

Minutes*

Faculty Consultative Committee
Thursday, May 3, 2001
1:30 – 3:00
238A Morrill Hall

- Present: Fred Morrison (chair), Wilbert Ahern, Muriel Bebeau, Linda Brady, Susan Brorson, Arthur Erdman, Dan Feeney, Richard Goldstein, Marti Hope Gonzales, Joseph Massey, Gwen Rudney, Charles Speaks, Billie Wahlstrom
- Regrets: David Hamilton, Marvin Marshak, V. Rama Murthy, Paula Rabinowitz
- Absent: Les Drewes
- Guests: Executive Vice President and Provost Robert Bruininks, Associate Vice President Richard Pfutzenreuter; Vice President Carol Carrier, Norma Peterson, Peter Ronza (Human Resources)
- Other: Sharon Olson (Office of the Executive Vice President and Provost)
- Observers: Three representatives from the International University of Azerbaijan; two faculty representatives from the University of Iowa

[In these minutes: (1) discussion with Executive Vice President Bruininks and endorsement of declaration on tuition increases from Finance and Planning; (2) quality and recruitment of support staff; (3) health care and the budget and political situation)

1. Discussion with Executive Vice President Bruininks

Professor Morrison convened the meeting at 1:30 and first welcomed the visiting guests from Azerbaijan and Iowa. He then asked for a motion to close the meeting for a discussion of the budget and the legislature; the Committee voted unanimously in favor of the motion. He turned to Executive Vice President Bruininks and Mr. Pfutzenreuter to provide an update on the status of the University's biennial request and budget.

During the discussion, the Committee discussed and then unanimously endorsed a statement adopted earlier in the week by the Senate Committee on Finance and Planning:

Declaration on Need for Tuition Increases
Senate Committee on Finance and Planning
May 3, 2001

The University is not likely to know the final appropriation that it will receive until later in May. Many predict, however, that the final appropriation for the University might not exceed

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\$90-100 million, and even the most favorable state funding outcome will prevent the University from investing in a few key initiatives that are of great importance to the state. What are our options for coping with a final appropriation that is far below the needs of the University?

1. The University can “live with what it gets,” which means that many of the important funding initiatives in Strengthening the Foundation, and perhaps all of the initiatives in Investing in the Future, will be sacrificed. Substantial underfunding will erode the foundation of the University and leave us unprepared to compete in important evolving areas. The University already faces significant challenges in recruiting and retaining faculty, growing class sizes in many disciplines, drastic cuts in library services, and an inadequate ability to address new and pressing areas of digital, medical, and nano-technology. The Senate Committee on Finance and Planning believes it would be irresponsible to fail to invest more fully in these important initiatives.
2. The University can retrench, either through targeted retrenchments, through increased taxes (the Enterprise and IRS), or through unfunded increases in charges to units (e.g., networking and telecommunication rates). Note that the Biennial Budget Request already commits the University to \$30.2 million reallocation, and reallocation involves retrenchment for some sectors of the University. Although there might be further program cuts that the University will consider, the Committee strongly feels that the current level of retrenchments, taxes, and charges have already cut the budgets of most units to the bone.
3. The University can increase tuition beyond the 3% each year that was pledged in the Biennial Budget Request, which some will say is “solving the University’s problems on the backs of students.” An increase in tuition beyond 3% each year is likely to be politically unpopular, but not necessarily as unpopular as increased class sizes, reduced advising, cancelled classes, and failure to maintain the technology and infrastructure that is needed to provide a quality education.
4. The University can elect some combinations of the above three options.

The Senate Committee on Finance and Planning recommends that the administration and the Board of Regents raise tuition to the extent necessary to offset the shortfall between the state biennial appropriation and the necessary and urgent priorities of the University.

In making this recommendation, the Committee notes the following.

- Many of the initiatives in the biennial request are essential to maintaining the quality of the University, and those initiatives contribute directly to the quality of education of students at the University and to the value of a University of Minnesota degree. It is incumbent on every generation of students, faculty, staff, and leadership to maintain and, when possible, increase the quality of the University for the next generation.
- A retrenchment beyond the pledged \$30.2 million reallocation, coupled with the potential for “hidden retrenchments” of the form noted above, will erode the quality of the University’s academic programs and undermine the University’s strategic initiatives.
- If students continue to register for the same number of credits, each 1% increase in tuition will generate approximately \$2.7 million in each year of the biennium.

- The University pledged to increase tuition by 3% in each year of the biennium, which will generate approximately \$23 million of new resources over the biennium. A 14% increase in each year of the biennium will generate approximately \$89 million of additional resources over the biennium. [Italics:] *The Committee recommends that tuition be increased by at least 14% in each year of the biennium.*
- If tuition is increased by 14% each year, what will be the dollar cost to students? Resident undergraduate students who register for 15 credits per semester will incur an additional cost of \$310 per semester. The additional cost per semester for non-resident undergraduate students who register for 15 credits will be \$904. Any increase, however, will be partially offset by state financial aid because students would qualify for increased financial assistance.

It is regrettable that we are placed in a position whereby we must choose between hurting the University and adopting substantial increases in tuition. If we look at highly-ranked peer institution such as the University of Michigan and the University of California, we see that they have maintained their quality during periods of low public support. Michigan has become a high-tuition/high-aid university. California presents needed tuition increases to the state legislature, which then “buys down” a portion of the increase with a state appropriation. Notably, both institutions have been able to attract and retain high-quality faculty and students, provide access to students of all financial circumstances through financial aid, attain excellence in areas of emerging importance, and contribute greatly to the economic well-being of their respective states.

The Committee believes that the initiatives in the Biennial Budget Request are essential to the preservation of the University of Minnesota as a premier teaching and research institution, and we further believe that tuition must be increased by at least 14% in each year of the biennium to accomplish the University’s missions.

Professor Morrison thanked Dr. Bruininks and Mr. Pfutzenreuter for joining the meeting.

2. Quality of Support Staff

Professor Morrison next welcomed Vice President for Human Resources Carol Carrier to the meeting to discuss the quality of support staff (and how University rules may hinder departments in hiring the quality of the staff they believe they need).

Dr. Carrier distributed copies of a number of slides and spoke with the Committee about them.

1. Factors Impacting Recruitment/Retention

Recruitment

Who is the competition?

What attracts high quality staff?

How does the University “measure up” against other employers?

How does my unit “measure up” against other units at the University?

Retention

Are compensation and benefits fair and competitive?
Is the work interesting/doable?
Is there encouragement to grow?
Is the atmosphere in the unit positive/supportive?
Is the supervisor effective?

Slide #2, following, is from a Gallup organization poll of over a million people. The conclusion of the work was that positive responses to these 12 questions have a high correlation with whether talented people will stay with an organization. The MOST important factor is how people feel about their supervisor/manager, Dr. Carrier said.

2. Twelve questions that “measure the core elements needed to attract, focus, and keep the most talented employees.” From Buckingham, Marcus and Curt Coffman. First, Break All the Rules, Simon & Schuster, New York, NY, 1999, page 28.

An analysis of 25 years of research by the Gallup Organization on the topic of what talented employees need in the workplace.

1. Do I know what is expected of me at work?
2. Do I have the materials and equipment I need to do my work right?
3. At work, do I have the opportunity to do what I do best every day?
4. In the last seven days, have I received recognition or praise for good work?
5. Does my supervisor, or someone at work, seem to care about me as a person?
6. Is there someone at work who encourages my development?
7. At work, do my opinions seem to count?
8. Does the mission/purpose of my company make me feel like my work is important?
9. Are my co-workers committed to doing quality work?
10. Do I have a best friend at work?
11. In the last six months, have I talked with someone about my progress?
12. At work, have I had opportunities to learn and grow?

Slide #3, following, elicited a question from Professor Goldstein about the trends in the total number of staff employees over the last few years. Dr. Carrier said it varies by category. The number of AFSCME employees has declined while non-bargaining civil service staff has remained fairly stable.

3. Staff Facts

8,660 staff employees on the Twin Cities campus, 742 at Duluth, 189 at Morris, 107 at Crookston

Composition: 38% male, 62% female, 11.7% minority

Snapshot of week 4/23/01: 213 open staff positions at Twin Cities

Percentage of vacancies to staff = 2.5%

| | |
|-------------------------|--------------------|
| Open positions: | 1999-2000 = 1,553 |
| (as of 3/31/01) | 2000-2001 = 1,037 |
| Applications submitted: | 1999-2000 = 21,183 |
| (as of 3/31/01) | 2000-2001 = 22,732 |
| Student employees: | 1999-2000 = 7,458 |
| (as of 3/31/01) | 2000-2001 = 7,677 |
| Job Center web hits: | |
| (as of 3/31/01) | 271,965 |

4. Staff Demographics

| | |
|----------------------------|----------|
| Average Age of Staff: | 42 years |
| Average Length of Service: | 10 years |
| Annual Turnover: | 15% |
| Average Retirement Age: | 62 years |

With respect to slide #5, following, Professor Speaks said that in setting salary at the point of hiring, it is frustrating because with faculty, one decides on the best candidate and aggressively tries to hire them--and will pay whatever salary it takes, within reason. The approach for civil service staff is very different; if one wants X salary, it can be out of alignment with peers so one must settle for someone with less ability or experience, often because of a salary difference of only a few dollars. Is that situation out of whack with what the University needs, he asked Dr. Carrier?

Dr. Carrier said that varies by the culture of the unit. The salary ranges for most positions is quite wide and some units go low in order to save money--but they may not get the most attractive candidates as a result. As is the case with faculty, she observed, if one brings in a new staff member at a high salary, the salaries in the department may get out of whack and people upset.

Professor Speaks said that is not necessarily so and related an incident he knew about when a department proposed to hire a new faculty member at a salary near or above that of current faculty; when the current faculty were asked about their reaction, they observed that their salary would be unaffected by whether the new person would be hired so the department should get the best individual it could.

Dr. Carrier noted that the average salary increase was not 6.5%; the increase was the result of changing staff demographics and hiring new people in at higher salaries.

5. Wages

| | Hourly | Annual | % Change from Previous Year |
|-----------|--------|--------|--------------------------------|
| 1998-1999 | | | |
| Average | 16.27 | 33,842 | |
| Median | 14.89 | 30,971 | |
| 1999-2000 | | | |
| Average | 17.40 | 36,192 | + 6.5 |
| Median | 16.08 | 33,446 | + 7.4 |

With respect to slide #6, following, Professor Goldstein said the concern is not about the cash but about the long periods of time off that a staff member can accrue and use. Is there any plan to give money instead of time off? Dr. Carrier said that is being discussed now with AFSCME.

She also said the Minnesota is a particularly tough labor market.

6. Benefit Comparison

| | U of MN | Public Sector | Private Sector |
|--------------------------------|---------|---------------|----------------|
| Base Pay | 33,850 | 33,850 | 33,850 |
| Total Cash Benefits & Time Off | 12,431 | 12,386 | 10,518 |
| % of base | 36.7 | 36.6 | 31.1 |

7. Staff Hiring: Challenges

External Factors

- Tight labor market (State unemployment rate at 2.1% in 2000; information technology, clerical and administrative positions amongst hardest to fill.)
- Increased diversity of applicant pool, especially entry level
- Mandated state and federal reporting and audits

Internal Factors

- Multiple governing documents:
- Civil Service Rules
- Clerical and Office Contract
- Technical Contract
- Service Maintenance and Labor Contract
- Health Care Non-Professional Contract
- Law Enforcement Contract
- Radio and Broadcasting Contract
- Student Employment Rules
- University's Equal Opportunity and Affirmative Action Plan
- Decentralized decision-making
- Volume -- University's Job Center is largest single-site center in Minnesota
- Cultural norms

With respect to slide #8, following, Dr. Carrier said the staff hiring process is decentralized--not to the same extent as the academic hiring process, but still decentralized. (The AHC hiring process, omitted from these minutes because of space, is similar to the one depicted to the point "screen application material.) Human Resources is experimenting, trying to get functions closer to the hiring units.

8. Staff Hiring: Roles

| <u>Unit</u> | <u>Office of Human Resources (OHR)</u> |
|---------------------------|--|
| Decide to fill a position | Consult with unit |
| Prepare job descr/ | |

| | |
|---|--|
| requisition | |
| Get unit approval | |
| Submit to OHR | Audit job requisition |
| | Post job on web |
| | Assist with recruiting |
| | Collect/screen applicant mats |
| | Send applicant correspondence |
| | Deliver appl materials to unit |
| | Remove job posting from web |
| Screen application material | |
| Identify interviewees | |
| Inform applicants of status | Send follow-up report to unit |
| Conduct interviews | |
| Make hiring decision | |
| Get unit approval | |
| Negotiate/finalize offer | |
| Complete/submit applicant follow-up report | Record applicant follow-up data in PeopleSoft |

9. Staff Hiring: There's Flexibility

The Good News is
for most employees you can:

But you must:

Assign and organize work

Pay and classify appropriately

Pay new employees anywhere in range

Deal with salary compression, morale issues

Financially reward outstanding performance

Define program in advance

Promote good employees

Follow appropriate procedures

Withhold increases for poor performance

Terminate poor performers

10. Improvements

Continuous process improvements

Redesign of student hiring process

Broadbanding of staff job families

High potential applicant process

High potential recruiting

More technology

-- PeopleSoft Recruit Workforce module used for:

-- Collection, retention and web display source for all staff positions; jobs posted within 24 hours of receipt by Human Resources

- Collection and retention of all staff applicant information; used for generating applicant correspondence and data source for management reports and EEO applicant referral reports
- Job Center web display of positions updated twice daily
- Other technology initiatives:
 - Requisition and application forms available on-line for completion by user
 - Instructions for completion of materials available on-line
 - Application and requisition forms received by walk-in, mail, fax, or e-mail
 - Questions conveyed to Job Center via web site; respond to daily
 - All jobs posted on the Job Center Jobsline, an interactive phone system. Jobs may be listened to and/or applied for over the phone. Available for use 12 hours per day, five days per week.

Culture and Climate Improvements

- Education and training
- Customer service training
- Mandatory training for supervisors
- New employee orientation
- Exit interviews
- Opportunity for merit pay for civil service

Dr. Carrier asked if there were other issues Committee members wished to raise.

Professor Feeney asked about activities imposed on employees (e.g., by unions, lobbying training) that takes them out of service for a period and that are unrelated to their jobs; these absences have a crippling effect on small units. Faculty who serve on committees shuffle their responsibilities around to make sure the work gets done; in the case of staff, the work falls to someone else or the work of the unit slows down. This is no reflection on the individuals but rather on the impact on units.

Dr. Carrier agreed that there is a problem. Some of the activities the University is legally obligated to allow. At the same time, some employees in small units say they are stuck, because if they are not there the work is not done, and it is wrong for them to miss opportunities for training that other staff can receive. But the manager does have the discretion to say "no" as long as there is no legal mandate.

What is done to provide staff opportunities for development and mentoring, Professor Massey asked? There is an enormous amount of free training available at the University, Dr. Carrier responded, and she said she hoped employers would encourage employees to take advantage of it. Human Resources is also looking for employees willing to talk with others about their jobs.

If the University is the fourth-largest employer in the state, Professor Wahlstrom asked, what is done to prepare employees who come into the University? Are there language programs and so on to create work-life readiness? Ms. Peterson said the University worked with the "welfare to work" program of the state and employed a few people through it (and worked with the unions to deal with hiring problems), but otherwise there is no training for work at the University. It may be time to start, Dr. Carrier commented.

Professor Rudney said that from the perspective of Morris, far from the Twin Cities, they have an excellent group of support staff and the University is a good employer for the community. The concern, however, is that when there is talk about staff development offerings, there is little opportunity for a bright and active employee to move upward at the Morris campus.

Professor Morrison thanked Dr. Carrier, Ms. Peterson, and Mr. Ronza for the presentation.

3. Discussion of Health Care and the Budget and Political Situation

Professor Morrison turned the discussion to the health care proposal and the current situation in the legislature. State law presents a barrier to revealing any information about the health plan proposals before they are made public to the Board of Regents, but the information will be provided to appropriate Senate and other committees at the same time it goes to the Regents. This is, he noted, a \$100-million undertaking that affects everyone at the University and they will do as much consultation as possible in the very short period of time available.

Who makes the final decision on health care, Professor Speaks asked? The Board of Regents makes the final legal decision, Professor Morrison said, and will do so on the basis of the President's recommendation; the President will make his recommendation on the basis of various sources, including the Interim Health Benefits Advisory Committee and the administrative committee that has worked on the bids and a proposal. Should the University separate from the state, the selection of provider will be made by a committee of five, including himself, Vice President Carrier, Mr. Fahnhorst, a representative of the Civil Service staff, and a representative from the Office of the General Counsel.

The University may not have a budget even after the legislature completes its work on May 21. The Governor has said that the state can shut down if the appropriation is not acceptable to him.

Professor Morrison asked Committee members to mark their calendars for May 21 and 22 because those may be the dates when a major presentation on health care will be made. He promised to provide a specific date and time as soon as possible.

Professor Rudney, noting this would be her last meeting as a substitute for Professor Ratliff-Crain, expressed appreciation to the Committee for its support. Committee members thanked her for serving.

Professor Morrison adjourned the meeting at 3:15.

-- Gary Engstrand