

Minutes*

**Senate Committee on Finance and Planning
Tuesday, December 1, 1998
3:15 – 5:00
Room 238 Morrill Hall**

Present: Stephen Gudeman (chair), Jean Bauer, Charles Campbell, Catherine French, Cynthia Gillett, Gerald Klement, Jane Phillips, Terry Roe, Charles Speaks, Susan Carlson Weinberg, J. Peter Zetterberg

Regrets: Wendell Johnson, Peter Robinson

Absent: Eric Kruse, Terrence O'Connor, Richard Pfutzenreuter

Guests: Vice President and Dean Christine Maziar

Others: Linda Johnsrud (ACE Fellow)

[In these minutes: semester conversion impact on tuition revenues and student academic progress and performance; discussion of support for graduate students and of IMG and the compact process with Vice President Maziar]

1. Tuition Revenues and the Semester Conversion

Professor Gudeman convened the meeting at 3:20 and invited Dr. Zetterberg to inform the Committee about implications of the change to semesters for tuition revenue and student graduation and retention.

Dr. Zetterberg began by commenting that the semester conversion effort has gone more smoothly than most had hoped -- primarily because of all the work the faculty have put into it. He is, however, concerned about one major problem: student credit loads, especially at the undergraduate level.

There are three things that can happen to enrollment with a change in the academic calendar to semesters. One is a temporary dip in enrollment because students hurry up to graduate before the change -- students who might otherwise have returned the following year. The number of degrees granted last year increased, and he predicts they will increase again this year. What has been surprising is the 5% increase in headcount enrollment this year; the temporary enrollment drop that other institutions have experienced when they changed calendars may not turn out to be a problem for the University.

The second thing that can happen, and about which he has cautioned University College and other units that offer post-baccalaureate evening programs, is that because courses require a 15-week commitment rather than 10 weeks, and the tuition is 50% more, there is likely to be drop in enrollment in

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these programs. This should have only a minimal impact on degree-seeking students, but it could significantly affect enrollment of casual students.

The third thing that can happen, and the potentially major problem, is that undergraduate student credit loads can drop. This affects FYE enrollment and the state appropriation to the University, as well as tuition revenue. The reason for the problem is this: most courses in a quarter system are 4 credits; students can take three 4-credit courses, and perhaps a 3-credit course, and be enrolled for 15 credits with 4 courses. Most semester courses are 3 credits, so for students to be enrolled for 15 credits, they must take 5 courses.

Dr. Zetterberg said he believes students are used to taking 4 courses – and that they will continue to do so after the change to semesters. That means, however, that for the most part, students will be enrolling for 12 credits rather than 15. In the worst case (which is not expected to occur), if students who normally took 15 credits now take 12, and students who normally took 12 credits now take 9, the University could lose \$25 million in tuition revenues and an additional \$9 million in state funds.

Every institution that has made the change to semesters has seen a decline in student credit loads, including Michigan State, Berkeley, and Moorhead State (the first of the MnSCU institutions to change). Moreover, the decline recurs. One would think that incoming freshmen could be trained to take 15 credits, but that appears not to be the case. Moorhead saw a 1/2 credit decline, which cost it a lot of money.

This decline in student credit load affects graduation and retention rates. The longer it takes a student to graduate, the greater the chance he or she will not finish – which is why the University has the lowest graduation rate “in the solar system.”

One Committee member commented that she advises many students, but has received no material about the change. The key will be to get to advisers. Dr. Zetterberg agreed, and said that they have tried to reach all those who advise students. Much of the problem may be avoidable if students receive good advising.

Faculty also need to understand student workload, it was said. Dr. Zetterberg again agreed. He said he was concerned that faculty would try to put too much into a 3-credit course, and the effort to get students to take 5 courses would then fail. One question that has been asked is: why move to 3-credit courses? The Senate knew of the possible consequences for student load but decided that 3 credits should be the predominant credit module, and the decision was the correct one, he believed, Dr. Zetterberg told the Committee. The problem is that most degree programs cannot be packaged in 30 courses – which is what would have been required if most courses were 4 credits (i.e., 30 courses X 4 credits = 120 credits, the normal requirement for a degree on a semester calendar). Most degrees would have become 128 credits or more.

There has been little information provided to faculty on this point, observed one Committee member. That is not for lack of effort, Dr. Zetterberg said. The standard for academic work was first adopted by the Senate in 1922 and affirmed in 1996, when the semester conversion standards were adopted by the Senate: one credit is to equal a minimum of 3 hours of work per week [for the average student, including in-class and out-of-class time]. If the faculty stick to that standard, the situation will be OK; the standard, 45 hours of work per week for 15 credits, is the same for quarters or semesters. There

will be a problem if faculty try to put the work of 2 quarter courses -- 20 weeks -- into one semester course of 15 weeks. If the faculty do not recognize and respect workload limitations, the problem will be even worse than he has projected, Dr. Zetterberg pointed out. This is a subject the faculty of each college and department need to discuss.

There are two steps he is proposing to respond to the potential problem. First, consider a change in expectations for students: any student who is receiving merit-based aid must register for an average of 15 credits over an academic year (most do so, but some do not).

One Committee member objected that this imposes another constraint on students who are working. Deans would be permitted to make exceptions, Dr. Zetterberg responded. That would be too bureaucratic; most students, it was said, probably make rational decisions in allocating their time, and work part-time or full-time as needed. Dr. Zetterberg said he believed it was a myth that the University's students are somehow different from students elsewhere, and that they have to work more than students elsewhere, and that they therefore should not be expected to graduate in 4 years or even 5 years. Most students say they want to graduate in 4 years when they come to the University. Many students are admitted elsewhere before they come to the University, and they would behave differently had they gone elsewhere. There is a culture on the campus that supports and even encourages students to attend part-time. He said he does not believe the University sets expectations high enough, especially for high-ability students. It is not in a student's interest to take 7 years to graduate when he or she could do so in 5. Dr. Zetterberg agreed that some students DO need more time, but that is not true of the typical undergraduate. This proposal, however, creates a rule for all when a lot of students would need exceptions. Dr. Zetterberg demurred.

Credit loads have increased over the past several years, Dr. Zetterberg reported. The retention rate has increased from 81 to 84% -- which is a big increase, because that is usually flat. Both of those improvements will be in jeopardy with the change to semesters.

The second change he is recommending, Dr. Zetterberg said, is the rule for living in residence halls. At present, a student needs only to be enrolled for 6 credits to live in a dorm -- at a time when dorm capacity is significantly below what is needed. The credit load requirement for dorm residents should be higher (e.g., 9 credits or 12 credits), except for 5th year seniors. The University sends mixed messages, he said -- it urges students to enroll full-time, but then permits them to live in dorms if they have enrolled for as few as 6 credits.

The current undergraduate student credit load is 13.4 credits, and 14.4 for students with financial need (who may recognize the financial advantage of timely graduation). There has been a steady improvement in this number over the last five years. What about a rule that students must take X number of credits to be enrolled? That is the Dick Skaggs solution, Dr. Zetterberg commented -- Professor Skaggs does not believe admonitions and minor policy changes will be sufficient, and the University must require students to be full-time. While he could not imagine the University would take that position, it is what Berkeley did. Even at Minnesota, before the Vietnam era, students needed permission to be less than full-time.

The requirement need not be that students are full-time, it was said, but there could be a range. One alternative is the proposal for banded tuition, Dr. Zetterberg said, in order to provide students a financial incentive to keep their credit loads up. What it essentially does is offer 5 courses for the price of

4. A tuition plan will be presented to the Regents in February (rather than May, which is the usual practice), because if there is to be an incentive, students must know about it before they register during spring quarter for the fall term. In the case of colleges that require a student enroll for more than 15 credits per term to graduate in 4 years, Dr. Zetterberg noted that the tuition discount from the banding would continue – so that 16 or 17 credits would be cheaper because of the band than they would be if there were no band. Students need to know that, he added.

Asked if there would be a differential impact in enrollment declines and tuition revenues across colleges, Dr. Zetterberg said CLA and IT have thought about this. Tuition revenues are up this year, and they will bank the excess. That, however, is a one-time solution that does not address the potential recurring decline in credit loads. If students allow their credit loads to drop by 1 credit, the Twin Cities campus loses \$8 million in tuition revenue; every 2% decline in full-year-equivalent enrollment costs the University about \$3 million in state funds. The MnSCU system saw a disastrous decline in tuition revenues, and is asking the legislature for \$25 million to help deal with it. The University is not asking for such funding, and has an additional year to address the problem.

What about colleges that are more tuition-dependent, asked one Committee member? How will the University handle their problems under IMG? The University would obviously have to help fix the problem, Dr. Zetterberg responded. It would take funds from somewhere else to fix the problem. The extent of the problem is not yet known, and most colleges will be in relatively good shape next year. The issue will arise if there is a recurring drop in credit loads (and tuition revenue).

Dr. Zetterberg said he was not THAT concerned about tuition revenue; he does not, after all, have responsibility for the financial health of the institution. The University, however, has made significant improvements in undergraduate education, as measured by retention and graduation rates; if that progress is lost, all of the goodwill and support the University has received could be lost.

One Committee member inquired why the University was changing to semesters; the reason for all this has slipped from the memory of many. Dr. Zetterberg recalled that the University talked for 25 years or more about making the change; it came to the surface again because more and more institutions were on semesters (about 80%). The legislature in 1994 mandated the other public institutions in the state to change to semesters by fall, 1998; it could not force the University to do so, but asked it to make the change (the University could have said “no”). The faculty and students have always been divided about evenly on the wisdom of making the change. This is because semesters are better for some disciplines and worse for others. President Hasselmo thought that given the trends, it was time to make the change.

The main reason advanced by the legislature for making the change was nonsense, Dr. Zetterberg said. It saw overlapping quarter calendars, with some institutions starting early and some starting late, which made transfers a problem. It could have solved the problem by mandating that all be on the same quarter calendar, but chose instead to require semesters. This, observed one Committee member wryly, was actually a Khmer Rouge approach to curriculum reform.

The change happened in a hurry, and there was little opportunity for the higher education community to testify, especially about what the advantages of a quarter system might be for an urban institution.

There are advantages to conformity with other institutions, Dr. Zetterberg noted, such as the ability to have cooperative programs with other institutions (for Minnesota, primarily the University of Wisconsin).

Another concern about the credit load and the change to semesters, Dr. Zetterberg said, is that over four years, there are only 8 terms rather than 12. A student can goof off for a quarter and recover. The consequences if one goofs off for a semester are more severe, and students may not face that fact. 70% of incoming students say they want to graduate in 4 years; the University needs to help them do so.

The push to have students graduate in 4 years does not recognize the financial constraints many of them face, one Committee member insisted. Students should be surveyed to find out the facts; a large number work full- or part-time. Dr. Zetterberg said students are surveyed, and questioned whether they need to work as much as they do. They should not be treated like high school students, it was rejoined; there is, moreover, an abundance of jobs in the Twin Cities, so one should not be surprised that students take lower credit loads. Dr. Zetterberg said he would be happy if credit loads stayed where they are; he said his concern is that they will drop.

One problem will be with prerequisite courses, said one Committee member; the University must be sure that enough opportunities are available for students to take the courses they need.

Summer used to be the time that students used to catch up; will that be possible on the new calendar? Dr. Zetterberg said he did not know that the change would make a difference in that respect. Michigan State went from seeing primarily full-time students during the academic year to primarily part-time students during the academic year who enroll in large numbers in summer session.

Asked if many departments were proposing uses for the intersession, Dr. Zetterberg said they were not. They need to go through a couple of years of semesters before they do so, he surmised. There is a financial consideration: summer session has a tradition of students, and of faculty pay; intersession teaching would be overload, or inloaded (which would be a gamble for a department in terms of the distribution of its instructional staff over the academic year). Departments are wise to be conservative the first year, he concluded.

In response to a question, Dr. Zetterberg said that to his surprise, many of the University's peers do have an intersession – and have kept it for a number of years. There are a variety of courses that can be offered.

Professor Gudeman thanked Dr. Zetterberg for his presentation.

2. Committee Business

Professor Gudeman next raised several issues for the Committee, upon which it acted:

- Approved the addition of ex officio members to the Subcommittee on Twin Cities Facilities and Support Services (STCFSS).
- Approved sending a letter to Associate Vice President Kvavik about the Enterprise Systems Project.

On the latter, concerns revolved around the benefit to faculty from the new systems, the perceived lack of faculty consultation in their development, the benefits or savings set against the costs, and the method of funding the systems.

-- The STCFSS will consider the response from Interim Vice President Kruse to the Committee's recommendations concerning parking and transportation, and will draft a suggested response for Professor Gudeman to send.

3. Discussion with Vice President and Dean Christine Maziar

Professor Gudeman next welcomed Vice President Maziar to the meeting. Dr. Maziar began by reporting on information she had presented to the Board of Regents -- at their request -- concerning support for graduate students.

The data for Minnesota on financial support for graduate students, in comparison to its public Big Ten peers, is sobering. Minnesota does poorly in compensation for graduate students, as measured by the stipend: it stands 9th among the 10 public institutions. It fares slightly better on net stipend (stipend after deduction of tuition and fees); it ranks 7th for TAs and 9th for RAs. (Some institutions provide a stipend but not the same tuition benefit provided by Minnesota; Wisconsin, for example, ranks first in stipend but 8th in net stipend, according to 1997-98 data.)

The cost to bring Minnesota to the Big Ten average is about \$2 million. Dr. Maziar said she was startled to learn that Minnesota has only about 1500 FTE graduate students with TA or RA appointments -- out of a student body of approximately 7,000. It appears that other employee categories are being used for graduate students. She said she did not know if that number was low by comparison to the other Big Ten schools.

One Committee member pointed out that as the employer (department) fringe benefit costs of graduate students skyrocketed, there was likely a trend to make other kinds of appointments to avoid that cost. Dr. Maziar said she did not have information on the point, without implementation of the Enterprise Systems Project, but said she suspected the trend was likely. That may also be why the Regents' Scholarship budget is in a deficit, she speculated.

One Committee member raised a question about the appointment of graduate students after the change to semesters; distribution of time over courses could be a problem, as could the supply of TAs. Dr. Maziar said the issue had not been brought to her attention, but that the definition of a full-time graduate student had; it will probably be 6 semester credits. In that event, teaching a 3-credit semester course would be a half-time appointment. In that case, it was said, some departments will need more half-time appointments, and more tuition money; where will the money from?

Another Committee member expressed surprise that it would only require \$2 million to bring the University to the Big Ten mean of graduate assistant stipends. That is because there are so few of them, Dr. Maziar pointed out. Departments may be using adjunct faculty and teaching specialists, in part probably because of cost structure, but also because of the job market and an effort to control the size of graduate programs. The decrease in the number of RAs could well be driven by a trend to hire post-docs

rather than graduate students. The cost for the University to reach the Big Ten mean of the NET stipend, Dr. Maziar added, would be \$1.2 million.

The actual cost to support a graduate student at Minnesota is in the middle of the Big Ten; the faculty perception that it is near the top is because of the substantial increase in GA fringe benefit costs in recent years. In terms of student feelings of well-being as derived from net stipend, Minnesota is near the bottom of the Big Ten. In hindsight, it may have been better to have retrenched a small part of fringe benefit pool on other academic employees that had, in the past, supported the tuition benefit in order to subsidize graduate student tuition benefits, rather than to so drastically change the cost structure for supporting graduate students for departments and PIs.

One Committee member offered two suggestions. First, there is no tuition benefit for appointments of less than 25% time, but the employing department is still charged the full fringe benefit rate. That seems unfair. Second, departments are permitted appointments of 25 to 50%, and they will typically use greater appointments to attract the best students. There should be one more degree of freedom for departments: appointment of students without a tuition benefit, for students of lower priority. Or, suggested another, appoint at resident tuition rates. Departments need more flexibility, it was said.

Dr. Maziar explained what she had proposed to the Regents. One proposal is to raise the floor for stipends, and increase the funds. Raising the ceiling is also a possibility, because a low ceiling on stipends causes problems in competing for graduate students with other institutions. The cleanest way to approach the problem is to subsidize the tuition benefit pool centrally (that is what was done before, in essence, by funding the pool from the larger employee fringe benefit pool); it is a matter of finding the funds. At present, the most poorly-paid students receive \$8922 for a 9-month, 50%-time appointment, and that appears to be an appointment that is relatively common across the campus.

The reason, said one Committee member, is that when the college provides the funds, the college may mandate that students be supported at the lowest rate. Departments have no choice.

Dr. Maziar cautioned that her proposals are not at the stage of implementation; she is still working on them. She also told the Committee that aiming for the Big Ten average is the wrong goal. The mix of students at Minnesota is in more expensive areas of study, and the University should support them better. It should be in a position to compete for the best students – which it cannot do when it is at the average. In addition, Minneapolis is a more expensive place to live than Champaign or West Lafayette. However, the \$1.2 million to improve the net stipend seemed to be a target that could be achieved. She said she believed she had to take bites of the problem in small chunks.

In response to a query about whether she was seeing a decline in graduate student applications, Dr. Maziar said she is seeing an increase in enrollment, which is contrary to national trends. It is true that graduate students come because of the faculty, she agreed, so that faculty salaries are a critical element, but it is also true that prospective students talk to current students; unhappy current students get the word out quickly. If they cannot pay their rent and feel under financial stress, they will not have positive things to say about Minnesota. In some cases they also face an uncertain job market, which is one reason she has asked the Policy and Review Councils to examine placement.

It was recalled that the University provided to the legislature a report on why graduate education was a benefit to the state; the legislature provided additional funding for the Graduate School. It may be

appropriate to raise that issue again. Dr. Maziar said there is a good argument that if the University can attract the best and the brightest, many of them will stay and add to the intellectual capital of the state. The likelihood they will stay will also increase with their level of satisfaction as a student. Also a point is that the University is the primary source of academic talent for other institutions in the state.

Professor Gudeman now asked Dr. Maziar about her thoughts on the compact process, noting that the Committee is considering it through a series of sessions with some of the deans.

Dr. Maziar recalled that she had experience with the process in Texas, and wrote several compacts herself. She is seeing the same evolution at Minnesota that occurred at Texas: the initial meetings did not include the Graduate School, but then it was recognized it should be. When she accepted the job here, she obtained agreement that the Graduate School would be involved in all compact meetings, and she recruited Victor Bloomfield to represent graduate and research interests in those meetings. The deans are concerned about graduate education and research, of course, and they put more money into them than does the Graduate School. What the Graduate School adds is a University-wide perspective and makes sure that interdisciplinary programs are not forgotten. She affirmed that the Graduate School is involved in the process very early on. Moreover, the compacts are evolving documents; the deans will not start with a blank page the second year, so she is less concerned about early involvement than she was last year.

One Committee member inquired about the impact of IMG on the Graduate School, and whether there has been a different distribution of resources. Are there plusses and minuses? Initially, she has seen little change, Dr. Maziar reported; the budget was based on the pre-IMG budget and is not driven by ICR funds. Her office remains responsible for ICR waivers and negotiations, but is unaffected by the ICR revenue stream. ICR funds will have to be watched carefully as the research enterprise grows (as federal funds are directed to areas where Minnesota is strong), to be sure the infrastructure is scaled to support research. The University could end up under-funded for research. In the request for 100 new positions, there is also money for infrastructure to support them.

Dr. Maziar commented that for departments that do a lot of state-funded research, and thus receive no corresponding ICR stream (because the state believes it already funds the facilities and should not pay for them twice), there needs to be care taken to make sure they receive appropriate O&M support. The University has always subsidized programs, and will continue to do so.

Asked how the Graduate School would increase its funding, Dr. Maziar answered that an important aspect of the compacts is not only that they identify additional funding needs, but also require that the needs be cast as goals for the University to achieve and establish a metric by which to measure whether they have been accomplished. For example, if it were to be argued that the University needed to increase the quality of its graduate students, then more funds could be justified.

Dr. Maziar agreed that the compact process needed to include a broader view and longer-term objectives. The compacts allow conversations with the colleges about their priorities, so that as requests come in during the year, they can be measured against what the college said its priorities are. This also helps the Graduate School ensure that it is aligned with institutional objectives.

The administration does not dictate long-term objectives, Dr. Maziar pointed out; the colleges (including the Graduate School) participate in setting them. No dean, for example, will say that

improvement of the quality of graduate students is not a priority; the question is where that priority falls on the list.

Asked if there is to be any point of comparison between Graduate School program reviews and the compacts, Dr. Maziar said there would be. She has suspended program reviews during the transition to semesters and the Enterprise Systems Project; she said she did not want external review committees brought to campus when departments could be in some disarray from the changes. The hiatus allows a redesign of the program reviews, which will include doing them early in the year so the results can be used in the planning and budgeting cycle. She said she has heard many complaints that the reports are very good, but come too late to take into account in budgeting.

One Committee member inquired about her plans and goals with respect to patents and linkages with the private sector. Dr. Maziar commented that this is an area which causes her to believe the vice president and dean role should remain combined. She reported to the Regents on technology transfer and offered a number of initiatives to eliminate barriers people encounter in trying to work with University researchers. One option is the use of master agreements between the University and research sponsors, so that contracts do not have to be renegotiated all the time; these would be adopted first with firms with which the University has the deepest and most long-term relationships (such as 3M). Once such agreements are in place, research collaboration should move faster, and the contractual language and legal matters should be handled by the lawyers and ORTTA, not a burden on the faculty. She also explained how it might be possible to have a master agreement with an umbrella organization to cover individual contracts with smaller firms in a way that parallels the single large firm contracts.

Dr. Maziar told the Committee that she has been enjoying the opportunity to meet and work with Senate committees and discuss issues. Professor Gudeman thanked Dr. Maziar for joining the meeting, and adjourned it at 5:20.

-- Gary Engstrand

University of Minnesota