

Minutes

Senate Consultative Committee January 3, 1990

Present: Warren Ibele (chair), Thomas Clayton, W. Andrew Collins, Steven Ellison, Paul Holm, Norman Kerr, K. Darby Laing, J. Bruce Overmier, Arik Nissen, Thomas Scott, Charlotte Striebel, Tina Tidrick, Shawn Towle, James VanAlstine, Christine VeLure, Shirley Zimmerman

Guests: Geoff Gorvin (Footnote), President Nils Hasselmo, Senior Vice President Leonard Kuhi, Karen Seashore Louis (SCEP), Geoffrey Maruyama, Barbara Muesing (Regents' Office), June Nobbe (SODC), Maureen Smith (Brief)

NOTE: Faculty may be especially interested in the discussion with the President about reallocation, beginning on page 2.

1. Report of the Chair

Professor Ibele began the meeting by reviewing the anticipated schedule of reallocation and informed the Committee that it would receive written documents at the same time as the members of the Board of Regents. The schedule of reallocation, he noted, has been accelerated because of the State's financial situation: because of the perceived risk to the University's base budget, it has been decided to speed up reallocation in order to demonstrate that the institution is well in control of its own affairs.

The Committee should give consideration to how it wishes to see the report of the Task Force on Liberal Education distributed and how the process of consultation should be structured. One vehicle of circulation might be to print the report in the Daily. Open fora at various locations on the Twin Cities campus might also be considered; so also could special sessions of the Campus Assembly, either preceding the regular meetings or at different times.

It was suggested that the Twin Cities Campus Steering Committee might wish to meet in advance of presenting the report in order to review it.

2. Issues from the Student Senate Consultative Committee

Mr. Towle requested that agendas for the Committee meetings be sent out as far in advance as possible in order to permit the students more time to discuss the issues and to perhaps present a more unified or organized view. It was agreed that agendas would be sent out as early as possible with the understanding that it might very well change considerably between the time of mailing and time of meeting.

A question was also raised about the content of the minutes; the nature of the question was not clarified. Professor Ibele explained the purposes of the minutes and told Committee members that any changes in one set could be recorded in the next minutes.

Mr. Towle also proposed that in the future the chair of the Student Senate Consultative Committee automatically be designated the Vice Chair of the Senate Consultative Committee, in part to enhance the external student perceptions of the role of students on the Committee. Students often feel inferior, it was suggested, although several faculty and student members took issue with the appropriateness and prevalence of this sentiment. It was noted by one faculty member that if the change were to be made, the monthly meetings of the chair and vice chair (two faculty members) with the President would be affected. At present the students have, in some ways, better access to authority in the University in that they have a student regent as well as representatives on the Regents' committees; the monthly meetings of the two faculty with the President should be retained. Those meetings should continue, but constituted as between the President and the chair and vice chair of the Faculty Consultative Committee. No decision on this matter was reached.

It was also suggested, and agreed, that items from the Committee which appear on the Senate docket could carry the names of the chair of FCC and SSCC.

3. Reorganization Issues

One faculty member expressed concern that proposals concerning possible reorganization of CLA units into a School of Fine Arts have not been brought to the Committee for discussion. The implications of such a change are substantial and the Committee should examine how it should be involved in the discussions. In the case of Architecture and Landscape Architecture it was a fait accompli; the Committee should not be omitted from the consultations on these decisions because of the structural implications as well as the governance implications. Professor Ibele noted that the Committee on Finance and Planning and the Committee on Educational Policy should examine the proposals as well, from the standpoints of fiscal demands and educational impact on students.

4. Discussion with President Hasselmo

College Structure Professor Ibele next welcomed the President to the meeting and began by following up on the previous item by noting that the Committee should be informed when possibilities of reorganization are being considered. It was added by another Committee member that not even the CLA governance system had been consulted; such an item should be on the agenda for the college and university governance system.

The President responded that this issue represents the perennial chicken-and-egg problem: The administration does not want to bring an item to the governance system until there has been some analysis and some proposals; on the other hand, the governance system does not want the administration to be planning a lot before it presents the issue.

In the specific case of the organization of CLA, he added, the issue was left over from the previous administration. The President recalled he has already decided against creating a College of Social Sciences; the remaining question was whether the School of Music should be independent or if the fine arts should constitute a separate unit. Academic Affairs has conducted some preliminary analyses; given the magnitude of financial problems and the reallocation process, the question will probably have to be set aside for the time being. When it will be revived is not clear; whenever it is it will be brought to the appropriate governance groups for review before any decision is made.

Reallocation The President turned to the subject of reallocation and distributed copies of a schedule of consultations that will take place after the reallocation plans have been presented (for the first of three times) to the Board of Regents.

The picture of State finances at this point is grim; there are recurrent dire warnings that the recession may be deepening and thereby worsening the State's financial situation. There is a \$1.2 billion projected deficit for the 1991-93 biennium--\$1.8 billion if inflationary appropriations are made --and a \$197 million current deficit. This is a somber background for the reallocation process, the President observed, but he also pointed out that reallocation is not a form of crisis management but is rather a continuation of the academic strategic planning process that has been going on at the University for many years. The reallocation follows from Academic Priorities, adopted in 1988 by the Board of Regents, from the Undergraduate Initiative, and from the college and campus planning efforts.

It is important to understand, the President told the Committee, that what is happening is that the reallocation process is not changing direction but is being sped up and intensified in light of the financial projections.

The University is trying to safeguard--and where possible, improve--the quality of effort in the core functions in an environment of limited resources. This means there will not be across-the-board reallocation. Units which have significant needs will receive additional resources; other activities and units will be consolidated, curtailed, and in some instances eliminated because they are less important than the core functions. It is not in the interest of the University or the State to have a university which is uniformly eroded because of a lack of resources; the core must be strengthened.

This means the University will have to stop doing some things. This does not mean those activities are not useful; they are simply less important than the ones which must be maintained.

There has been extensive consultation within the administration and with the governance structures of the colleges and campuses. The proposals coming forward as part of reallocation are ones which have come through this machinery. There should be no illusion that the decisions will be made by institution-wide consensus, however, because there will have to be trade-offs. Ultimately he will have to try to make the best possible decisions and recommendations to the Board of Regents. As much information as possible will be provided to the Committee.

The President briefly reviewed the schedule (discussion with the Board of Regents in January, proposals for information in February, and final action in March). The January presentation will be a condensed report while February will bring more detailed proposals and information; both presentations will include identification of units and dollar amounts to be moved. There will be time for internal discussion after the presentation in January, especially in the following month; he welcomed comments from the Committee on the schedule and ways in which the consultation might be improved.

The President was urged not to neglect other University priorities as reallocation takes place, especially, for instance, efforts to remove inappropriate items from the category of instructional costs

(thereby reducing demands on tuition). The President reassured the Committee that the University has identified items which should be removed from instructional costs and will continue to seek removal.

In response to a question, the President said the administration is considering movement of funds across vice presidential lines. There are no "watertight compartments," he said, even between State Specials and the O&M budget. Fundamental priorities will be set and resources then placed where they will do the most good.

A question was asked about the relationship between the reallocation process and the current fiscal year shortfall; it was noted that the University has been asked how it would produce \$23 million as its part of the 1990-91 shortfall. The University continues to operate under the guidelines received earlier that served as the basis for the biennial request: "don't ask for any more money and justify your existing resources." As far as the current year is concerned, there have been indications that there will be a rescission but the University has not been asked to cut its budget. Such instructions would not be issued until the new administration is in office, in any event, but the President said he did not know if such instructions would come or what the magnitude of the cuts would be. There is a strong desire to begin to solve the 1991-93 problems by doing something during the current year--because every dollar in the base budget saved this year becomes three dollars saved by the end of the biennium. Any cuts this year, however, given the lateness of the time, would have to be made with temporary funds.

The President affirmed that the reallocation process is predicated on the need to shift resources within the institution, because of the mismatch between major responsibilities and demand and the location of funds; the need to act is intensified by the dimming prospects of being able to solve the problems with additional funding. Any budget problem from this year will ultimately be related to reallocation.

The President also affirmed that the reallocation plans identified in Academic Priorities continue to be implemented (about half of the \$34 million identified has been accomplished) and is part of the current reallocation process. This will only be the first steps in what will be a five-year plan; the details to be presented in the next weeks will address primarily the actions to be taken during the 1991-93 biennium.

The President was asked about the impact of reallocation on enrollment, class size, and tuition. On the last, the President said there would be no identifiable effect on tuition. The University intends to continue the enrollment management plan that extends through 1993. The major thrust of reallocation is to provide better education and the Undergraduate Initiative is one of the major concerns driving reallocation. This will mean putting more resources into areas where there is heavy student demand and where there have been problems with classes that are too large or lack staff. It is no secret that the major beneficiaries of reallocation will be those colleges which handle more than 80% of the undergraduates.

In defining quality improvements, the President continued, there has been an attempt to get away from abstractions and to concrete manifestations. Two primary measures, among others, will be that more students will graduate in a timely fashion and retention rates will increase.

The President next told the Committee that the reallocation process has been based on the time-

honored criteria of the planning process: Quality, centrality, demand, effectiveness, efficiency, and relative advantage. Units have been explicitly asked to undertake their reviews in light of these criteria.

Other principles are also being established. One is that productivity gains must be made--although the term is reminiscent of industry, it is the term of art used in higher education as well. There have been unacceptable cost increases in higher education; cost containment is here now. The only way to perform educational tasks and limit costs is by increasing productivity. So the proposals will include everything that can be done to streamline administrative and support services. It is assumed that there will be a straight 10% transfer from non-academic to academic activities. The academic side is also being examined; colleges are looking at reducing the number of majors and degree programs, but doing so in such a way that options for students are not unduly limited. A more limited number of tracks, fully staffed and supported, is to be sought. This may mean a limitation on courses; low enrollment courses may have to be limited--offered less frequently--because the use of faculty time will be important.

Ways of offering instruction which place less of a burden on faculty time--the University's most valuable resource--will also be sought. Successful innovative efforts in some units will be shared in order to see gains in learning while at the same time freeing faculty time for truly meaningful interactions with students.

The President emphasized that the University is not merely engaged in a budget adjustment process; it is a major restructuring in the way the institution operates on both the academic and non-academic side. In spite of the hardships which will be imposed, he added, the results can be a healthier institution.

The entire University community is being engaged in the process, the President told the Committee, and that is the reason he continues to say that contractual obligations will be honored. Tenured faculty will not be laid off; retraining, reassignment, and outplacement services will be provided. Students will be given reasonable time to finish degrees in programs which may be terminated. This is not only fair but it also encourages faculty, staff, and students to take a constructive look at the process rather than struggle to preserve turf.

One question that will arise, the President was told, is that as tenure obligations are honored, what opportunity will a faculty member have to examine the available options as restructuring occurs? There could be a number of academic homes which a faculty member might find congenial; by what process will the individual faculty member be given the chance to examine the options and at least make a statement of preference? The President said his internal consultation leads him to believe that faculty and staff would be offered advice and a review of the options the University can make available; he said that he could not be more specific at this point. The Committee might wish to consider this question further, he said.

The President was asked what steps are being taken by the other systems of higher education; he provided a brief overview of what he knew about their plans.

His final point, the President concluded, is that some of the decisions the University is making

do have implications for the other systems and some of the issues will have to be evaluated across system lines. The University will work with those systems to find joint solutions to the problems that exist.

Under the circumstances of reallocation and possible zero increases in the budget, it was said, it is hard to imagine how quality will be improved simply by cutting programs because such a high percentage of the budget is tied up in personnel. The President was asked what kinds of personnel management tools are being considered as part of reallocation and quality improvement. He responded that part of the additional funding would come from savings in energy costs and other reorganization in support services; redesign of degree programs will also help. There is the lurking threat, the President observed, that the budget will be eroded, because of the State's financial problems, faster than the University can free up resources; if all these resources are simply lost then there will of course be no improvement in quality. The heart of the defense of the base budget is that the University is making an aggressive effort to increase productivity and redistribute resources.

There will nonetheless remain, it was pointed out, mismatches between the people and the programs; will there be cuts in personnel, perhaps through early retirement schemes, or some other steps to create a better match between academic staff and high priority areas? This question, the President agreed, is central; unless there is turnover in personnel which frees up funds for reallocation there will not be major resource shifts. There is considerable natural turnover, and individuals can be reassigned within the University in productive ways. But there may be instances where contractual obligations will have to be honored and there may have to be lay-offs under existing procedures.

As for early retirements, the President noted that there are mechanisms in place which can be used as appropriate, although buy-outs are not popular. Outplacement and counseling would certainly be provided to assist individuals to move from the University.

Concern was expressed about the use of the term "increased productivity" when used in connection with low-enrollment courses; these courses, it was pointed out, are often the only places in the State where the subject matter is available (for instance, Japanese and Arabic language courses). They are also the kinds of courses which make the University unique in the State. It is important for the legislature--and the University--to know that to eliminate such courses will not be an increase in productivity but rather a decrease in quality, in the scope of the University. If these subjects or classes are lost, it may be difficult to replace them later. The President agreed. These decisions, he pointed out, will be in the hands of the faculty; curricular decisions will not be made by the central administration. Some low enrollment courses may be indispensable; the decisions will not be made in a mechanistic fashion.

One Committee member agreed that an increase in timely graduation would be a valuable and useful indicator of quality improvements. If that criterion is to be used, however, the measure must take into account changes at the University in recent years. The recent change in the ratio of credits to class hours, for instance, will require an increased number of courses (because some courses which were previously four credits will now carry only three credits). The earlier baseline information may have to be adjusted to take this change into account--it may be necessary to look at number of courses completed, rather than credits, for instance, if the measures are to be fair to the University. Otherwise the quality measure might show a decrease in quality.

The current arrangement of tuition and fees, it was also suggested, is a disincentive to timely completion; it might be useful to use the model of other universities to install incentives to timely completion. There is no charge for registration, even though it costs the same to register each student irrespective of the number of credits taken; some institutions charge separately registration.

It was reported that the legislative task force on timely completion noted the changing nature of the student body and the increases in tuition which require that students work more. Students, one Committee member interjected, are not served well by being permitted to take out loans for a long period of time. It was responded that for many students now in college, their first mortgage will be on their education rather than their house. The University should be asking for increases in its support.

Another factor which should be considered, it was argued, is the inflation in grades; what is a student taking away from the University? The President agreed that a variety of factors should be examined and that the faculty must exercise the quality control necessary within each discipline-- something that cannot be captured in an easy shorthand manner.

The President apologized for the general nature of the discussion and explained that the administration did not wish to release the details of the plans in bits and pieces nor did they wish to release the plan before it had been presented to Board of Regents. It was intended that this discussion serve to set the background to the plan. The plans will stand as a package, he noted; some useful activities will be discontinued in order to do better other things that are more useful.

It was commented that one aspect of the process that must be examined, to ensure that it occurs, is its integrity; the more serious the recommendations, and the larger the number of people whose lives are affected, the more important it will be that the faculty have been consulted, especially at the college and department levels. This is not as much a matter of protecting the interests of the faculty as it is recognizing that the faculty are the ones who know the programs, who know the obligations to the students; it will be important to profit from the best judgment of the faculty. The President said the administration has encouraged the units to ensure that consultation takes place. The more the University can be united on the plans, he said, the more likely it will be that the base budget can be protected. He asked the Committee for its support, recognizing that the plan may not be perfect.

Professor Ibele thanked the President for his comments.

A question was next addressed to Senior Vice President Kuhi: On occasion a sub-unit of the University may make a decision which does not serve the larger institution well, in the view of the institution. Will college plans be reviewed for whether or not they serve the larger University as well? Or is the administration stuck with the college's plan? Dr. Kuhi said they will be reviewed and the interests of the University will be considered.

Unlike the last reallocation process, some units will be permitted to retain the 2% or 10%, depending on what it is they propose to do with the funds--internal reallocation will count towards the total. The academic vice presidents and vice provost have been reviewing the proposals with this criterion in mind; whether or not a unit will retain its funds depends on how they will be used to increase quality and how they advance the overall goals of the University as reflected in the biennial

request and Academic Priorities.

The internal reallocation will be of State funds, primarily, but will also include evaluation of efficiencies of self-supporting operations. The amounts involved are \$20 million on the academic side (for 1991-93) and \$50 million over five years. The State-funded portion of the University's budget is close to \$600 million.

Dr. Kuhl also noted, as had the President, that there will be a direct 10% transfer from support services to academic programs. One Committee member cautioned, however, that support to faculty in such areas as laboratory maintenance and equipment set-up is important; for certain programs, the best investment may not be more faculty lines but instead technician and support service which would allow the faculty do their work more effectively. There must be consideration of whether or not the faculty can use their time to the most effective advancement of the goals of the University.

One Committee member noted that recent statistics in the Chronicle of Higher Education make it clear Minnesota is not among the states which spend the most on higher education: In terms of spending per \$1000 of personal income, Minnesota is outshone by many other states. This is different from the per capita tax levy for education, where Minnesota ranks 6th; controlling for income, Minnesota drops dramatically in the ranking. Dr. Kuhl pointed out that Minnesota also ranks low on spending per student.

These numbers raise questions, he continued. Is the State spending an appropriate proportion of its income on higher education? Second, is it spending that portion effectively? On the latter point, he argued, it is not; Minnesota is only outranked by three low-population states in terms of the number of institutions of higher education it supports. There is considerable inefficiency in the system. A goal of the state has been to provide access based on geography--a noble objective, but in the system of two-year institutions there is enormous overlap in the areas served. The State itself must consider questions of efficiency. There is no overall State plan but a lot of politics are involved.

Another aspect of this problem, it was pointed out, is that Minnesota has the highest participation rate in higher education in the country.

It was agreed that the Committee would hold a special session on January 17 to take up the specifics of the plans.

The Committee adjourned at 12:00.

-- Gary Engstrand