

Minutes*

Senate Committee on Finance and Planning
Tuesday, July 9, 1996
3:15 - 5:00
Room 238 Morrill Hall

Present: Fred Morrison (chair), Kathy James, Gerald Klement, Richard Pfitzenreuter, Benjamin Senauer, Charles Speaks, Craig Swan, James VanAlstine, J. Peter Zetterberg

Regrets: Thora Cartlidge, Roger Paschke, Peter Robinson

Absent: (none, for summer meetings)

Guests: Vice Provost Louise Mirrer; Senior Vice President JoAnne Jackson; Senior Vice President Marvin Marshak

[In these minutes: Undergraduate Initiative II; the Hospital transaction; the biennial request; biweekly payroll]

Professor Morrison convened the meeting at 3:15; before turning to the agenda items for the meeting, he introduced Professor Benjamin Senauer, from Applied Economics, and called for Committee members to introduce themselves.

1. Undergraduate Initiative II

Professor Morrison then welcomed Vice Provost Louise Mirrer to the meeting to discuss the Undergraduate Initiative II. Dr. Mirrer distributed copies of the sixth version of the proposal, and noted that she and Provost Shively had discussed the Initiative at an earlier meeting. This version now includes a guarantee of graduation in four years: the University will guarantee access to needed courses if the student maintains an appropriate grade point average, meets major and liberal education requirements, and takes at least 15 credits per quarter. If the University cannot provide the needed course access, it will provide the course for free. There are similar guarantees provided at Iowa and Colorado that appear to be working well.

Committee members made several comments on this provision, mostly favorable: it would be appropriate for there to be an EXPECTATION that students would complete 15 credits per quarter; this is a contract that will require goodwill on both sides; the University should think about the numbers it uses for graduation rates, because students who attend full time have dramatically higher graduation rates.

Committee members noted a report distributed at the meeting by Dr. Zetterberg showing that on average, students complete 210 credits at the time they receive their degree, or 30 more credits than they

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need. (And 11% of students have an additional 60 or more credits.) Asked why, Dr. Zetterberg said there appear to be a variety of reasons; whatever the reasons, 30 credits more than needed is a shocking number, he said. Wisconsin is facing the same problem, and may say that students may take no more than 15% more credits than required for the degree, after which they would have to pay for the full cost of instruction (Berkeley, by state law, limits the number of credits students can take without paying full cost). The idea of a four-year guarantee is a good idea, he said, but in 1995, only 161 students graduated with exactly 180 credits. This is an issue of student behavior as well as a University problem.

One Committee member inquired why this is seen as a problem; why would the University push students without the bachelor's degree into taking CEE courses, where they may not pay the full cost of instruction? The problem is that the University has the worst graduation rate among leading research universities, a fact that hurts it with the legislature and the public. Most students at the University applied to other schools and could have gone elsewhere, and would not behave this way had they gone to other schools. Most freshmen say they want to graduate in four years, but are then co-opted into taking only 12 credits per quarter.

Dr. Mirrer said another reason for the guarantee is that the University is seen as a place where one CANNOT graduate in four years. The problem is not encouraging the four-year graduation rate, said one Committee member; the problem would be punishing those who do NOT graduate in four years. No one has proposed punishing those students, it was pointed out; the legislature has only talked about it, never acted, and the administration is not making any proposal to do so.

One Committee member recalled that Provost Shively had said the Initiative would be University-wide; this document still indicates it will be a Twin Cities initiative. Dr. Mirrer said it would be University-wide, but that conversations with the chancellors have not yet taken place.

Committee members raised questions about the amount of recurring funds the Initiative would require (\$8.5 million); the amount is more than will be available in new funds for the next biennium from both the state and reallocation (\$7.5 million). There are other University priorities that will have to be addressed with those limited funds, it was noted. Dr. Mirrer said they recognize that priorities will have to be set, that the freshman seminar would likely be postponed, and that they hoped to fund the "expanding worlds" requirement with outside funds. She also said the description of the freshman seminar would be revised, to make it clear it is intended to be an academic course, rather than primarily developmental--although some students will need developmental education, she pointed out.

In response to questions about the funding for the freshman seminars, Dr. Mirrer explained that the intent is that they will be taught by faculty members (not TAs), and the funding identified for them is money to be provided to departments to hire faculty. A department could teach four or five seminars, but it would not be expected that the faculty hired with the new money would be assigned to teach them. It was noted that Stanford has received publicity for seeking to raise money to hire 20 new faculty responsible for teaching freshmen seminars. Money could be raised, not to hire faculty specifically to teach the seminars, but as an endowment to help fund them, with departments responsible for offering them. Dr. Mirrer said they would look into the possibility.

Dr. Zetterberg said there are three items in the Undergraduate Initiative of concern to him, given his larger concern about the University's graduation rate (and the fact that one of the critical measures

calls for increasing the graduation rate). One is the guarantee of graduation; it should help meet the critical measure. A second is the freshman seminar, which could have an effect either way: it could be another hurdle, or it could get students to think about their college education and to move in the right direction. The third item of concern, the "expanding worlds" requirement, is one he opposes; the opportunities should be made available, but there is no reason to make it a requirement. To do so creates another hurdle, of which the University already has too many. Another Committee member said while the experiences are valuable, they would be impossible for many students. Yet another concurred, supporting the idea of making available the opportunity but not making it a requirement; a question was also raised about the supply of internships and opportunities for students to fulfill the requirement.

Dr. Mirrer pointed out that this requirement would make the University of Minnesota unique; it would be the first research university to take "what was in the wind" and do something with it. Requirements do not get in the way of graduation, she maintained; many students leave the University to go elsewhere to school and meet requirements. She said she did not believe it would have that effect at the University.

Dr. Mirrer affirmed that the recommendation had gone to the Committee on Educational Policy and had been approved; it had also been taken to the Senate Consultative Committee, which believed it needed additional work. She concurred with the observation that the requirement would have to go to the full Assembly [or Senate if the requirement is to be institution-wide] for action.

Dr. Mirrer explained, in response to questions, that the work to meet the "expanding worlds" requirement would count toward graduation credits, and that in the case of study abroad, there could be an entire quarter's or semester's worth of work completed--as is the case at present. She also affirmed that the requirement would apply to all undergraduate students.

Other Committee members expressed a variety of concerns about the proposal to add a requirement, rather than making an opportunity available. Asked if students had been consulted about the proposal, Dr. Mirrer said they had, and that they were very favorable to it.

Professor Morrison thanked Dr. Mirrer for joining the meeting.

2. The Hospital Transaction

Professor Morrison next welcomed Senior Vice President Jackson to the meeting to discuss progress in the talks with Fairview Hospitals.

Ms. Jackson informed the Committee of the timetable for the transaction (the transfer will take place October 1 if approved by the Board of Regents) and said she would have distributed a summary of the document that had been drafted that would govern the transaction. She explained how the research and educational role of the hospital would be protected, and how the costs would be accounted for. She noted that the University would have majority membership on the divisional board and seven members on the Fairview system board. With respect to employees, the bargaining is now taking place; about 10% of the employees will take a pay reduction, but all employees must be within the 85th to 115th percentile of their University salaries. All employees would be working for Fairview by January 1. The Hospital and parking ramp will be sold, there will be a ground lease, and all other space Fairview uses will be leased.

It will be critical, she said, that the single practice plan is adopted by the University physicians, so that agreements can be signed by all three parties (the plan, the University, and Fairview).

Committee members asked a number of questions.

- The current unions do not transfer to the new organization; the University is going out of the hospital business and could lay off all the employees, but is not doing so. The unions will have to seek representation. Fairview has about the same proportion of unionized employees as the University Hospital.
- Hospital employees will be given priority for jobs that open up elsewhere in the Academic Health Center, and no one will be forced to go to Fairview (although they will not have a job if they decline and there is no appropriate opening for them in the AHC). Ms. Jackson expressed doubt that Hospital employees who did not want to go to Fairview could bump other University employees outside the AHC, although that may depend on the job classification. Ms. Jackson said that except for the 10% who will have to take pay cuts, the package that has been put together will be quite attractive for most employees.
- The University will retain control of the educational process.
- The University will be paid \$87.5 million; Ms. Jackson explained additional financial details of the transaction. After all debts are paid, there will be about \$70 million cleared for use by the University; the first three priorities for the money will be restoration of the Central Reserves (\$25 million), completion of the AHC re-engineering process, and administrative process redesign. These are all included in the financial framework, Mr. Pfutzenreuter pointed out, and the Board of Regents will have to approve them all.
- The HealthPartners agreement with Riverside is up for bid; it accounts for 18% of the use and 2% of the revenues for Fairview, so any possible change is not a significant concern.

Professor Morrison thanked Ms. Jackson for providing the update to the Committee.

3. The Biennial Request

Professor Morrison next welcomed Senior Vice President Marshak to the meeting to discuss the biennial request. Mr. Pfutzenreuter distributed a letter from the President to the Board of Regents outlining the discussion of the request; the handout also included a number of slides.

Dr. Marshak explained that the letter lays out the academic priorities and the continued evolution of U2000. It also ties University priorities in the request to ideas of the Governor and legislature that have to do with education reform, four-year graduation opportunities, tomorrow's workforce, economic vitality, and government accountability.

With respect to the four-year graduation opportunity, the University will implementation on a trial basis in September a partnership with students: if they do 1/12th of the work necessary for a degree each quarter, the University will guarantee the needed courses will be available. Asked about expectations of

students, Dr. Marshak said they will be expected to carry out their obligations each quarter, rather than review claims after four years of enrollment.

A report distributed by Dr. Zetterberg at the meeting reports two findings at odds with each other: the majority of freshmen declare they want to graduate in four years; the majority do not do so. What if students do not fulfill their part of the bargain? The agreement and guarantee lapses, Dr. Marshak said. Students may be afforded the opportunity to make up a course in the summer, but the guarantee lapses if the student does not stay on track.

Students will not be pressured to make this agreement; it is an opportunity. It is disturbing that students have an expectation of graduation and then have a rude awakening when they cannot.

If this is to help in marketing, parents should be informed of it, said one Committee member. Dr. Marshak agreed. Part of the understanding must be that this will impose on the parents more, one Committee member pointed out; they (the parents) will have to absorb more of the cost of education, because the student will not be able to work as much. The proposal will be publicized later in the week, and will also be brought to the legislature as part of the information in the biennial request.

One possibility would be to identify two separate tracks, one labelled full time and the other labelled part time; this would take pressure off students who wish to attend part time. Dr. Marshak agreed this should be considered.

One Committee member wondered why the initial cohort size for the graduation guarantee would be limited. Parents have asked if it is possible to graduate from the University in four years; the response is "of course it is!" To limit the cohort size sends the wrong message. It should also be sold in combination with the guaranteed tuition plan, said another Committee member--an option that has not been widely publicized but that does exist. The Committee appeared strongly to favor this suggestion.

Dr. Marshak then outlined a series of policy questions upon which he is consulting with this committee, with the biennial request committees, and the Board of Regents. Each involves a "slider," or range of options. For example, one question is about the appropriate level of internal change; the possibilities range from zero to evolutionary change to major change (5% or more annually). Other questions include the amount to be requested from the state in partnership, what the compensation goal of the University should be, what are the tradeoffs in the number of faculty versus support for the faculty, what are the tradeoffs between people and infrastructure/equipment, what time scale should be used to implement change, what is the tuition policy, and what is the financial aid policy? One cannot adopt the extreme end on each, but once a scenario has been developed, there is room to move on some of the questions.

Another question needs to get at academic priorities, said one Committee member: should reductions be across the board or targeted?

Dr. Marshak made other points about the request.

-- The responses to the issues of interest (education reform, tomorrow's workforce, etc.) will not be made unless the "sliders" are in the right place.

- One question is whether it is best, to accomplish academic priorities, to make change through a decentralized approach. Should the administration set up the framework and let the provosts implement change? The results could be very different from what they would be with a central imposition of cuts.
- Another issue is whether or not to re-impose the printed budget, which controlled faculty and staff as well as money. He said he believed it would be useful to re-impose it; it contributes to accountability and identifies the long-term personnel associated with each unit, and would push personnel decisions downward--even if a unit has the money to hire someone, there is a "tail" that must be recognized. Several commented on the question of faculty lines allocated to departments and when a decision to hire additional faculty could be made; it was noted that in some units there were no controls, so that personnel costs as a percentage of budgets grew substantially. Committee members discussed briefly the merits of the idea of the printed budget, without reaching any conclusion.

Professor Morrison thanked Dr. Marshak for joining the meeting--who, upon learning that the next discussion item would be the biweekly payroll, left.

4. Biweekly Payroll

Professor Morrison distributed copies of a letter that he had written to President Hasselmo protesting the decision to impose the biweekly payroll on faculty while not implementing it for AFSCME employees and for the Duluth faculty. The Committee also considered a letter from Professor Feeney on the subject as well as a draft resolution circulated by electronic mail earlier in the week by one of the Committee members. He asked Mr. Pfutzenreuter if he wished to say anything on the subject.

Mr. Pfutzenreuter said he wished it in the record that a lot of people had seen his name, in an email message from Professor Walsh, as someone to write to about the biweekly payroll; the email message made it appear as though the decision were his. He informed the Committee he called Professor Walsh and told him that the decision was NOT his alone, and it was not fair for the faculty to think it was. He is on the record as supporting the change to the biweekly payroll, he noted, he is aware of discussions that have been occurring, and he knows that people are unhappy about the change. But it is NOT his decision, he emphasized, and said he was concerned that the faculty would think the decision rests with him.

Professor Morrison observed that the decision rests with the President.

It was noted that the draft motion does not propose to abort the change, only to delay it until it can be implemented for all employees. The Committee, it was noted, has no misunderstanding about who makes the decision.

Asked about the lost savings, Mr. Pfutzenreuter said it will cost about \$250,000 additional per year to run two payrolls, and that money--which had already been cut--will have to be restored, at least through the end of the fiscal year.

What justification is there for ANY change now if there are no savings to be achieved until there is

a SINGLE payroll, inquired one Committee member? Mr. Pfitzenreuter reported that there had been a meeting at which the President had asked for a recommendation from the Executive Council, and there was a long discussion of whether to wait for the unionized employees; the decision was to delay for them but to move forward with the others, because the single payroll is the long-term goal. Most people believe that to delay further would mean the change would not occur, he concluded.

One Committee member said there has been no issue that has had as damaging an effect on morale as this one. Savings of \$200,000 is far less than the damage that is being caused. There must be a better way to get to a delayed payroll than one by which the faculty see themselves as losing two weeks of salary.

The Committee then took up, and adopted unanimously, the following resolution:

WHEREAS, the University has announced plans to move away from a semi-monthly to a biweekly payroll, and

WHEREAS, a major reason for such a move was the cost savings associated with a single payroll, and

WHEREAS, there are a significant number of University employees for whom the change will not be implemented on the announced timetable,

BE IT THEREFORE RESOLVED that the Senate Committee on Finance and Planning urges the administration to delay the move to the biweekly payroll until such time as the move can be implemented for all employees.

Professor Morrison reported that he has been informed that the State of Minnesota is shifting from a biweekly to a semi-monthly payroll for salaried employees, and then adjourned the meeting at 5:10.

-- Gary Engstrand

University of Minnesota