

Minutes*

Senate Committee on Finance and Planning
Tuesday, April 30, 1996
3:15 - 5:00
Room 238 Morrill Hall

Present: Fred Morrison (chair), Thora Cartlidge, Craig Dexheimer, Kathy James, Gerald Klement, Roger Paschke, Richard Pfitzenreuter, Peter Robinson, Charles Speaks, Craig Swan, Steven Thelen, James VanAlstine

Regrets: Karen Karni, David Kittelson, Patrice Morrow, Doris Rubenstein

Absent: Allen Goldman

Guests: Drs. Darwin Hendel, Jane Whiteside, and Halil Dundar (Academic Affairs); Associate Vice President Susan Markham and Mr. Orlyn Miller (Facilities Management); Assistant Vice President Paul Tschida

[In these minutes: critical measures; administrative process redesign; capital budget; allocation of soft funding 1995-97; parking rate increases and motion]

1. Critical Measures

Professor Morrison convened the meeting at 3:25 and welcomed Drs. Hendel and Whiteside to discuss the third phase critical measures, copies of which had been distributed to the Committee in advance.

Dr. Whiteside noted that the Finance and Planning Committee had been asked to review the externally-oriented third phase critical measures. She recalled that they had difficulty sorting internal and external aspects of the measures, and concluded that they should remain together, and now are incorporated in an "interaction with society" measure. Much goes on that is not seen; this measure is an attempt to describe and reflect that activity. It will be a means by which colleges can report what they do. The measure will be qualitative rather than quantitative, and there will probably not be numerical goals set.

Dr. Whiteside also spoke about the use of a periodic survey of external groups to learn of their experiences with University partnerships and services. There was such a survey in 1993, and there should perhaps be one every two or three years. The names of organizations to be surveyed would come from the colleges, in order that the survey be as broad as possible, but it would not be a random sample, so the results would have to be used with care.

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It has also become clear that there is a need to revisit some of the earlier measures.

In terms of the customer service/streamlining measure, the focus will be on student services and helping students be better informed about progress to graduation. The foci will be on the percentage of students who use University services (financial aid, registration, admissions) electronically, and on course availability (the percentage who do not get into the classes they attempt to register for). Much of this information will be available automatically with the new student systems that will be installed.

The goal should be how easy it is to register, not how students register, said one Committee member; some may not want to use electronic systems and for some it may be just as easy to walk into Fraser Hall. Dr. Hendel agreed that the idea is not to have a system where all must do it one way. For this measure to be valid, it was pointed out, students will have to be DISCOURAGED from using services except electronically. Dr. Hendel agreed that was a good point and said there should be discussion on setting goals and if there is one way all students should be encouraged to register. At some point, it was noted, if students are encouraged to use electronic systems, the number who do not will level off and the measure will have no meaning.

One Committee member inquired why no streamlining with respect to graduate students has been included in the measure, such as in filing forms with the Graduate School or working with the Graduate Assistant Office. Dr. Hendel agreed that the focus had been on undergraduates and that it should be broadened.

Would the measure concerning course enrollment be used to open more sections, asked one Committee member? The goal is to see how well the University is doing in providing courses, Dr. Hendel replied; with the new systems, departments will be able to tell more quickly if they need additional sections, and there will also be a mechanism so that students who are unable to register for a course in one term will have some kind of priority the next term.

These measures, pointed out one Committee member, do not provide solutions; they identify problems. The dean may see the need to offer more sections.

There should be a differentiation between courses students need and courses students may want to sample. Also when they are offered, added Dr. Hendel; the institution has an obligation to provide courses, and students will have to accommodate their schedules to take them. It will NEVER be possible for the University to provide all the courses students want at the time they want them. It is necessary to distinguish WHY a student did not get into a course, it was said; some may not get in because they do not have the prerequisite, or because it is full; the data should not be cluttered up because of the former. Dr. Hendel said that would be possible with the new system. In some instances, students also try to register for more than is permitted, and the computer rejects the attempt; this is a complex issue that needs careful attention, added another Committee member.

Dr. Hendel said the current system has done a good job of registering students; Committee members disagreed. One noted that students can register without having to take prerequisites, and graduate students can now register on line without talking with their advisor. They may like that, but when they subsequently learn they are short of the credits they need, they will be less happy about it.

In the current system, one Committee member pointed out, a chair can see what is happening with class registration by seeking the information. It would be better to have that information automatically provided, so that it is not too late for the department to help students. Dr. Hendel agreed that the current system provides information after the fact, rather than helping to anticipate problems. In the same vein, said another Committee member, for a department to learn registration status, there has to be a separate effort to learn about CEE registrations; these systems must be brought together.

One Committee member took issue with the term "customer." That term is taken from the business world, where the customer is always right--and students will pick that up. But there are attributes of the University where the student is NOT always right and should not be (e.g., in requiring prerequisite courses). The use of "customer" flags the wrong things; the University should be gracious and considerate and understanding, but there are times when it must say "no."

Another Committee member said the measures should include partnering with communities on land use and management of University resources.

Professor Morrison thanked Drs. Hendel and Whiteside for joining the meeting.

2. Administrative Process Redesign

Professor Morrison then turned to Mr. Paschke to provide an overview of the administrative process redesign process.

Mr. Paschke explained that last summer the President's office looked at what needed to be done with the infrastructure to facilitate achievement of the goals of U2000. The President appointed the Administrative Process Redesign task force, including faculty, students, and administrators, to flesh out what is critically important for the University to be on the right footing--what must be fixed, what was absent but needed, and so on. That led the categorization of activities in several major areas--grants management, human resources, financial management, student systems, procurement, and facilities utilization; also to be considered are the change to semesters and Responsibility Center Management. Each of these areas has a task group working on it.

Mr. Paschke then noted that the handout includes cost estimates for each of the projects, the deliverables, the timeline, and the expected savings (where they could be estimated). These are major expenditures, he observed. He reviewed the principal elements of each of the areas. The Committee spent time discussing changes in travel procedures and the use of preferred travel agents; Mr. Paschke said there will be no attempt to limit use of travel agents, and the list of preferred agencies will be expanded so that it covers perhaps 80% - 90% of University travel. The University, he emphasized, will NOT itself get into the travel business, but is attempting to make travel transactions electronic.

There was brief conversation about the rule concerning frequent flyer miles; Mr. Paschke noted that they are to be used for University purposes, but there is no "frequent flyer" police, and that monitoring of the policy is to take place in departments. It is expected that the rule will be followed. One Committee member pointed out that he knew of no departments that are monitoring this, either. Another observed that this is where the Integrated Framework comes into play; the administration, the departments, and individuals should be concerned about compliance.

Mr. Paschke touched on changes to be made in procurement, and the issuance of credit cards, which will reduce paperwork on the 620,000 invoices for purchases of less than \$2000 and allow the University to make a single payment each month. One Committee member suggested there should be similar streamlining of the hiring process, and recalled having a 3/8-inch stack of paper to hire a temporary office assistant. Mr. Paschke responded that human resources will come closer than any other unit to "re-engineering"; it will see a complete overhaul and will be streamlined.

On the issue of facilities utilization, one Committee member inquired if this is another name for space rental. Mr. Paschke said that it is, in a manner of speaking; there will be a pilot project to warehouse space, with the objective of making utilization more efficient. The University has 30% more classrooms than it needs; it is not using them as effectively as it could and some could be pulled from use.

One Committee member pointed out that in one college it was said classrooms were not being used efficiently because they were not being used across more hours in the day. Later classes were mandated, but students work, so will not enroll in the later classes, and enrollment has gone down. These redesign projects cost the University a lot of money, at a time it is retrenching.

Mr. Paschke responded that there is an opportunity to save a lot of money; if underutilized classrooms and buildings can be identified, and others used more effectively, some can be taken off line.

One Committee member recounted that of the classrooms he has taught in, most are deplorable in terms of design, cleanliness, and adaptability for use of technology. Moreover, the University will not take buildings and classrooms off line with more effective utilization: (1) with the change to semesters, there will theoretically be only two-thirds as many class slots but in fact departments will probably not reduce their course offering by the full one-third, and (2) the adoption and implementation of the 1:1 rule on credits and contact hours will mean that some courses will require more classroom time than they do now, so the problem of classrooms will be the opposite of what it is now: the campus will need more of them.

Given the characteristics of the student body, said one Committee member, with many who work, the University can be user-friendly and offer courses when students can take them, or it can be classroom-efficient but not accommodate student needs. This is very problematic. The redesign process has drawn the conclusion that classrooms must be occupied a certain percentage of the hours of the day; that is appropriate for a residential college but not for the University.

Professor Morrison thanked Mr. Paschke for the overview and said that the Committee will begin to have discussions with each of the individual task groups in the next month or so.

3. Capital Budget

Professor Morrison next welcomed Associate Vice President Markham and Mr. Miller to the meeting to review the capital budget.

Ms. Markham distributed handouts and reviewed several graphs and tables of data for the Committee. She pointed out that in terms of the infrastructure critical measures, the investments needed

to achieve them far exceed the projected funding that will be available. One goal is to reduce the deferred renewal backlog to \$750 million by the year 2000; the funding projections suggest the backlog will grow to \$1.2 billion, unless the University commits to investing \$120 million per year starting in 1997-98.

She reviewed the bonding bill approved by the 1996 legislature, and noted that the University received \$93 million of the \$132 million it requested, although \$20 million of the \$93 million must be provided by the University as its one-third of the debt service on a number of facilities. It is also misleading, observed one Committee member, because some of the money was for facilities the University did not request.

Ms. Markham observed, again, that needs drastically exceed the available funding, and that the critical measures need a dose of reality. Realistic revenue projections need to be made, and academic choices made that then drive facilities decisions. The 1998-2002 capital needs of \$1 billion simply cannot be met.

The University is doing a little better in facility renewal and enhancement of existing facilities, she reported, and received more money (although only about half of what it requested) for this purpose. They have concluded that the requirement of the one-third debt service is here to stay; the issue was debated at the legislature and the requirement was not removed. If facilities renewal is to be the priority, the University must minimize requests for new buildings. Moreover, she said, if the University commits funds to renewal, there is a greater likelihood the legislature will do so as well. For 1996-97, the University will do reasonably well on facilities issues, but the future is bleak, she concluded.

Asked where the resources for facilities are coming, Ms. Markham said that some are coming from reallocation within Facilities Management, some from utilities savings and worker safety improvements, and some from non-recurring funds. This is viewed as a high priority and the University has done a good job of turning the tide, so far.

One Committee member asked the recurring question, in a different way: Is dynamite a current expense or a capital expense? The University needs to think about decommissioning buildings in a major way. Ms. Markham agreed, saying that the funding the University provides is sufficient to provide class C standards in only two-thirds of the buildings on the campus.

It would be graphic if the University were to board up windows and doors; it cannot afford to tear buildings down. One Committee member recalled suggesting that demolition be contracted out to movie people, who need to blow up buildings. Another Committee member inquired if there would be any buildings torn down after completion of the Basic Sciences building; Ms. Markham said that space would be vacated in the Jackson-Owre-Millard-Lyon complex, and with the Fairview transaction, some space should come down. The way buildings are decommissioned now, she added, is that roofs fall in and people are moved out over the weekend; the big problem is what happens to the academic programs that are in the buildings.

In some cases, the character of buildings make a difference to a program, one Committee member said; another maintained that buildings have to be evaluated from the inside, not the outside.

Professor Morrison thanked Ms. Markham for meeting with the Committee and said that the issues

she raised would be taken up at the next meeting.

4. Soft Funding

Professor Morrison turned next to Mr. Pfutzenreuter for a brief outline of how soft funds would be used.

Mr. Pfutzenreuter distributed a handout with two tables and explained the numbers. He recalled that much of the money allocated for the 1995-97 biennium had been non-recurring, and that there is the possibility that the base budget will revert to lower levels identified in House File 1856. As a result, units were cautioned that they were receiving potentially non-recurring funding, and should not commit them to recurring expenses unless they had the money from other sources to do so.

He then noted the various categories in which the non-recurring funds for 1996-97 are to be spent. They include the compensation pool, building maintenance, libraries, and a number of other items. In response to questions, he explained that the building money would be used for repairs and replacement, so were not recurring expenses, and that some of the Strategic Investment Pool allocations would also not be recurring.

Asked about compensation, Mr. Pfutzenreuter said it was his understanding that provosts and deans were given the option of making salary increases all recurring, all non-recurring, or some mix. He agreed with the observation that some faculty may receive bonuses while others receive base salary increases. It was noted that civil service employees will receive a 3.5% increase plus a 1% non-recurring bonus--they will receive approximately the same increases as employees in the bargaining units. Faculty will also receive about the same, it was said.

One Committee member observed, apropos the list of items being funded with non-recurring money, that many of them are only technically "soft"; some are in fact recurring, such as equipment, libraries, the Cancer Center, building maintenance, utilities inflation, and so on. There is at least a \$10 million problem at the end of the biennium. Mr. Pfutzenreuter said he would freely admit that all of them would be problems; the only thing that would not be a problem is that the University did not spend the money on compensation, so that it would face layoffs at the end of next year.

An important question is the extent to which the items on the list are put ahead or behind other things.

Professor Morrison thanked Mr. Pfutzenreuter for providing the data that had been requested.

5. Parking Rates

Professor Morrison now distributed three handouts: (1) an April 23 letter from Assistant Vice President Tschida to Senior Vice President Jackson confirming her approve of parking rate increases for 1996-97, with increases ranging from 3% to 33%, a letter he had only received the previous morning; (2) a letter he wrote to Senior Vice President Jackson noting that there had been no consultation on the rate increases and no rationale provided for them, and that since consultation was not seen as necessary, the issue would be forwarded to the Consultative Committee for discussion with President Hasselmo; and (3)

a letter from Senior Vice President Jackson to President Hasselmo noting that her predecessor, Mr. Erickson, and the Finance staff had decided they would not seek prior approval of the committees, but would instead inform them, and saying that this arrangement was with the consent of the committee chair. He invited Mr. Tschida to join the Committee discussion.

Professor Morrison said he had been unable to find a record of any agreement that the Committee would no longer consult on parking rate increases, and recalled that last year the Committee voted against the rate increases, which were subsequently imposed anyway.

Mr. Tschida explained that this has been the procedure for the past three years. He met with Mr. Paschke, Senior Vice President Jackson, and Mr. Pfitzenreuter to talk about possibilities, and then prepared numbers for Ms. Jackson, who approved them. The rate increases were not brought for approval last year, he noted.

One Committee member inquired, had Mr. Tschida asked for time on the agenda, would it have been for information or consultation? Mr. Tschida said it would have been for information. That is completely inappropriate, objected another Committee member, and the issue should be forwarded to the Consultative Committee. This process is offensive, added another.

Another Committee member made a motion that was seconded; after a few editorial suggestions from around the table, it was voted unanimously that:

The Committee (1) rejects any parking rate increases that exceed the rate of inflation that have not been supported by documentation and argued rationale, and (2) declares it unacceptable to determine rates without prior consultation with the Committee.

The point is that the Committee was provided no information, and it is unacceptable to have these rates go into effect without consultation and documentation. It is also now clear, Professor Morrison added, that IF there was some kind of understanding about not needing consultation, that understanding is no longer effect.

It was also moved, seconded, and after a few editorial suggestions, voted unanimously that:

The Committee ask that the matter of the lack of consultation before making a decisions on rate increases in parking be brought to the next Senate meeting for discussion.

The point is NOT that the Senate should each year consider parking rate increases, but that the process used this year is to be abjured.

It was noted that students will be hit harder than faculty, under the proposed rate increases.

Mr. Tschida noted again that he had done the same thing last year, and the Committee voted against the recommended increases. He said he was well-prepared to bring the documentation, and that he would have done so had not Mr. Baker, the director of parking, been out of town.

The point, Professor Morrison pointed out sternly, is that if the presentation is simply a way to

communicate decisions that have been made, it is a waste of the Committee's time. If the point is to let the administration know of faculty, staff, and student views before decisions are made, perhaps the Committee can serve a useful purpose. Since it appears the Senior Vice President sees the Committee merely as part of her communication system, any presentation will be a waste of time.

One Committee member recalled the presentation last year, and said it certainly appeared the decision had not been made prior to the discussion; if it had, it was well disguised.

Mr. Tschida explained that he had gone to his superior about this, at which point several Committee members assured him that he was not the one being blamed.

With that, Professor Morrison adjourned the meeting at 5:00.

-- Gary Engstrand

University of Minnesota