant increase in the assessment of her value to the University.

## **2. Research and Sponsored Projects Compliance Program**

Professor Morrison next turned to Professor Hamilton to lead a discussion of the proposed research compliance program, copies of which had been distributed earlier to the Committee.

Professor Hamilton explained that the report had been reviewed twice, and then approved, by the Senate Research Committee. The plan brings into one document all of the research compliance efforts and programs that have been agreed upon by the administration and faculty governance. The plan creates a compliance officer for research as part of the University hierarchy and defines that officer's responsibilities. There is at present a compliance officer (Professor Amos Deinard, on a half-time basis)

but there is no office or other structures. There would also be an academic vice president's group, chaired by the President, which would constitute the reporting line for the compliance officer; the officer would also report to the Board of Regents' Audit Committee.

One concern that has been expressed is whether there are safeguards for faculty and that there not be a "czar of compliance" whose decisions cannot be contested. Professor Hamilton said he believed the safeguards have been built into the document but that if there are parts of it that make Committee members uncomfortable they should discuss them with Senior Vice President Cerra (expected momentarily at the meeting).

Will there be consultation on the next appointment of the compliance officer, inquired Professor Morrison? Professor Hamilton said there will be a search and there will be consultation with faculty and others. The individual appointed will be full time, he added. That assurance of consultation should be in the document, Professor Morrison said.

Professors Morrison and Rabinowitz both objected to language providing that "If any individual is found to have violated this program in a pattern of non-compliance, disciplinary action may be appropriate." It was suggested that this language needed to be sharpened so that it noted that the procedures appropriate to the employee (i.e., faculty, staff) would be used and that it would also make clear who was imposing the discipline (presumably the Vice President for Research or his or her designee).

Professor Marshak said there was a need to step back from the details. The University has been responding to the NIH exceptional status, which is nearing an end, and he was concerned that the pendulum will keep swinging so the University creates more compliance policies than it needs. Why is this one being proposed now? Will there be another office next year? There was a time, he recalled, when agencies created inspectors general; the effort was well-intentioned but led to establishment of a bureaucracy that must inspect things even if there is nothing to inspect. There is evidence that in some federal agencies there have been excesses in this regard but no one is willing to get rid of the inspectors.

Professor Kane noted language referring to "significant or repeated non-compliance" and asked if there was any definition of "significant." Professor Hamilton said the language had been debated long and hard and said that there are people who do something wrong even after they have been told it is wrong. Professor Kane said it would be helpful to include examples; Professor Hamilton said they would consist of such things as non-compliance with federal or University policies or applicable laws.

Professor Morrison inquired how the compliance officer would be tied into the animal care and use committee, the use of human subjects committee, the conflict of interest policy, and so on. Would there be a formal and superior relationship or is this a lone ranger? Senior Vice President Cerra joined the meeting at this point; the question was put to him.

Dr. Cerra said the compliance officer asks this question: Is the institution in an appropriate relationship with laws and regulations concerning research. The compliance officer attests to the President and Board of Regents that the University is or is not in compliance. The document seems harsh on this point, he said, but it is in the format the federal government wants; it has evolved from earlier compliance activities in health care and defense. In an operating sense there is NO relationship between

the compliance officer and the various other regulatory efforts in the University; the compliance office is an oversight program to determine whether what units are doing is in compliance with regulations.

Professor Morrison inquired if all these compliance offices should be under one roof. Dr. Cerra said they should be but that it will take awhile to get there. The University knows it needs to have a compliance plan; there is no law requiring it, but an inspector general will ask if there is a plan and a compliance officer who reports to the highest level of the University. As the compliance plan in grants management was being developed, with policies and rules, education and training, and a support structure, it became clear that the University needed a compliance plan. Dr. Cerra said they decided to complete the effort for research because it was needed there but in the meantime he and the General Counsel, Mr. Rotenberg, have been charged to think about a University-wide plan. They are looking at issues and areas and trying to develop a structure that makes sense (that is, low cost and high value). The Academic Health Center has created a compliance office that is "lean and mean" but that obtains the information it needs and that is learning how not to be burdensome. He said he did not want to see another layer of bureaucracy created but that the University has to do something.

Professor Morrison suggested that there should be only one form to fill out for all of these various compliance activities. Professor Hamilton said that there is, but unfortunately some federal agencies also require their own forms. Dr. Cerra agreed with Professor Morrison.

Professor Hamilton noted for Dr. Cerra that there had been a question about consultation on the appointment of the compliance officer. Dr. Cerra said that he and Vice President Maziar will discuss in August implementation of the compliance plan. The present thinking is that the compliance officer position is one that must be subject to a rigorous search because the individual must interact with the President, the faculty, the staff, and many others. The individual will be appointed by the President's Office. The job description is being prepared and there will be a national search; this Committee, he said, should be part of the process. Professor Morrison again said that assurances of consultation should be included in the document.

Professor Hamilton next noted the question that had been raised about the term "significant." Who defines it and who lets PIs know what it means, Professor Kane inquired? That has not been determined, Dr. Cerra responded. This is a policy document, he said; he and Vice President Maziar need to write a procedures document. He agreed that "significant" should be clear and should be part of the educational process.

Professor Hamilton then noted Professor Rabinowitz's objection to the passive voice ("is found"); who finds, she inquired? Who is the moving party, Professor Morrison asked? Will any action be through established policies? Yes, Dr. Cerra answered. That answer is hard to find in the document, Professor Morrison told him. One could conclude from the language that no hearing would be required. Dr. Cerra agreed that these points needed to be clarified.

Dr. Cerra then explained why the structure has been proposed as it has: federal officers will not pay much attention to a compliance plan unless the compliance officer reports to the President or Board of Regents. The President has accepted the idea but said that these are academic matters and should be handled by an academic vice presidents group. The compliance officer also reports ultimately to the

Regents, through the audit function; the reports will be available for distribution except where there are legal matters pending.

What is next, Professor Morrison asked? In August he, Professor Hamilton, and Vice President Maziar will begin to plan implementation, Dr. Cerra said. There is much work to do. There is also a committee thinking about University-wide implementation that has met once. Its first task is to take inventory of what is now being done.

There is no action required today, Professor Hamilton said. Dr. Cerra said he would use the record of the minutes to review what changes are needed. Professor Morrison thanked Dr. Cerra for coming to the meeting.

Professor Morrison at this point recessed the Faculty Consultative Committee, convened the Senate Consultative Committee, and welcomed the student members to the meeting.

### **3. Response to the Academic Integrity Report**

Professor Morrison invited Vice Provost Craig Swan to the table and noted that Committee members had received copies of an email exchange between Professors Swan and Morrison about several issues related to the report from the Special Senate Committee on Student Academic Integrity (the "Clayton Committee"). Dr. Swan said there is strong agreement that the University should move ahead on implementing the report but there is some concern about the details.

Professor Kane asked Dr. Swan if he had spoken with Regents' Professor Clayton about the issues; Dr. Swan said he had but that Professor Clayton had agreed only to provide personal comment. The special committee had done its job, the Senate had acted, and they were done. Professor Martin said that reflected the view of the Clayton Committee: it had issued its report to the Senate and it was up to the administration to work with the faculty to implement it.

There are a number of items that need discussion, Dr. Swan said. They include: the wording of the pledge and how to implement it, plans for a Senate committee (is it the advisory committee?), and the "model" to use going forward (a centralized one that pre-empts the colleges or one that envisions shared responsibility?).

Professor Kuhl recalled that the Clayton Committee report had noted the critical role that instructors play in academic integrity. He also recalled the report to the Senate on distribution of grades and said it is clear that some instructors do not understand what integrity means since 60 - 70% of the grades they give--in large classes--are As. Is there any thought to including instructors in the effort to increase the level of integrity at the University?

Dr. Swan said he did not disagree with Professor Kuhl's observation but said he thought it was the intent of the Committee on Educational Policy, in providing the data to the Senate, that a discussion about grading start. He emphasized that he--Dr. Swan--did not want to be in the position of overseeing what grades are awarded in courses.

Will the University have someone hired to serve as Academic Integrity Officer beginning fall semester, Professor Morrison inquired? There is a good chance that will happen, Dr. Swan responded. There needs to be a visible sign of progress on implementing the report, Professor Morrison observed.

Professor Morrison recalled that the Clayton Committee had recommended students certify they had not cheated at many times during their educational career (e.g., on exams, at entrance to the University, on term papers, etc.). Should that recommendation be followed? Students could be asked to sign something once (upon entry to the University), or once per year, or every time they register, or in every course and on every paper. The idea, Professor Martin said, was that students should sign statements early and often. Professor Feeney commented that College of Veterinary Medicine has an honor code but the practices by course vary. He said that students may come to view signing statements as "mickey mouse" if they have to do it all the time. Professor Morrison said that in the Law School, students sign once but are given notice on exams and elsewhere to remind them that they signed a statement and are bound by it. Professor Hamilton agreed with Professor Feeney; the more often people sign something the less likely they will be to read it. He noted that faculty have been signing a statement attesting they have read and understand the code of conduct but his experience suggests that few have taken the time to understand it--or even know that the code exists!

Professor Speaks said he did not believe students should sign statements often but should sign when they enter and be reminded that they signed a statement for which they are accountable. Signing each year implies there is a time limit on the statement. Professor Martin observed that the Clayton Committee did its work on the heels of traumatic events and responded to worst-case scenarios. Her view is that if the University can create a culture of integrity and students are asked to sign a pledge of honor, within a few years the student body should be "on board." If they are asked to sign something that is presented seriously and taken seriously, the statement will be effective and repeated signing will not be necessary.

Professor Marshak asked Dr. Swan what his response would be if asked what action the University has taken with respect to the basketball problems. Dr. Swan said the University is 85-90% through with its work. No final action has been taken but the administration is working with the colleges and there are procedures that must be followed. There will be a summary report made public.

Professor Morrison then commented that on the question of shared responsibility, mentioned earlier by Dr. Swan, right now there is divided responsibility. He said he would like to see University-wide responsibility for academic integrity with the understanding that there would be deference to colleges with effective operating systems--but that the University "will watch" those systems to be sure they continue to function well. Dr. Swan said that the Office of Academic Integrity will have University-wide responsibility but that how it will coordinate its work will vary with undergraduate and professional colleges. He agreed that there needs to be an active partnership with undergraduate colleges and strong central direction.

Dr. Swan inquired about the advisory committee recommended by the Clayton Committee. He said he was not certain it should be a stand-alone Senate committee; it could instead be a subcommittee of the Senate Committee on Educational Policy (SCEP). Professor Martin said she saw it as a subcommittee of SCEP, with the understanding that the members of the subcommittee need not be drawn exclusively from SCEP.

Professor Ahern commented that it is not an honors system that is being created. There will continue to be proctoring of exams, for example, and students will not be given control of academic integrity matters. At the same time, he said, faculty must be mindful about structuring instructional experiences so they are not conducive to cheating. That is part of the educational responsibility of the Office of Academic Integrity, Dr. Swan said.

What happens if a student refuses to sign, Professor Rabinowitz inquired? It is the use of the pronoun "I" that caused problems for some, Dr. Swan said. The alternative is to provide a statement on the way the University views academic integrity and the consequences of violating the University's policy. He interprets the signature as communication of clear expectations, not a pledge. That may make it easier to sign.

Professor Rabinowitz said she found it appalling that the University would ask students to sign a pledge because that smacks of McCarthyism. She said she objects to the whole idea of a signature, but if there is to be something signed, the language must be carefully crafted. Professor Martin said she liked the alternative wording suggested by Dr. Swan.

Professor Morrison thanked Dr. Swan for joining the meeting and noted that the matter would appear on the agenda of the Committee for the next several meetings.

#### **4. Food Service on the Twin Cities Campus**

Professor Morrison now welcomed the members of the Senate Committee on Finance and Planning, joining the Senate Consultative Committee for a discussion with representatives from Aramark about the food service on the Twin Cities campus. He also welcomed Vice President Kruse as well as Messrs. Jerry Trainer and Alan Leon from Aramark and began by commenting that this is an issue with which the Committee has dealt for the last several years.

Mr. Kruse reported that there is a transition in process: the food service is moving from the Office of Student Development to University Services. He said that he and President Yudof have talked with Aramark representatives several times and that he is trying to learn what the expectations of the campus are from the food service rather than rely on anecdotes. Mr. Kruse said he has asked Aramark how it proposes to meet the University's and its own expectations; one step they have taken is to replace their top management staff at the same time the University is reorganizing responsibility for the food service.

Mr. Trainer suggested dividing the discussion by the four categories of food service: catering, retail, residential life, and vending. Asked if they had seen the comments from faculty, staff, and students compiled by the Committee on Finance and Planning a couple of years ago, the Aramark representatives affirmed that they had.

Professor Marshak pointed out that he had attended meetings on this topic before and had a question. He said he knows Aramark is capable of doing better; it has done so elsewhere. Why is this operation different from the others? The biggest problems are in residential service (half the operation with a captive audience) and retail (another large percentage of the business but not quite as captive



because people can go off campus). When the contract with Aramark was signed there were expectations that prices would increase slightly but that quality would increase notably because of the experience of a large national company. The Committee was also told that University staff could not manage an effective food service. What people saw was that prices went up and quality went down in residential food service and the number of choices went down in the retail food locations. Professor Marshak asked that comment be first directed to the residential food service, with its captive audience.

Professor Rabinowitz said the food is "abominable" and "almost inedible." She also maintained that the retail food service has a nearly-captive audience because it is a long walk to find places to eat off campus--and then only to "abominable fast food places." Moreover, it is cold in the winter; people do not want to walk half an hour to eat. She said the food was demoralizing and that there are appallingly few choices. Many people now bring their lunches and eat in their offices, she said, which is a sad commentary on the food.

Professor Morrison raised several issues. First, the issue of reliability cuts across all of the food service. The Senate office no longer uses University Dining Services (Aramark) because they cannot count on them. The food service in the Law School seems to operate on some days, not on others, and shuts down during exam week. Second, in the past the Campus Club was seen as an alternative to the junk food provided in food outlets. Since Aramark took over, what is available on the campus REPLICATES the surrounding market rather than providing an alternative: there are fast food stands all over. Faculty no longer patronize Aramark operations; they either bring in something or go off campus. Third, the vending machines "offer the weirdest stuff I have ever seen." Fourth, it is very difficult to find any milk.

Professor Wahlstrom observed that faculty and staff on the St. Paul campus do not even have the option of going to off-campus restaurants. Her college recently had a group of donors visit and they never even considered using University Dining Services; food does not come on time and it is of poor quality.

Professor Speaks said that CLA wants to expand the use of Nolte Center but will not spend \$1 until the food service addresses problems.

Professor Campbell said he had hosted a 6 day international meeting of 200 people in June that included a most of their meals except breakfasts. They only used University Dining Services a couple of times, and only for coffee breaks, when there were no convenient alternatives. Most of those who attended stayed in Centennial; they did not include breakfasts in the cost and advised people to have breakfasts in the hospital cafeteria. He also reported that he has helped organize and run summer a summer research program for undergraduate students whom his department hopes will be graduate students. They eat lunches in the dorms, where most stay. He goes to at least one of their lunches each summer. As in the recent past, he found it to be "dreadful" this year--and the students told him the one he ate was one of the better ones. If he were the parent of a student staying in the dorm, he would make arrangements for his child to eat elsewhere.

Professor Martin said she does not eat much on campus but that she does buy yogurt. There is one dispenser on the West Bank, which is out of order about half the time. She also observed that if one is a serious vegetarian, it is impossible to eat on campus.

Professor Marshak said one problem is that there are no sugar snacks available because the previous administration signed a salted snack contract. Facing exams, students need sugar, not salt. He also said that there is no meat for breakfast in residence halls but there are eggs every day. This is the Midwest! he exclaimed.

Mr. Leon inquired: when people are speaking of quality, do they mean variety or preparation or temperature or taste? Several Committee members simultaneously said it was all of those things.

Professor Morrison returned to the point made earlier by Professor Marshak. A number of people at this meeting, he observed, have had experience with Aramark on other campuses; the difference between those experiences and the one here is the difference between night and day. Professor Campbell he had heard how good the service at Boston University is. Mr. Leon said he ran that program for 13 years and noted that pricing has much to do with quality. The food at Boston University is more expensive.

Mr. Reed asked if Aramark would push the U-Card program in order to give residence hall students more options. Mr. Kruse responded that he has placed that issue before Aramark as an important issue that must be solved before Coffman Union reopens.

Professor Massey said that he has ordered food from University Dining Services many times; three times large lunches were never delivered and he sent letters as a result. Have they seen the letters? Ms. Altaf inquired what mechanisms have been used to gather information. Nothing seems to have been done since all of the complaints were gathered and meetings held. Mr. Trainer said he did not know. Professor Campbell added that teams from Aramark looked at the operations but again, nothing happened. This is the third time he has been in a meeting like this. At others he was given hope, along with glossy reports, but nothing happened. What action plan has Aramark developed at this point?

Mr. Kruse said he wished to put aside what happened in the past. He said he did not know why things happened or did not happen but has taken the position that things must now start to happen. He said he has explained to Aramark that there is a big problem in perception. They will start with baby steps; there is no magic bullet, he said, and he wants to find out what the expectations are. The University must also make a judgment about whether or not to continue the relationship with Aramark.

Professor Marshak recalled that it was said that only 18% of food service needs had been met on campus and that that percentage would increase with Aramark; has that happened? Mr. Kruse said he did not know but was skeptical that it had.

"What do you think went wrong?" Professor Morrison asked. No one seemed to know.

Professor Marshak said that it appeared that the relationship between the University and Aramark is not working FOR EITHER of them. The company looks awful, he said, and it is not clear why it wants to continue the relationship. If nothing happens soon, he suggested, the two should negotiate an amicable divorce.

Professor Morrison thanked Messrs. Kruse, Leon, and Trainer for joining the Committees and then adjourned the meeting of the Senate Consultative Committee.

## **5. The Biennial Request**

Professor Morrison next reconvened the Faculty Consultative Committee, with the Senate Committee on Finance and Planning, to discuss with Executive Vice President Bruininks and Associate Vice President Pfutzenreuter the outline of the 2001-2002 biennial request.

Dr. Bruininks distributed copies of a set of slides and began by outlining the schedule for preparation and submission of the request. The Regents will see the request three times, beginning in July and final action in October. The request will then go to the state Department of Finance and the Governor for review. In December the Governor sets a target for funding and the request then goes to the legislature in January. Most of the work, however, takes place between now and October.

Mr. Pfutzenreuter then drew the attention of Committee members to a slide which explained, with a pie chart, the sources of funds for the University's \$1.396 billion budget (excluding sponsored research and internal service organization revenues). State funds and tuition make up 60% of the revenue and so play a big role in the biennial request. He said that while the University has done fairly well at the legislature recently, higher education nonetheless represents a declining share of the state budget, down from 15% to 11% in recent years. All that happened in the late 1990s was that the increased funding stemmed the decline. The pie has gotten bigger and the University has received more funding. Funding for the University he said, is closely related to the economy and to confidence in the University's leadership.

Mr. Pfutzenreuter told the Committees that at the start of the last legislative session there was a projected \$2.2 billion surplus; after the session was over there was \$352 million left (the lowest figure he could recall in several biennia). Moreover, the one-time tobacco money was used to help balance the budget. There will be a November revenue forecast; without a big bump in revenues (which is not likely), there will not be a lot of money for the legislature to spend beginning in 2001. It will be a hard fight to obtain increased funding, he said--but that will not dissuade the University from making an aggressive request. Asked how much, he said he did not know but surmised it would be more than the last request.

What has seen increased funding if the higher education portion of the budget has shrunk, asked Professor Rabinowitz? K-12 education, aid to local governments, property tax relief, health care, and criminal justice, Mr. Pfutzenreuter said. Are those fixed or policy-driven, she asked? Both, Dr. Bruininks said: property tax is policy-driven while health care costs are formulaic (the costs of which continue to increase). What is NOT driving the budget, Mr. Pfutzenreuter added, is higher education and funding for state agencies. That is not likely to change, Professor Rabinowitz speculated. Dr. Bruininks said he hoped there will be consideration of not shrinking the higher education portion of the budget and that the state will see it as an important investment that has a beneficial effect on the economy and quality of life in the state.

State demographics are shifting to higher education, away from K-12 education, Professor Marshak observed; there is a case to be made. In addition, the crime rate is dropping and state should not be building more prisons, Professor Martin said. The Department of Corrections recognizes that and

wants to put money into prevention, Dr. Bruininks said. There is also discussion of enrollment and that higher education is taking on more students. It is not clear if that point will translate into more money in higher education budgets.

Any or some increased funding could go to financial aid, Dr. Bruininks said. Higher education is 11% of the state budget, including financial aid. Funds have been shifted into financial aid--and Minnesota is one of the three most generous states in terms of providing aid to students. Tuition modeling shows that low-income students in Minnesota pay less because aid has increased faster than tuition. The University budget lost \$20 million to financial aid. Professor Goldstein inquired what percent of the state budget goes to the University; 6%, Ms. Eull reported; it was over 8% in the past, Mr. Pfutzenreuter added. The money to the institutions has declined while it has increased to financial aid, Mr. Eull amplified.

The bottom line of that trend, Professor Marshak pointed out, is that the private institutions benefit. Dr. Bruininks and Mr. Pfutzenreuter concurred. The private colleges, Professor Kuhl observed, have lobbied very effectively.

Professor Campbell inquired if an enrollment increase was expected at the University. Dr. Bruininks thought undergraduate enrollment would stay level or could actually decrease very slightly, in part because the University does not have the housing capacity to take on more students.

Dr. Bruininks recounted that last year the Governor recommended an increase of \$122 million (plus funding from the tobacco money) in the University's budget. The House roughly agreed. The Senate started the discussion at \$80 million; the difference was an increase in financial aid funding. At one point there were legislative proposals to both increase financial aid and to freeze tuition at the public institutions. It is difficult to oppose because more financial aid seems like a good idea, as does keeping tuition increases low.

One possibility would be for the legislature to buy down the increase, Professor Marshak said. The University of California says it needs an X tuition increase; the legislature buys it down. To work, however, this must be explicit. Professor Kuhl said it was his understanding that the University struck a deal with the California legislature to provide a built-in tuition increase for the next number of years. This would be above the annual inflationary increase in the University's budget which is determined by the legislature and is the same for all state agencies. In addition the University would receive an increase in budget to reflect the increase in enrollment expected over the next several years. This increase is basically x dollars per each additional student. The legislature is also providing additional funds to build a brand new campus and hire its faculty and staff. There were also some catch-up funds to make up for several bad budget years.

Dr. Bruininks surmised that the University would not prevail on an argument that it should receive inflationary increases; he pointed to the failure to receive increases on building operation costs as an example. It is a fight the University should engage in, Professor Kuhl argued, because it could win in the long run; in the meantime, it loses money every year.

Dr. Bruininks next told the Committee that it is his sense that the legislature's position vis-à-vis the University is that it (the University) is not wasting money and it has made good improvements.

Whether a successful case for increased funding will be successful could depend on whether taxes are again a dominant issue. It is difficult to make the case for long-term investments in the state; the question is how to put the arguments together and the fight must be fought each session.

The Committee and Dr. Bruininks discussed the economic summit being sponsored by the University in September. The goal of the summit will be to discuss what is important to maintain the state's economy and quality of life.

The biennial request will emphasize continuity and progress, Dr. Bruininks said. All the ideas are not new; many of the themes are the same as in the past. The President will make the points with the public and the legislature.

The lead issue in the request will be compensation. This includes inflationary adjustments for salaries, extraordinary health insurance cost increases, improve (later changed to establish, at Committee suggestion) competitive position of faculty compensation, and reasonable minimum annual compensation for a selected group of lowest-paid employees. These are intimidating issues, Dr. Bruininks said. He observed that even if the Health Plan Task Force recommends separating from the state, there will be no change for two years; in the meantime, costs are expected to increase 20% per year.

If there were a 3% salary increase for faculty and staff and 20% increases in health care costs in the next biennium, the health care cost increase would be about \$70 million and the salary increases another \$67 million. Last biennium the University received a TOTAL increase of \$104 million. Dr. Bruininks complimented Mr. Pfutzenreuter for warning state agencies they are going to "take a bath" on health care costs and has suggested there be discussions about taking health care "off budget."

Faculty salary increases would only total about \$9 million, Professor Goldstein commented; they need more attention. Dr. Bruininks said the President is thinking about a three-year plan to increase faculty salaries above inflation. A 3% increase, Dr. Bruininks said, may not even keep the University even with the rest of the Big Ten.

The average faculty salary at the University is \$89,000, Professor Marshak said in response to a query from Professor Rabinowitz; she, in turn, observed that the average includes Law. Professor Martin said that few, however, actually know faculty who make that much. Dr. Bruininks said that starting salaries in some fields have gone up 15-20% per year and are now in the 60s in many fields, compared to the 40s a few years ago. In addition, the start-ups in some fields are equivalent to a good retirement package. The problem is that the public sees that \$89,000 figure as more than both their parents made together, putting faculty in the top 2-3% of income earners, and the legislature says it's a lot of money. But legislatures in some other states, Professor Campbell pointed out, recognize that faculty salaries must increase in order for their universities to compete, and they see the university as the economic engine of the state. The market, Dr. Bruininks added, is international.

Professor Marshak said that the situation at the University is the "same reason the Twins are sick." The market is international; the University is competing against other states and countries, not against the average salary in the state. The Twins cut salaries and baseball fans were not well served. The future of Minnesota is at stake, he said; it will either compete or not. If not, that has implications for

everyone and everyone will suffer. People do see high salaries but this is competition for the future of the state.

That is the same argument that has been made the last few years, Professor Rabinowitz pointed out; why continue to fight a losing battle? The core question is how to address that issue, Dr. Bruininks agreed. The legislature understands the arguments, Mr. Pfitzenreuter said, but it does not give higher education enough money to do very much about them. There was an article in the Ann Arbor newspaper about the University of Michigan, with average faculty salaries of about \$100,000, losing faculty and expressing concern. The legislature is sympathetic but faces competing demands. It is not that the argument is a bad one, he concluded.

If the legislature doesn't provide money, how can one believe it is sympathetic, inquired Professor Gonzales? The legislature painted itself into a corner with the tax cuts and rebates, Dr. Bruininks said, and reduced the amount it had to make investments in the state. With respect to demography, he said, the U.S. population is aging and a major presidential campaign issue is prescription drugs; people are spending a lot of time on health care issues. The case must be made for investment in the future.

The core needs of the University can be identified: health care, compensation, technology and buildings. Then there is the X factor, related to maintaining and improving the quality of the University in a competitive world. The President has said the University must argue for what it needs in the core plus what it needs to improve. One way to argue increases/salaries, Dr. Bruininks said, is that they are an investment in the future of the state.

The most important element in the biennial request process will be the Governor's recommendation, Professor Marshak said. If that is a good number, the University will do well. If it is not, the University will have an uphill fight. The last time there was a big salary increase, he observed, was when the faculty threatened to unionize. Campuses with unions do have higher salaries.

Asked if the administration had any estimates of numbers for faculty salaries, Dr. Bruininks said it did not, yet, and that the number would depend on the goal. Whatever the amount, it will be a small fraction of the amount needed to cover rising health care costs, it was said, and the University needs to exert an influence on the market; it cannot tolerate these spikes. Professor Hamilton responded that the University cannot affect the market. Dr. Bruininks said the University will bring in an outside consultant for the campus discussions to increase understanding of what is happening.

Dr. Bruininks then reviewed other items in the proposed biennial request, including enriching the undergraduate experience (increased teaching capacity, residential learning, student advising, undergraduate research opportunity, study abroad opportunities, and technology-enhanced learning). He said he did not have a number to attach to these proposals but that it would not be large.

Professor Marshak commented on the residential learning item. The literature on the effects of higher education show that students learn more from each other than in class; they also spend more time in their residence than in class. This item is an attempt to leverage residential time by providing more academic activities. With fewer new students and more returning students, there should be increased civility in the dorms as well. There are about 1000 students in residential learning programs, Dr. Bruininks reported.

Another item in the request will be for interdisciplinary academic initiatives in the biological sciences and in computer and information sciences. The latter will be on all campuses and will try to deal with the shortage of people in the field: the number of students going into computer science has exploded and the problem of lack of instructional capability must be addressed.

A fourth item in the request will be financing and workforce needs in health professional education. This consists of two items: stabilizing core funding for the Medical School and addressing shortages of healthcare staff/providing for Minnesota's needs, in particular in rural areas in nursing, pharmacy, and dentistry.

How much will it take to stabilize the Medical School, Professor French asked? There are groups working on that, Mr. Pfutzenreuter said; the number could be in the range of \$8-10 million per year. Professor Marshak expressed doubt that the budget would be stabilized because the Medical School is so whipsawed by external factors.

In terms of health care professionals, Professor Campbell said he thought the shortage was because people were not well-enough paid. That is true, Dr. Bruininks said, but there is also a shortage of capacity to train professionals. This may be another case where funding can be provided outside the higher education budget. He said he did not want this funding to be an offset to other elements of the request that are a priority (such as salaries).

Less well developed are proposed requests for inflationary adjustments for state specials and agriculture and rural vitality initiatives. Support for the core infrastructure will also be sought: facilities (building operations and debt), libraries, and technology. The Budget Management Task Force identified these as two of the three major "cost drivers" of the University's budget (the other is compensation). The core infrastructure item could total over \$25 million. These are items in the budget; the case must be made for them.

Professor Marshak expressed dismay that the size of the hockey/tennis facility has doubled at a time when University facility costs are skyrocketing. Why is another cost being taken on? There seems to be no way to say "no." There has been talk about the amount of debt and the lack of opportunities to do other things as a result.

This Committee talked a few months ago about the libraries, Professor Rabinowitz recalled; it was a clear concern of the faculty that the library increase in priority. Buildings mean nothing if the library does not have books or staff. She urged that they remain a high priority. Dr. Bruininks observed that a lot of funding for the libraries has been patched together but that the problem is more complex than new funds (although that is part of the problem). The libraries will be a priority in the biennial request; the University must also look at how it uses existing funds in the libraries. For example, the number of subscriptions could be examined. Professor Campbell quickly pointed out that subscriptions have been cut to the quick and the libraries have been cutting them for years. This is not just something for the University, Professor Rabinowitz added; the libraries serve the state and provide a large number of inter-library loans. It does not just subscribe to obscure journals.

Dr. Bruininks recalled that Dr. Shaughnessy at one point had proposed a small fee for businesses that used the libraries; he was inundated with cards and letters opposing the plan. Dr. Bruininks said he knows that recurring core funding is a problem; he has encouraged Dr. Shaughnessy to think about how to make the case for library funding outside the higher education budget, such as to foundations and private users. There is no substitute, however, for increasing the funds in the budget.

Professor Rabinowitz said there is a larger social problem. Arts organizations all make the case that they are educational; it is the only way they can get money. The University argues it is helping the economy--but some people teach things that are not directly related to the economy. She said her salary could not be justified on the basis of helping the state's economy. For some fields there is no instrumental argument, and if the only arguments for the University are instrumental they will be self-defeating. "I am not useful," she exclaimed, while Professor Massey [in wood and paper science] is.

Professor Ahern noted that FCC has been concerned about the cost to the academic community of basing salary on the marketplace. The differentials among disciplines are much greater than they were in 1970, just after he came to the University; now the differences have reached \$40-50,000. Unionization is one way to solve that problem (although it would only dampen the differences, not solve the problem). The University must confront it, he said, and must deal with the instrumental argument in the process of doing so.

There has been growth in the "star" culture, Professor Marshak added; look at athletics and music. The University mirrors the outside world. The argument about salaries should not be what the parents made but what the GRADUATES make. In a few years a number of graduates will have salaries that vastly exceed the salaries of the faculty who taught them.

The notion of "the engaged University" (on one of the slides) suggests there is a broader role for the institution, Professor Ahern said, and that it is supposed to be more than an economic engine. It should, for example, breath the spirit of democracy into society. These arguments must also be kept out in front, not just the economic engine arguments.

Dr. Bruininks said this raises the tough question of values. The University has tried to invest in the humanities because it is the right thing to do, and he agreed that the University must talk about its values as an academic institution both inside and outside. He cited the new Art Building, the West Bank arts district, and connections to local arts organizations. He said the University cannot be a fortress, without connections to the community. The University should not talk only about its direct instrumental value but rather about building more livable environments in the state. But the University will see its values tested as the star system grows. At the same time, Professor Marshak observed, the University cannot push too hard in this direction; the Governor vetoed \$3 million for the Guthrie.

Professor Campbell next inquired about the six-year capital plan. Mr. Pfitzenreuter reported that President Yudof and Regent Spence have decided to delay consideration of the capital plan to October. There is a Board of Regents' investment advisory committee and a debt advisory committee is being appointed; they would like to have a few meetings of those two groups before deciding on a six-year capital plan.



What level of faculty consultation will there be on the six-year plan, Professor Campbell asked? Dr. Bruininks said the plan would be brought to the Committee on Finance and Planning for intensive discussion as well as to the new Budget Advisory Committee. Mr. Pfitzenreuter said the Board of Regents will hear about the issue of debt in September; he volunteered to brief the Committee on Finance and Planning at the same time.

Professor Morrison thanked everyone for coming to the meeting and adjourned it at 4:20.

-- Gary Engstrand

University of Minnesota