

SENATE RESEARCH COMMITTEE*
October 21, 1994
Minutes of the Meeting

PRESENT: Allen Goldman (chair), N. L. Gault, John Basgen, Eric Klinger, WinAnn Schumi (for Tony Potami), Susan Hupp, Mark Brenner

REGRETS: Paul Sackett, Mark Snyder, Jean Kinsey, Jeylan Mortimer

ABSENT: Henry Buchwald, Signe Betsinger, Liz Eull, Dongli-Su

GUESTS: Ronald Gentry

OTHERS: Fay Thompson, Fred Bently

The minutes of the last meeting were approved.

Professor Goldman convened the meeting at 1:30. He introduced Ronald Gentry who reported on the matter of Graduate Student Benefits. Dr. Gentry explained that last May a group was formed, per the request of the Vice President for Research, to look at how tuition remission is charged. In part, it was motivated by unhappiness expressed by many faculty members about the method of how tuition remission was charged. He explained that the previous committee, chaired by Walter Weyhmann, had recommended that the current method of charging tuition remission as a fringe benefit be adopted. However, they did consider other methods. In particular, they considered the individual direct charge method and concluded that even though that method would be perfectly fair, it would be administratively too cumbersome to implement.

Dr. Gentry explained that by the time his committee met, the availability of the necessary information in the computer archives of the University seemed to be better and secondly, another change took place having to do with the IRS, who decided that the University would have to address the issue of the liability of graduate assistants or FICA taxes (social security and Medicare taxes). It turned out that that issue was pivotal in several ways, he said. 1) Charging taxes to the individual graduate assistant and to the University for FICA benefits nobody except the IRS (with that, the Gentry Committee agreed unanimously that the University should deal immediately with the FICA issue). The only benefit derived is to the graduate assistant if he/she has a family and something happened to this individual - his/her family would receive benefits if there were minor children. The committee (Gentry) directed Dr. Gentry to write a letter to Vice President Bob Erickson and Provost Infante, asking that the University deal immediately with the FICA issue. On May 23 a letter was sent to them. Moving on, he explained that 2) the FICA issues affects tuition remission is that in order to decide if a student is liable for FICA taxes, the University has to take into account both the percentage time of the appointment and the registration status of the student. He explained the issue considered by the Weyhmann Committee that making this individual direct charge method too administratively cumbersome to implement, more or less disappears because of the necessity of keeping the same information in order to calculate liability for FICA taxes. In

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the end, he said, the committee issued three recommendations which were sent to Mark Brenner on July 18.

They are:

1. The actual value of tuition remission for each graduate assistant during each academic term should be charged directly on an individual basis to the same account which pays the salary of the assistant. In other words, this should be separate direct charge calculated on an individual basis for each student rather than a fringe benefit which is averaged over the entire class.
2. The University should continue its policy of exempting tuition remission amounts charged to grants and contracts from indirect cost recovery. This is the correct practice with the fringe benefits and almost all of the other universities that were polled.
3. The University should define a graduate assistant as a full-time student and therefore not subject to FICA and Medicare taxes if the student (a) holds an appointment or multiple appoints totalling not more than 50% time or 20 hours per week, and; (b) registered for at least N (a variable number of credits) during the current academic term or the most recent term of the 9 month academic year. In this definition it is important that N be the minimum number which will satisfy federal regulations and can potentially vary with the academic status of the student. That is, the degree program and whether the student has passed the preliminary oral examination. It is particularly important that the status of the graduate assistant as a full time student not be lost because a term of appointment extends through periods between academic terms, when course registration is impossible or inappropriate or a students degree program.

Recommendation #3 has been partially implemented for the current academic year while it is understood that consideration is being given to how this issue should be handled in the future.

Professor Brenner interjected that the recommendation is totally implemented. There is a credit number--six credits per term, three during the summer or one credit if you are a doctoral candidate and a maximum appointment of 50% or 20 hours per week. He went on to explain that while we were trying to be in concert with other institutions within the Big 10 and the CIC and through problems of our tracking communication, we are essentially out ahead. Other institutions have decided to handle the issue differently. For example, one institution is hoping to have a zero credit threshold but a maximum of 50% or 20 hours a week. Basically saying, once your are a registered student, credit is not the issue. While some at our institution would be happy to go back to this, others would strenuously argue that leaves us much too at risk and would never sell. Dr. Gentry clarified that the committee recommended that the credit requirement be the minimum which would fly.

One member inquired as to how much money is involved in terms of the total tuition remission, University-wide. Dr. Gentry did not have this figure in front of him but indicated that it was a substantial amount.

How do other Universities respond to the same rule of not pooling graduate assistants tuition? Dr. Gentry said that he has information from institutions who participated in the annual Midwest meeting. Of all of the 16 universities, only one (Michigan State) reported at that meeting, that they charge tuition remission as a fringe benefit. The others charge it as a separate direct cost. He noted that the information came from chemistry department chairs.

Professor Brenner reported that a committee chaired by Peter Zetterberg will be looking at all of the issues of tuition remission and related costs. It has been agreed that the institution should have some definition of where it will be starting July 1, 1995. This should be figured out by no later than February. Dr. Gentry stated that there were several issues that were brought up by his committee that will now be considered by the Zetterberg committee. For example, one that was brought up very forcefully by the student members of the committee is that of student loan deferments. Record keeping and budgeting issues will also be addressed.

Dr. Gentry said that he thought the Committee might be interested in a piece of information from the Chemistry Department Chairs Annual meeting relative to costs to grants. That is, the amount of tuition remission charged to a grant for an RA. The figure for the Chemistry Department at the University of Minnesota is \$3,389.00 for 1993-94. The average of all of the other institutions (participating at meeting) is \$2,807.00. What this means, by in large, is that these others institutions are charging tuition remission in comparable amounts even though they are doing it as a separate direct charge.

Professor Brenner said that he is in the process of conducting a survey that would ask questions of other institutions about what they are doing about health benefits, who pays for it, how is it charged? What are they doing for tuition remissions for in-state versus out-state? Is it available to all students or what amount? Who makes the decision? He would also like to know what charges are put on for a graduate student who is on an RA assistantship at \$15,000 a year, including fringe benefit--showing the calculations.

Summarizing, Professor Goldman said that it seems that the institution is digesting the report and trying to come up with specific recommendations for the next fiscal year that would represent equitable criteria.

Professor Brenner said that the Zetterberg Committee will be looking at is what's the best way to cover the tuition remission cost and should it be a total entitlement? He thinks that there will be a very interesting tension that will be amplified if we go to the individually assessed tuition remission charge and that is with interdisciplinary programs where a student may start in one department, or go through a rotation, and then after a year or two chose to work in a different department--this will further undercut the collaborative willingness of a department to have students move around. Allowing students to move is an important quality. Another concern he has is the disincentive we will be putting in place for a student to take an extra course.

Dr. Gentry said one of his concerns is that the mechanism that is finally adopted be the one that serves the maximum number of students best. He does not want to see a system set up to facilitate the handful at the expense of the vast majority.

One member pointed out that there exists disincentives for students in research activities to go to courses.

Dr. Gentry made one more point relative to cost of graduate research assistants and post doctorates. He said that the relevant figures for the Chemistry Department at the University of Minnesota for a typical RA per year, 50% time (everything included to a grant) is \$21,100. For a 100% time post

doc the figure is \$28,700. The difference is small. With that kind of ratio, there is not much incentive to employ graduate students on grants.

Another member commented that the package should be so that the students won't be so differentially advantaged under different pay mechanisms.

How can a federal agency refuse to allow tuition remission as a direct charge when the OMB guidelines say that they should, queried one member. The OMB Guidelines say that you have to treat tuition remission and salary in the same way, responded Dr. Gentry.

If tuition remission and salary are to be treated the same way, does the University charge tax on tuition remission, questioned this member. This generated a faint chuckle. This is next year's problem quipped another person.

In conclusion, Dr. Gentry said that there are definitely different points of views and there remains some serious misunderstandings about what the issues are. There are some individuals who think that if we eliminate tuition remission as a fringe benefit that it would reduce the cost to their grant by that amount. They don't realize that it would appear someplace else. This needs to be cleared up, he said. Other issues that need to be clarified include: 1) if this is an entitlement; 2) should law and medical students be part of this pool package.

Professor Brenner said that Zetterberg has said that it would be helpful for his committee for the Graduate School to come forth with a proposal on how to best to deal with this issue. Brenner said that he will bring the proposal back to the Research Committee.

The Committee thanked Dr. Gentry for his informative presentation.

Professor Goldman then asked members to turn their attention to the next agenda item-- discussion of agenda items for the committee to consider. It was noted and agreed that the list of items before the Committee was long and that it would be best to pick the most important ones and make a contribution to the resolution of the issues. It was agreed that the Committee should continue to discuss:

- Continued discussion of the Critical Measures and U2000;
- Tuition remission;
- Conflict of Commitment;
- Policy on Academic Freedom;
- Resolution on Research Climate;
- Issues Relative to Indirect Cost;
- Functions of the Office of the VP for Research/Dean of Graduate School;
- Infrastructure Support.

The Committee then discussed the functions of the Office of the VP for Research and Dean of the Graduate School. Professor Goldman distributed copies of a flow chart of the University of Minnesota organizational structure. It was noted that the Office of the VP for Research and Dean of Graduate School are not listed on the chart. Is it to be assumed that the Graduate School comes under the Office of the Senior Vice President for Academic Affairs? Does this imply that ORTTA and the Vice President for Research Office falls under Finance and Operations, asked one member?

It was noted that the flow chart had been approved by the Board of Regents. Considerable time was spent discussing the importance of strong research oversight at a research institution. Members were quite surprised that the Graduate School and the Office of the Vice President for Research were not to be found on the flow chart. Members agreed that a letter should go to the President expressing concern of this omission. The following resolution was passed unanimously by the Committee:

"RESOLVED, that the Senate Research Committee expresses to the President its concern about the place of the Graduate School and of the Vice President for Research in the University's organizational structure that was presented on page 11 of the budget presentation to the Board of Regents on October 13, 1994."

The Committee directed Professor Goldman to write a letter to the President.

The meeting was adjourned at 3:30 p.m.

-- Vickie Courtney

University of Minnesota