

## ACADEMIC HEALTH CENTER FACULTY ASSEMBLY

June 30, 1999

### Minutes of the Meeting

These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Academic Health Center; none of the comments, conclusions, or actions reported in these minutes reflect the views of, nor are they binding on, the Administration or the Board of Regents.

The Academic Health Center Faculty Assembly is composed of members of the AHC Faculty Consultative Committee and elected faculty and academic professional representatives of the AHC's constituent colleges and schools who are members of the University Senate. At any regular or special meeting of the Assembly, a majority of its members shall constitute a quorum.

Senior Vice President Frank Cerra called the meeting to order at 12:00 noon.

#### 1. The minutes of the March 30 were approved.

#### 2. Housekeeping Items

- A motion was passed unanimously to change the language in the AHC Constitution to reflect semester conversion. Amendments are clerical and not of a substantive nature.
- Motion was made to delete the language in the AHC Constitution and Bylaws that restricts eligibility for service on the AHC Committee on Committees - Bylaws Article I, Section 2, Faculty/academic professional members must have served as members of the University Senate within the last five years. The rationale for doing so would allow for broader representation across the AHC. Motion was made to amend this sentence to state that faculty/professional members must have some previous experience in faculty governance is important. The amended motion was passed.
- Motion was made and passed unanimously to ratify the membership of Committee on Committees.
- The motion to ratify the membership on the Finance & Planning and Faculty Affairs Subcommittees was approved with the recommendation that the FCC appoint a committee to look into expanding the membership of the subcommittees to include representation from each college and report back to the Assembly at its next meeting. It was pointed out that the AHC Constitution does not call for recommendation from each college on the subcommittees.

#### 3. AHC FCC CHAIR'S REPORT

Professor Muriel Bebeau, chair of the AHC FCC provided an update on the three AHC Governance Workshops that were held in the April.

- A summary of the results of workshops was distributed via email.
- The FCC reviewed the data and held a lengthy discussion about how the workshops could be improved in the future.
- It is expected that workshops will be held within each department. This plan has been presented to the Deans.
- The FCC concluded that processes for governance within the school ought to be considered. And that, each unit/departments should decide the items upon which they want to provide consultation.

#### CONSULTATION UPDATE

SVP Cerra provided a status report regarding items that he has sought consultation on and the outcome of that consultation.

- Research Grant Process: Recommendation was made that an AHC FCC member attends review meetings - and this was done. The Review Committee results were presented at a meeting of the AHC Dean's Council.
- Seed Grants were awarded as recommended by the Faculty Review Committee.
- Research Grants: Approximately \$1 million was funded with no change in the ranking that the Review Committee presented. This Review Committee also conducted a review of budgets and the award letters are in the process of being sent out.
- Educational Grants: The Dean's Council addressed the Educational Grants over two meetings with considerable

discussion mainly around the definition of interscholastic and interdisciplinary and what it means.

- The Deans will discuss some options for the use of the residual funding which may very well be to provide a mechanism for the funding of educational tools that don't meet the criteria of interdisciplinary.
- Business Process Redesign was presented for information and will be discussed at a future meeting.
- The AHC F&P Subcommittee has reviewed the Budget Analysis and Proposed Funding Distribution and well as the Operating and Capital Budget Conceptual Framework presented to the Board of Regents at its May meeting.
- All reports are available on the AHC website.

SVP Cerra commented that he has found the consultative process over the past year to be very rich, very rewarding and very productive. He believes the administration has made better decisions because of the consultative process.

## Y2000 STATUS REPORT

Terry Bock, Chief of Staff and Associate Vice President reported that it has been a priority over the past nine months to ensure that the AHC won't be adversely affected by Y2000. A detailed status report was included in the packet of materials distributed. He reported that AHC Y2K Project Committee, of which he chairs, has been working with colleges and departments to assess and identify their highest priorities where they think there may be Y2K problems. The committee has identified about 66 top priority items in terms of applications in research, education, clinical and administrative arenas. Fifty-four of these priorities have already been addressed. The twelve remaining will be fixed by the end of August. Identifying and fixing potential Y2K problems that may affect research is particularly difficult. However, assistance is available. The good news is that there are easy, inexpensive fixes for most common hardware, software applications, and databases.

Next, SVP Cerra directed people's attention to the two handouts: 1) FY2000-2001 Operating and Capital Budget Conceptual Framework and 2) AHC Budget Analysis and Proposed Funding Distribution. Both the Dean's Council and the AHC F&P Subcommittee has reviewed the AHC Budget Analysis.

The President presented the FY2000-2001 report to the Board of Regents. In summary, from 1991-93 there was a decline in State support and therefore retrenchment; from 94-97, State funding went up but the central process was characterized as one of unfunded mandates or unkept promises, or in the President terms, false retrenchment; for the last two years, under IMG, the problem of paying the overhead exists. For the biennium we are entering, Dr. Cerra said, there is \$76 million worth of tail commitments with no revenue sources. About 40% of the \$76 million had to do with facilities such as the Basic Science Building - nothing had been budgeted for its \$3.5 - 4.5 million of operating expenses. The debt service came on line, he added. It is those kinds of things that need to get on the table and then there needs to be a rationale system for framing the budget. Under IMG, the revenue streams with the exception of O&M, get directly distributed to the schools (tuition ICR's is an example). Cerra and Bruininks met with the President to talk about getting on a sound framework of principles for budgeting and financial management at the University. The result of these conversations was the creation of a University-wide cross-functional committee in finance. The recommendations made by this committee will go through the appropriate consulting process. The community will have to come to some agreement as to how it is going to pay its overhead and base-budgets and how the revenue allocations are going to work. In looking at the O&M money, virtually every school in the AHC is shorted on O&M money relative to the other schools in the University, Dr. Cerra said. Fifty-one percent of the categories that are allowable in ICR are in the schools and 49% is in central (e.g., debt retirement). The definition of what constitutes "common goods" is on the table, he added. He then urged Assembly members to contact Katherine Johnston or him if they had additional questions or comments. As a direct part of the process, there will be a direct solicitation from the committee, he added.

## LEGISLATIVE UPDATE

- The session was unpredictable, leaving people up in the air up until the very end.
- The Governor made the proposal to use the endowment to support a variety of things. The \$1.3 billion would go from a one-time expenditure as a direct return to the population and be converted into a long-term instrument that supported public good, research and education on an on-going basis. The politics of tax rebates, the tobacco money, to the on-going discussion of whether we bond or do we pay cash for capital investments, to all of the issues surrounding human services ensued Dr. Cerra said. The deal that was finally cut had a great deal to do with the

constituent pressure. It was final at 7:00 a.m. on the last day of the session. It achieved the Governor's endowments to the tune of \$950 million which split it into two endowments, one of which supports medical education and research. In turn those will be split into two revenue streams. The income of that endowment (61%) goes into the Medical Education and Research Trust Fund of the State and will fund residence in hospitals and clinics. The exception is Dentistry because the last two years of school for the students in Dentistry take place in the clinics in the School of Dentistry. The students actually earn the money by direct patient care that pays for the clinics. That qualifies them as a direct expense that they can apply to MERK for. Other than that, he said, the money all goes to FUMC, Hennepin, Abbott and Ramsey. The other 39% will go to AHC through the normal budgeting process and to the Board of Regents for approval. In turn, the Board of Regents will direct the AHC to distribute the funds during the annual budgeting cycle. The AHC is guaranteed about \$8 million a year (for three years). Directing members' attention to schedule #2, Dr. Cerra explained that it summarizes the distribution for the next fiscal year. He reminded folks that this is a State Special and not part of the general funds of the University. The State Special can only be spent for replacement of lost clinical revenue in the Medical School and the promotion of interdisciplinary, interscholastic community based education. Again, he reminded members that this information can be found in the "Purple Book" that everyone should have. The consultative process included review by the AHC F&P Subcommittee, the Dean's Council and the President.

- Replacing patient care revenue: The dollars that go into TC Med are to be allocated to the faculty in clinical departments who are doing clinical teaching.
- There is no money from the clinical revenue to pay for education.
- The detailed report is on the AHC website.

## FTE REPORT

Katherine Johnston, CFO, provided an overview of the FTE's in the Office of the SVP for Health Science.

- Two years ago, the President asked the Dr. Cerra to provide him with a report on the number of FTE's in administrative positions in the central organization. The data collected is from September 96 to September 98.
- Two areas were evaluated: All units that report directly to the SVP and another area called AHC shared services.
- The intent of the study was to determine if, as purported, administrative staff had increased substantially during the preceding year. For purposes of the study, an FTE position was defined as 100 percent employment during the term of an appointment.
- In 1997 there were 216 FTE's and 239 in 1998. An increase of 23 FTE seemed like a lot, there it was important to evaluate what was causing those changes.
- The numbers reflect point-in-time comparisons, which may underestimate or overstate the actual number of employees in a unit. For example, positions that are funded, but not filled on the day of the census, are not reported in the count. Consequently, if a position was occupied in the first year but temporarily vacant in the second year, it would appear that employment had decreased. Conversely, if a position were vacant on the day the data was extracted from the payroll system in the first year, but filled in the second year, it would appear that the unit had added positions. There may be no change at all in the budgeted or the actual expenditures for the unit.
- Four of the FTE of the 23 were vacant in 97 that were filled when the count was taken in 98.
- Twenty-four positions were moved into the shared units from other areas for a variety of reasons, explained in the report. Due to workload volume, there was a decrease of over 4 positions.
- Schedule 2 and 3 of the report show comparisons across the University.
- The FCC has asked the administration to do some measuring of the number of positions that are funded for administration. Ms. Johnston said this is difficult to do because "we have apples and oranges." Therefore, they are going to design their own report where they select five or six comparable AHC schools and develop a survey instrument so they can determine how many people it takes to manage finances, human resources, etc.
- Internally, David Hamilton and Katherine Johnston are working on the development of a standard staffing model that develops from the ground up the number of positions needed to do various jobs in the organization.
- Counting the number of positions is only one measure and can be misleading. What is really important is how many dollars one spends.
- For the first time, a position management model is being developed. Beginning in FY 2000, positions as well as dollars will be allocated to units within the SVP-HS office. The use of position budgeting will allow for comparisons fusing full employment levels, not point-in-time filled position counts. It will also provide stability to the analyses of staffing levels.
- Per the request of the FCC, a qualitative analysis will be performed regularly in the future. It is important to assess, in a qualitative sense, the contributions of the staff in the organizational units of the SVP for Health Sciences.
- As of July 1, 99, John Fetrow will be leaving the SVP Office and going back as a full time faculty developing the

Dairy Program in Vet Med. Roby Thompson is beginning the process of retirement and will reduce his time to 75%.

Professor Bebeau encouraged members to review the report closely and to think about to what extent people in each of the Senators and FCC members' areas aware of the some of the accomplishments. There is the perception that the administration is growing - the detailed report helps to explain the numbers.

Hearing no further business, the meeting was adjourned.

Vickie Courtney

University of Minnesota

AHC