

Minutes\*

**Senate Committee on Finance and Planning**  
**Tuesday, March 26, 1996**  
**3:15 • 5:00**  
**Room 238 Morrill Hall**

Present: Fred Morrison (chair), Thora Cartlidge, Craig Dexheimer, Jason Frick, JoAnne Jackson, Kathy James, David Kittelson, Gerald Klement, Patrice Morrow, Roger Paschke, Richard Pfutzenreuter, Peter Robinson, Doris Rubenstein, Craig Swan, Steven Thelen, James VanAlstine

Regrets: Karen Karni, Charles Speaks

Absent: Allen Goldman

[In these minutes: Re-engineering; recognition of Dave Berg; tuition; biweekly payroll]

**1. Re-engineering**

Professor Morrison convened the meeting at 3:15, welcomed new Committee member Jason Frick, and turned to Mr. Pfutzenreuter for a discussion of re-engineering.

Mr. Pfutzenreuter handed out a table of data showing projected expenditures on administrative process redesign efforts for 1995-96 and 1996-97 and explained what the numbers meant. The areas where these efforts are occurring include grants management, biweekly payroll, human resources, financial management systems, semesters, and responsibility center management. The total cost of the projects is expected to be \$58.6 million, of which \$45.7 million will be funded in future years, from sources as yet unidentified.

Mr. Pfutzenreuter pointed out that the projections for financial management systems do not include replacement of CUFS by the year 2000, but they do include replacement by 2001 or 2002. The University will need to begin spending money in advance of the replacement date, however.

As questions about individual projects arose, it became apparent that the Committee will wish to hear from each team leader responsible for the major projects. All that she and Mr. Pfutzenreuter can do, Ms. Jackson explained, is provide a "topside" view. It was agreed that over the next several meetings, beginning this spring and continuing into next year, the Committee would hear from individuals about the specifics of the projects, including the schedule and impact on faculty and departments. The Committee should have, in advance, a one-paragraph summary of the timetable for the project and what can be expected in 1996-97-98.

Ms. Jackson affirmed, in response to a query, that these are one-time expenditures, and that there will be savings. Mr. Pfutzenreuter said that there are planned reductions in operating budgets, not shown

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on this table. In some cases, one Committee member observed, there may be better service rather than significant savings.

In the case of grants management, Ms. Jackson said, the result will be better compliance and contract management, and while there may be some savings, that was not the reason for the changes. Mr. Pfutzenreuter said they do hope to save money later by business process improvements (e.g., elimination of paper processing in accounting), as the conduct of business becomes more electronic, the size of the operation should be reduced.

One Committee member noted that \$295,000 has already been spent on human resources; one imagines that people would be reluctant to undo what has been done, even though the total cost of the project is expected to be \$17.8 million, an enormous amount for an institution with financial difficulties. What is the role of this Committee if the project is already started and Committee members are unaware of it? One's faith in these kinds of things is not high, given the experience with CUFS.

One concern is whether the effort will even address the right problems. Mr. Paschke said that drafts describing each project are being prepared and will be provided to the Committee. As for the right problem, these projects came about as a result of what the President identified as basic system needs for the University to right itself and get into a sound position. None of them, he said, are so advanced that consultation is inappropriate.

At some point consultation must stop and people allowed to do something, said the Committee member concerned about the Committee's role. The only point is that discussion with the Committee should not be after the fact.

Asked how these projects were being tied together, Mr. Paschke said they were all under Senior Vice President Jackson and integration is being provided by overlapping service on steering committees by himself, Ms. Jackson, and Mr. Pfutzenreuter.

## **2. Recognition of Dave Berg**

Professor Morrison then said he wished to recognize Dave Berg, who was retiring at the end of the week, and who has been an ex officio member of the Committee since it was created, and a member of UCBRR before that. Mr. Berg has been with the University since 1954, he noted, and served as the repository of all knowledge and keeper of all records--and who has been of enormous help to the Committee over many years. The Committee gave Mr. Berg a long round of applause.

Mr. Berg said his service on the Committee had given him the opportunity to meet a lot of faculty and staff who he would otherwise not have know, and said that had given him great pleasure.

He thanked the Committee for its collegueship.

## **3. Tuition**

Professor Morrison then asked Mr. Pfutzenreuter to discuss tuition. Mr. Pfutzenreuter explained that the budget would be going to the Board of Regents the following Tuesday and that the final plans are only now being developed. It will be like last year, an all-funds budget that includes a tuition plan.

Final tuition rates have not been completed. In general, tuition will be presented in two parts. First, there will be a basic revenue increase of 7.5%. As part of that, there will be an increase by one credit in the band and an increase in the registration fee from \$30 to \$60. Second, there are special arrangements permitting a rate increase beyond 7.5%, with the additional revenue above 7.5% retained by the units. Additional volume changes in revenue will also stay with the units.

The actual RATE increase for any particular student will be a function of the number of credits he or she takes; the percentage increase will be higher for students who enroll for fewer credits (because of the increase in the registration fee) and for students who enroll for a lot of credits (because of a change in the tuition band). The student in the middle will see less of a difference.

Ms. Jackson assured the Committee the administration is aware of the problems arising in Pharmacy because of conversion to the Pharm.D. program; the tuition increases will be softened for the next few years.

One Committee member expressed dismay that students who take more credits will face higher tuition increases; should the University not be encouraging students to take a full load? It does appear that way, agreed another Committee member, since 16 credits will not be in the band. The 15 credit student is not affected, however. If most courses are four credits, full time equal 16 credits, it was pointed out, although not many students take four 4-credit courses. Some programs require more than 180 credits for a degree; students should be encouraged to take more than 15 credits.

Mr. Pfutzenreuter explained the budget also has an additional \$1.4 million (\$2.8 million this year, \$1.4 million last year) in need-based financial aid; this will help needy students "buy down" the tuition increase. There is also an additional \$800,000 for merit-based aid.

One Committee member said that the tuition band is supposed to encourage students to take more credits, but there is no evidence it does so; as a result, some are thinking the band should be phased out and students charged per credit, no matter the number they enroll for. Students who are working are subsidizing those who are in the band, it was argued, and students should not be subsidizing each other.

It is to be hoped that if the band is eliminated, the action is taken after real analysis and not casual observation, responded another Committee member, and that the University does not inadvertently make it harder to graduate in four years.

According to the proposal in front of the Committee, said another Committee member, for a student in a 180-credit program to graduate on time and NOT pay overload tuition, he or she would have to register for exactly 15 credits every quarter.

It is incorrect to say that students taking fewer credits are subsidizing those taking more, argued one Committee member. If one looks at the true cost to the University a student taking less time to get a degree represents less cost to the system as a whole. It appears there is a subsidy, but students who graduate sooner cost the University less.

Mr. Berg told the Committee there is no evidence that the tuition band encourages students to take more credits, and that conclusion is based on a lot of good research. The increase in the registration

fee from \$30 to \$60 is intended to be a charge to cover fixed costs, the student who takes longer and registers for more terms will pay more. That is the point. One Committee member agreed that with the registration fee, tuition banding makes less sense.

Mr. Pfutzenreuter told the Committee there have been no changes in the proposed fringe benefit and tuition charges for graduate assistants. The proposed rates will not be split; that proposal has not been accepted and it is not clear how it can be made to work mechanically.

#### **4. Comments on Budget Cuts and on the Integrated Framework**

Professor Morrison asked if there were any follow-up comments on the Integrated Framework presented earlier to the Committee.

Ms. Jackson explained that it has been discussed with the Regents' Audit Committee, in the presence of the provosts and chancellors, and there was talk about how it might be used in the units. It appears application will vary slightly among units, depending on their size. Her office is working with them to help them put the Integrated Framework to best use.

One Committee member said the Integrated Framework (IF) says little more than that one should manage well, there should be rules, people should follow them. It is surprising any of it is surprising.

Ms. Jackson said that they have learned from discussions with corporate people using the IF that identifying cases where it should have been applied and talking about them with managers works best, because then it is not just a theoretical discussion. The University might be able to find a few such instances, mused one Committee member.

It was agreed that comments on the budget cuts would be made when the Committee sees the entire budget.

#### **4. Biweekly Payroll**

A question was raised about the biweekly payroll: One Committee member reported receiving strident feedback as faculty are becoming aware of it. There will be a lot of dissent from those on the semi-monthly payroll when they realize what is happening, it was said; is this plan firmly in place? Has provision been made to pay faculty back for the 10-day loan they are making to the University? There are two issues over which faculty will sign a union card: the biweekly payroll and tenure.

Mr. Pfutzenreuter said they are proceeding with the plan, and intend to implement it on Friday the 13th of September. Interest-free loans will be made available to those who request them. He has received no indication from the President or Executive Council that would alter the plans.

There needs to be more public relations about the change, said one Committee member. When morale is low, observed one Committee member, faculty discontent will coalesce around any change. There has been plenty of public relations; the message is not sinking in because people do not want to hear it. One tries to explain the change will save money and the University should make the change. The objection, it was pointed out, is not to a uniform payroll, it is to the biweekly payroll.

One suggestion that FCC made, it was noted, was that the payroll system be converted to a 12-month system for those on appointments of fewer than 12 months; that would help. That is a Human Resources policy decision, Mr. Pfitzenreuter repeated, not a systems problem. The change to the biweekly payroll should not go forward without that change being made, one Committee member argued strongly.

One Committee member expressed surprise at learning it is a policy issue. In pushing for this change before, it was recalled, people were told it was a systems problem. Other excellent universities pay faculty over twelve months, and if it is simply a policy issue, the Committee should urge the University to make the right decision. In discussing of this issue, it has been pointed out that some people are paid over twelve months even though they have appointments of less than that. It was said that is accidental and the work to pay those people must be done by hand.

Committee members discussed a minor problem that might arise with respect to payments over the summer, and concluded it could be addressed.

The Committee must continue to make the case on this issue with the President, Professor Morrison concluded. It has been repeatedly been raised, but then is dropped, and no one says yes or no. This entire matter of the payroll has been pressed with no concern about the sensibilities of the faculty.

Many faculty do not like the idea of a biweekly payroll, concluded one Committee member; being paid on the 15th and 30th of each month makes more sense.

Having no more business, Professor Morrison adjourned the meeting at 4:15.

-- Gary Engstrand

University of Minnesota