

Minutes*

Senate Committee on Finance and Planning

Tuesday, November 9, 2004

2:30 – 4:15

238A Morrill Hall

- Present: Charles Campbell (chair), Kendal Beer, Rose Blixt, David Chapman, Steve Fitzgerald, Seth Haskell, Thomas Klein, Joseph Konstan, Michael Korth, Cleon Melsa, Kathleen O'Brien, Richard Pfitzenreuter, Terry Roe, Charles Speaks, Alfred Sullivan, Kate VandenBosch, Susan Van Voorhis, Warren Warwick
- Absent: Calvin Alexander, Arthur Erdman, Daniel Feeney, Scott Fine, Joshua Jacobsen, Lincoln Kallsen, Ian McMillan, Diane Parker, Thomas Stinson, Michael Volna
- Guests: Senior Vice President for Academic Affairs and Provost E. Thomas Sullivan; Associate Vice President Laurie Scheich (Auxiliary Services), Laurie McLaughlin (Director of Housing and Residential Life)

[In these minutes: (1) compact planning process; (2) Twin Cities campus student housing (and vis-à-vis Academic Health Center clinic planning); (3) budget model working group discussions]

1. Compact Planning Process

Professor Campbell convened the meeting at 1:35 and welcomed the Drs. Sullivan to talk about the compact planning process. [The minutes will refer to Provost Sullivan and to Dr. (Al) Sullivan.]

Provost Sullivan said that Dr. Sullivan is the person who directs the compact process on a day-to-day basis but that he would provide an overview. In early October the deans' council was provided the timeline for and steps in the compact process. As the University goes through an extensive strategic planning process, and as the President insists the University do better in aligning resources with academic priorities, Provost Sullivan said he could see other alignments also occurring in the compact process, so there could be significant changes in the process as they try to align resources and priorities. They want to be in a position where the budget does not dictate priorities, but vice-versa. He said he believes that strategic planning will be a transformative process that will have an impact on the compact process.

Dr. Sullivan said that the compact process is now in its seventh year. The compacts are not envisioned as strategic plans but rather a list of the unit's goals. The idea is that they are to be annually updated, published, and consist of the result of bilateral negotiations between the unit and the central officer to which the unit reports. There is always a tension about how expansive the compacts should be; the administration wants to help the units but it does not want to interfere with them. The compacts need to be kept simple and streamlined, but also ask for things that the unit needs.

Each unit submits one compact each year that is to include specific elements, Dr. Sullivan told the Committee, elements that include goals, diversity, outreach, and enrollment management, among other things. The goals are the heart of the document, along with action steps on how to achieve them and how the achievement will be measured. Both he and Provost Sullivan have been deans and are now on the

* These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate or Twin Cities Campus Assembly; none of the comments, conclusions, or actions reported in these minutes represents the views of, nor are they binding on, the Senate or Assembly, the Administration, or the Board of Regents.

other side of the process, so they have a realistic view of how it should work. Once a unit has a good compact, the annual update should not be difficult. Some units put a lot of work into their compacts, so the administration must be careful about what it asks be included so it does not receive more than is needed.

Dr. Sullivan reviewed the schedule for the compact process, which envisions the compacts being completed by August, 2005.

Professor Speaks asked what the size of the compact pool will be this year and if they anticipate any change in the pool depending on the budget model the University adopts. Dr. Sullivan said the investment pool last year was \$9 million, which included both compacts and Presidential initiatives. What they discovered was how far \$9 million does not go. The investment pool for next year has not been set. There are a number of things working in parallel, Provost Sullivan observed; the University will have to see what comes out of the legislative session and how much private funding is available (especially for the President's initiatives), so they have not yet talked about a number.

Looking forward, Professor Speaks said, if the new budget model calls for most of the state funding to remain with the President to allocate to units, would that change the nature of the compact pool? Do they see it growing substantially? Provost Sullivan said they did. There will be discussions about the internal budget model, which will be the major vehicle for allocating resources. If it is changed, there is the potential to identify a lot more money for compacts and Presidential initiatives. He and Dr. Sullivan were both here when the compact process was initiated; all the changes have been incremental. With the strategic planning process and a change in the budget model, there could be more money available for investment. The President has said there will be significant reallocation—money will come out of the colleges to the central administration and then go back to the colleges for investment. The compact process will be the vehicle to effect that reallocation.

Professor Speaks said that he has sensed there are two different and incompatible philosophies in the budget model working group (of which he is a member). One is that the budget model is a tool that should be flexible and accommodate the blueprint now as well as the blueprint of a president in the future. The other is that whatever blueprint the University chooses now, the budget model should support it. Provost Sullivan the situation is very fluid, given the budget model discussions, the process of aligning resources and priorities, and the different outcomes possible from the legislative session both in bonding and operating budgets. His inclination, however, is to favor the first option, a budget model that will allow the University to be flexible and nimble. The problem is that such an approach is hard on predictability and certainty. The model must also do a better job of making the process transparent, even if it cannot be certain. The model needs to be flexible enough that the President has adequate resources to shift to meet priorities and respond to targets of opportunity.

Provost Sullivan also said that the administration is becoming more and more clear that the strategic planning process must lead to a prioritizing process so the University can invest in big ideas and get away from marginal or incremental funding. There should perhaps be five or six big research ideas—and \$9 million is not enough to support them. In some cases, they had only small amounts of money to start something and decided not to make the investment because to do so would be a sham.

Professor Roe said that if he were a dean, he would see a lot of uncertainty about compacts. There is no Vice President for Research (and it will take the new person several months to get settled) and no Dean of the Graduate School. Reallocation and a proposal to fund big science raises the question about how to sustain strong departments that are nationally-ranked. Provost Sullivan concurred. It is not clear if talking about new initiatives means maintaining solid, good programs, Professor Roe continued.

Some very good departments have lost a number of faculty and graduate students. As the University moves to a new budget model, there is a need to look at the compact process and resource allocation so that it takes into account true opportunity costs of the decisions made. Professor Warwick noted that Medtronic started in a garage; how many things will be missed if the focus is on big things? Often the big things can support themselves, he said.

Professor Campbell asked what interplay there is between the President's initiatives and the compact process. Are they independent? Do the President's initiatives truly originate with the President and other things come through the compact process? Dr. Sullivan said this was like an ecological system where everything touches everything else. Almost all of the President's initiatives arose from earlier compact discussions, not all by themselves out of nowhere. The compacts provide good ideas that become presidential initiatives. The President does not dream them out of thin air. Provost Sullivan recalled that when he took office on July 1, the compact process was mostly complete, but as he sat in on conversations, he heard how the President's initiatives were connected to the compacts and served as a link between many similar projects.

That is good news, Professor Campbell said, and it would help if that were better known so that faculty can know the money is well spent and that their ideas can bubble up through the process.

Mr. Klein asked if there were any indicators of what a successful "big idea" project would be. Have there been any discussions of possible markers? There have, Dr. Sullivan said; they have asked units to identify some ideas and how they would know when they are successful. Some of the possible metrics they are hearing about are increased ICR funds, meeting needs through enrollment management, and getting their first choices in recruiting faculty and graduate students. Will these be part of the compacts that are published, Professor Campbell asked? They will be, Dr. Sullivan said; the compacts should have both the goals and the measures. They are not where they want to be with respect to measures yet, however, he said.

Professor Roe commented that he did not want to appear to be against "big ideas," but the Nobel Prize in economics went to a person who used to be at the University and the reasons he left are related to maintaining a strong department and graduate program. Supporting big ideas will have costs. One "big idea" may be to sustain top departments, Dr. Sullivan said. It is a matter of judgment, Provost Sullivan added. It will come down to the process, Professor Roe said. The University has a number of world-class, highly-ranked departments, Provost Sullivan said, and the continuum for investment is approximately this: (1) maintain, support, and shore up those world-class departments; (2) identify near-great departments that can get to world-class status and support them; (3) identify those departments that may never achieve greatness but which are essential for the support of other departments; (4) after that, look for opportunities for new investments that will take the University into the future. Professor Roe said this sounded logical and that it would help to make the priorities clear around the University. The easiest way to ensure quality ten years from now is to keep the quality the University has now, Provost Sullivan commented; in addition, there must be action on targets of opportunity to improve departments.

Professor Speaks agreed with Provost Sullivan's priorities and asked if there is another group, units that are lower quality than desired, with low demand, that lack centrality, and that the University does nothing about. There is rhetoric going back to Commitment to Focus that the University will focus, but nothing goes. There are those who believe that has been the history of the University, Provost Sullivan agreed; there are also those who believe that cannot continue, he said, and that the University cannot be all things to all people. Can the administration sell that proposition to the Board of Regents and the legislature, Professor Speaks asked? Provost Sullivan said the President believes he has the support of the Board; the Governor and legislature have perhaps been implicitly sending the message for some time

that the University should make changes. Commitment to Focus cost the President and the Provost their jobs more than the problems at Eastcliff, Professor Speaks observed; the Regents were in an uproar and that the University would make major changes. Provost Sullivan repeated that the President believes he has the support of the Board and the legislature.

Professor Warwick suggested that the lines on Northrop Auditorium be brought to every proposed change and question; if the proposals or units do not support education and research, they do not belong here.

Vice President O'Brien responded to Professor Speaks. She said that some dramatic changes have occurred: the University closed a campus and significantly reorganized the Extension Service. The legislature has questioned some of the changes, but the greatest sensitivity to change has been from within the University. As leaders, they need to think about how to mobilize support for change. Mr. Klein reported a conversation that he heard from greater Minnesota to the effect that "how much do we have to cut your budget before you get the idea that we want change?" There is a sense that faculty governance, given its strong role in the University, must be a source of change, as the only source that will be respected; he said it is the place he would want change to start.

One question that came up often in discussions about the compact process is that there were to be instructions about consultation in the colleges, Professor Campbell said. This meeting is a good example of consultation with the governance system; is there a mechanism to ensure that the compact process starts with the faculty and comes up through the dean? Units are asked to describe the process and how they developed their compacts, Dr. Sullivan said. That description will be on the web for all to read.

Provost Sullivan said he asked all deans for strategic plans by December 1 and asked four questions. What is the core mission, what is essential for support for that mission, what forms of civic engagement connected to the teaching and research missions are included, and what other things are they doing? In the instructions, they were asked to share information about the process that gave rise to the report. Morrill Hall will not dictate the process, he said, but they do expect to see a description of the dialogue and the process.

Professor Campbell thanked Dr. and Provost Sullivan for the report.

2. Twin Cities Campus Student Housing

Professor Campbell next turned to Vice President O'Brien, Associate Vice President Laurie Scheich, and Director of Housing and Residential Life Laurie McLaughlin to present a report on student housing on the Twin Cities campus.

Vice President O'Brien said the Committee may be aware that for about ten years the University has been committed to expanding housing and residential life opportunities for students because living on campus can enhance the student experience by making them more a part of the academic community and increasing their understanding of University life—as well as increase retention and graduation rates. The study that they have recently completed would have been done in about a year, but with the plans for clinics being developed by the Academic Health Center, the assessment was moved up. She said she is aware that Senior Vice President Cerra has spoken with the Committee about the plans for growth of the AHC and how that growth could affect housing on the superblock. The superblock houses about 40% of the on-campus population and is a major part of the housing program; if one goes to the superblock, one gets a sense of the place as a village.

Vice President O'Brien established the working group chaired by Mss. McLaughlin and Scheich that prepared the report being presented today. It was provided to the undergraduate deans in late October and will be presented to various groups, including students, over the next few weeks, and to the Regents in December.

Ms. McLaughlin walked the Committee through the report, "An Assessment of the Current Demand and Future Need for On-Campus Housing." She identified on-campus housing principles and reported the current status of on-campus housing. (Capacity is 6,293; occupancy is 6,702, with 464 students in "expanded housing" such as lounges and making doubles into triples; 4,374 first-year students are in on-campus housing.) The campus has added 1,754 new on-campus beds since 1995 and there have been 3,300 off-campus beds added since 1996 (privately-owned facilities). Housing's role in supporting the academic mission (statistics show that it) increases academic success, retention, and graduation rates, aids in recruitment (per the admissions office), and increases overall student satisfaction.

Professor Speaks asked if they considered whether students who live in residence halls are more likely to graduate, rather than that living in residence halls increases the likelihood of graduation. Ms. McLaughlin said that may be the case; they simply compared data for students in on- and off-campus housing; off-campus includes the private dorm-like facilities around the campus. She reviewed the data, which, she said, suggest that those who live on-campus will be more academically successful. The off-campus facilities vary in whether they have the added programs that University housing offers; some are developing them while others are really simply traditional apartment buildings. Her office does share information with the private facilities about providing support for students.

Ms. McLaughlin described the impact of the design of housing environments on student learning (e.g., human scale, including recreational and green space, support of a critical mass, and close proximity to classrooms and activity centers). The superblock has nearly 2800 students, which has much more effect than would residence halls of 200 students dispersed across the campus.

The working group developed evaluation criteria for on-campus housing sites that included location, critical mass, and availability. The Committee discussed briefly land acquisition for future residence hall sites, should the AHC plan require demolition of existing facilities. Ms. McLaughlin agreed with an inquiry from Mr. Klein about the possibility of exploring University-private partnerships in housing as well.

The findings of the working group were that on-campus housing has a positive impact on students and that the superblock provides an excellent location. Students have multiple housing options and many seek the most affordable and conveniently-located. Of the 6,700 students who live in on-campus housing, slightly fewer than half come from the 7-country metro area, so they could live at home and attend the University if on-campus housing were not attractive (so they need to watch the price). They also found that the Greek community has problems attracting and retaining students; of the 35 chapter houses, many need repairs and are unable to house the number of students they need to be financially viable. The housing office is working with them to develop plans for the future.

In terms of supply and demand, the size of the first-year class defines the demand for on-campus housing. At present they can meet the demands of most first-year and returning students (this year they had 178 first-year students who remained on the waiting list because the incoming class was larger than the initial target and because they impose no limit on the number of students who can re-apply for housing). The situation has usually worked out, but that may not always be the case. Ms. McLaughlin concurred with Professor Speaks's observation that if a college makes a major change in the size of its first-year class, there are ripple effects that include an affect on housing. If the Carlson School plans to

increase the size of its incoming class, they may need an additional 200 beds, she said, and affirmed that housing is paid for by the students who live there. Mr. Pfutzenreuter pointed out, however, that there is a concern about the total cost of attendance at the campus, and rather than build more housing, it may be necessary to look at policies (e.g., who is it most important to provide housing for, what provisions should be made for transfer students, etc.).

In terms of financial and University impact, the working group reported that on-campus housing has contributed to the financial health of the University by aiding in meeting enrollment targets, the University faces major land-use pressures, the residential life program is dependent on high occupancy levels, and single student-housing rates are comparable with other Big Ten and comparable facilities in the area.

The working group had several recommendations. First, the University should consider building an additional 200-300 on-campus spaces if the first-year enrollment target increases beyond 5,400 students. Second, the superbloc residence halls should not be relocated—and if relocation is necessary, the superbloc should be replicated in terms of critical mass and proximity to campus facilities. Ms. McLaughlin noted locations on the Twin Cities campus where new housing could be constructed. Third, the University should continue to investigate housing options for under-served student populations (additional one-two bedroom units for family/"partnered" students, housing for graduate/professional/transfer students, and assist in revitalizing Greek housing). Fourth, the University should continue to manage cost of attendance, which includes housing, so it is not priced out of the market and thus force students to seek off-campus (cheaper) housing.

Professor Speaks asked if all planning is predicated on the assumption that the current superbloc might need to be demolished to accommodate the needs of the Academic Health Center. It is, Vice President O'Brien affirmed. Professor Speaks asked if it is expected that the AHC would pay for the relocation. Ms. O'Brien said that she has maintained at every meeting where this topic comes up that the students should not pay for relocation.

Professor Warwick asked if the AHC could expand using the river flats. Ms. O'Brien said that land is owned by the Minneapolis Park Board and the sale of Park Board land would be improbable and expensive.

Could the housing on the St. Paul campus be expanded, Professor VandenBosch asked? There are now about 500 students housed there, Ms. McLaughlin said, and it is not a popular location; students say it is isolated and they do not have classes in St. Paul. The students who live there have a good experience, but a number say "forget it" and choose to live at home instead if St. Paul is their only option. The admissions office agrees that more housing in St. Paul would be a tough sell, but that location might be able to serve other populations, such as transfer and graduate students.

Professor Campbell, noting that time for the discussion had been used up, urged Committee members to review the full report and formulate questions. He said the issue should come back at a future meeting because it is too important to rush. He thanked Vice President O'Brien and Mss. McLaughlin and Scheich for joining the meeting.

3. Report on the Budget Model Working Group

Professor Campbell turned finally to Vice President Pfutzenreuter to report on the work of the budget model working group. Mr. Pfutzenreuter distributed a handout consisting of two tables

identifying four different possible budget models, in addition to the current one, and how the models were ranked on various criteria. There were two additional charts showing how two of the models would work.

In addition to the current model, the working group is looking at four alternatives (only two of which it has discussed thus far, and it is those two that the discussion at this Committee meeting focused on). One alternative is tweaking the current model (treating tuition and the University Fee the same and attributing 80% to the colleges and the administration retaining 20% but with no change in ICR or state fund allocation, charging units for facilities—utilities, custodial, and debt service only—but no direct charges of fringe costs, retaining the current IRS charge but at a slower growth rate, keeping the current 3.75% sales and service assessment, recapturing money for academic investments, and retention of the enterprise tax).

The second alternative is "earned income/full cost," which calls for distributing all revenues, eliminating the IRS except for a small percentage for the compact investment pool, and distributing central costs to the units (100% of tuition, ICR, University Fee, and state funds would be distributed to units; they would be charged for all support unit overhead costs, there would be direct charges for fringe benefits, and the enterprise tax would be retained). Examples of the support unit overhead costs might include utilities, custodial/facilities operations, debt, libraries, Vice President for Research, information technology, student services, and central executive units. The bases for attribution of costs (again, examples) might include metered square footage, square footage, actual costs, number of students/faculty, sponsored fund expenditures, and so on. Students might be weighted differently (e.g., undergraduate versus graduate/professional). The goal, Mr. Pfutzenreuter said, is not create dozens of ways to attribute costs (classrooms, General Counsel, Registrar, etc.) that would be so complicated it would tie the University in knots.

Mr. Pfutzenreuter pointed out the evaluation his office had done of the current model and the two proposed alternatives on several measures: supports the ability of the President to steer the ship, ease of transition to the new model, supports a renewed emphasis on all funds, supports transparency of decisions, encourages central unit efficiency, clarifies what things cost, supports risk and reward at the local level, and provides simple and predictable budget rules. The current budget system is generally rated a failure except in allowing the President to steer the ship and supporting risk and reward at the local level. Mr. Pfutzenreuter said that their assessment does not lead one to think much of the current model. The "tweaking" alternative would have ease of transition and perhaps provide a slightly more predictable and simple model, but otherwise would not improve much. The "earned income/full cost" model would, in their judgment, improve the President's ability to steer the ship and represent a marked improvement on all the other measures; it would not, however, provide ease of transition.

If the University moved to either model, would it get rid of the University Fee, Professor Speaks asked? It would not, Mr. Pfutzenreuter said, for reasons related to reciprocity agreements.

Professor Konstan asked why there is a high score in the "earned income/full cost" model for the ability of the President to steer the ship when it does not provide for a lot of discretionary dollars in the President's hands. Professor Speaks noted that the working group did not do the scoring; Mr. Pfutzenreuter agreed, noting that his office did the scoring/evaluation, but said he has not heard a lot of disagreement about the evaluation. He said that the President would hold the state appropriation (about \$540 million) plus the academic compact funds at his disposal. Another tool the President has is the attribution of costs, which basically means setting prices (using the bases for attribution and the attributed costs that are established).

Professor Speaks asked if there has been any thought given to an algorithm for charging for the libraries (no). If the charge is by headcount, usage, or headcount times usage, could that be interpreted as an incentive not to use the libraries, he asked? Mr. Klein suggested that units would be charged by headcount whether they used the libraries or not, so it should not matter. That depends on the algorithm, Professor Speaks pointed out.

Professor Roe said he was not sure what Mr. Pfutzenreuter meant when he suggested that the "earned income/full cost" model would be more transparent. He also said that if the only value in the system is cost, not output, the least-cost model could emphasize the least-valuable output as well. Professor Konstan agreed that the focus seems to be on keeping costs down but the devil will be in the details. There may be quite different costs for libraries to acquire journals and books, depending on whether one is in history or nuclear medicine. The Vice President for Research office spends a lot more time and money on grants that involve animal or human subjects, and on small grants (if measured per dollar). If they use simple bases for attribution, they eliminate the incentive to minimize costs—if units are charged by the number of students, there is no incentive to control library costs, just as if units are charged for energy by square foot rather than metering, there is no incentive to turn off the lights.

Ms. VanVoorhis asked who is serving on the budget model working group. Professor Campbell said it includes many members of this Committee (himself as well as Professors Feeney and Speaks, Vice Presidents O'Brien and Pfutzenreuter, Mr. Kallsen; it is co-chaired by Senior Vice President Cerra and Vice President Pfutzenreuter).

Mr. Fitzgerald asked how the models would deal with the issue of the need to fund common goods. What is the problem, Mr. Pfutzenreuter asked; not enough money? Mr. Fitzgerald said that in charging for what is used, there is a failure to differentiate between benefits and usage. Mr. Pfutzenreuter repeated his caution that it would be a mistake to make the system really complicated. Mr. Fitzgerald agreed but asked how, in developing the models, common goods such as student services, custodial services in public spaces, and so on would be recognized and the costs attributed. Mr. Pfutzenreuter said he was not sure he could address that problem today. The budget model, he pointed out, will not solve the problem of a dollar shortage, but the deans will know—when they get the bills—that if they add 500 students, it will cost them. That is not true now.

Professor Speaks said he believed there are two things the working group should accomplish. One, last week Provost Sullivan talked about strategic positioning for the University—the mission, goals, vision, academically, and said it was imperative that the working group produce a model that supports the academic blueprint. The table that Mr. Pfutzenreuter prepared assessing the various models is missing a column, the academic priorities of the University. A budget model might be extremely cost-effective, but what impact would it have on undergraduate education or research and scholarship? If it would have no effect, it would not be worth having. There need to be additional columns that the Provost's office fills out (he said he would not expect Mr. Pfutzenreuter to guess at the academic impact of budget models).

Two, Professor Speaks said, the working group should narrow down the options to two or three and then run careful simulations to see what the outcomes are for colleges and non-collegiate units. Who gets hit? Moreover, there should be a simulation run for a catastrophic event (a sharp decline in federal dollars, a cut of \$100 million from the state, no tuition increases, etc.). Mr. Pfutzenreuter said he did not know what Professor Speaks was talking about. He can model costs and revenues, but he cannot model who will be cut if revenues decline. He said he could not do a simulation of a decline of \$100 million in state funds. If ICR declined there would be differential effects, Professor Speaks said. That is an exercise separate from attributing costs and revenues, Mr. Pfutzenreuter said. Mr. Klein commented that historically speaking, whenever there is catastrophic change, all bets are off. A huge decline in revenue

would mean revisiting budget assumptions made earlier. The budget model, he said, does not deal with catastrophic events. Professor Speaks insisted, however, that there needs to be a simulation in order to identify the effects of different budget models.

Professor Speaks also asked if the current budget model is not transparent because of the budget model or because the people in charge are not making it transparent—or if they are prevented from doing so. Mr. Klein said he has recently assumed a new position and was surprised by the layers of complexity in the budget details—and wondered if the current system could ever be transparent to the University community.

Professor Roe said he agreed with Professor Speaks; will the budget model provide incentives that are consistent with the academic mission? Attributing 100% of tuition to the college could create perverse incentives in offering courses, for example. There need to be control mechanisms. He also commented that transparency is desirable, but it cannot be only at the level of the central administration. Professor Konstan said that transparency is a real issue with the current model, but he said he did not believe that transparency would be improved much with the "earned income/full cost" model.

With respect to catastrophic change, Professor Konstan said, the question is probably less whether the state will cut \$100 million than substantial internal reallocation, such as a trend to practical education that redistributes enrollment between colleges, or a cut in Medicare reimbursement. One question is how to build in the insurance costs, because everyone knows the administration will bail out a college that gets stuck with an unforeseen change. How can the system build in mechanisms to encourage colleges to diversify and to manage risks?

The budget model provides the rules of engagement, not inputs, Vice President O'Brien said. The "earned income/full cost" model does add transparency for support and service areas so that one can understand the real costs. It allows the units to ask if they doing the right thing and how well they are doing it. But there is a lot of work to be done on what measures will be used to evaluate success. The budget model is only one part of the process, she said.

Professor Warwick said he heard the word "assumption" being used. They need to look at the assumptions behind all of the models and provide them to the Committee for consideration. Is it possible to define the assumptions, he asked?

Mr. Pfutzenreuter said he did not know what the President thinks about the alternatives. If the University goes in the direction of making a change, one assumption has been that the change would occur on July 1, 2005. That will not happen; it will take another year and the new system might run parallel to the existing one to see how it shakes out.

Professor Speaks reported he has been reading a book on responsibility center management, and one thing that stands out from the authors' 25 years experience with the system: One cannot lose site of the fact that strong leadership matters much more than the budget model. The budget model is not a decision-making model.

Professor Campbell adjourned the meeting at 4:35.

-- Gary Engstrand