

Minutes*

**Joint Meeting
Senate Consultative Committee
Senate Committee on Finance and Planning
Wednesday, April 14, 1993
Dale Shephard Room, Campus Club**

Present: Mario Bognanno (chair), Carl Adams, John Adams, Karen Geronime, Michael Hoey, Julie Idelkope, Karen Karni, Fred Morrison, Jeff von Munkwitz-Smith, Roger Paschke, Doris Rubenstein, Irwin Rubenstein, Anne Sales, Mary Sue Simmons, James Tracy

Regrets: No one was identified as absent because the meeting was called on very short notice

Guests: Senior Vice President E. F. Infante

Others

Present: None

[In these minutes: status of the budget; the planning process]

Professor Bognanno called the meeting to order at 2:00, welcomed Senior Vice President Infante, and explained that the agenda for the meeting was the discussion of the planning process. Before turning to that, however, Senior Vice President Infante distributed a handout and reviewed the status of the legislative request and the 1993-94 budget.

Dr. Infante reviewed the differing proposals of the House and Senate and said it was unclear how the differences would be resolved. There is language attached to the legislation that will have little affect on the University, except for two items: One provides, given additional funds that are expected to be generated for the Permanent University Fund, that the money will be used for scholarships. The other is relatively mild language asking that the University not take action to relinquish its interest in supercomputing without consulting with the legislature.

There are differences in the House and Senate bills with respect to tuition. The Senate language indicates it does not see the need for any increase in tuition for the next two years; the House permits an increase of 3%, with any additional increase justified in terms of improvement of educational activities. Both legislative committees, however, are sending the clear message they expect limits on tuition increases. Both committees have also indicated they do not wish to see significant changes in the compensation of faculty and staff.

One Committee member noted a potential problem about which the administration must ponder. The legislature is suggesting -0- compensation increases. The administration could construct a budget containing no salary increases. Then AFSCME settles, later in the summer, for 3% increases. Could the University respond? The University may get locked into a budget that turns out to be inconsistent with

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expectations.

The administration has been thinking about this, Dr. Infante said. The Regents will be presented budget principles at their next meeting, a budget (for information) at their June meeting, and a budget for action in July. The principles will need to be in place before the legislature completes its business, although the University will know, within a percentage point or so, what its budget will be. It is also clear that good faith negotiations with the unions will have to take place--and good faith does not mean entering the negotiations saying there will be no salary increases. There are serious concerns about salary. He has made it clear at the legislature, Dr. Infante told the Committee, that the Board of Regents must make the decision on this matter, and that he would not, in any case, support a total freeze. The University is in a delicate situation; it is also in a competitive one.

Of the 26 deans he meets with, Dr. Infante reported, 20 oppose reallocation to obtain funds for salary increases. 3 of the deans are unwilling NOT to reallocate to obtain such funds. And it is clear that the University cannot treat faculty differently from civil service and P&A appointees.

It is clear, Dr. Infante told the Committee, that the House views the 1993-95 budget as a bridge, and that it intends to put time in before the next biennium seriously reconsidering the financial underpinnings of education in the state, including higher education.

The most significant part of the budget, it was said, will be the salary issue. The Committee on Faculty Affairs has just begun to discuss the matter. The movement appears to be in the direction of no increases, with certain exceptions (e.g., promotion). To offer no salary increases, it was said, is potentially a "monumental mistake" and the question must have extensive debate. The decision should also NOT depend on what the unions may negotiate; it should be decided on the basis of what is important for the University. Dr. Infante concurred that the issue must be aired.

It is unfortunate the deans feel the way they do before there has been discussion and debate; that sentiment exacerbates the "we-they" mentality that this University desperately needs to avoid right now. This is an issue that is hard to discuss, Dr. Infante pointed out, when one dean says no increase would be a disaster and the next one says the college will not reallocate \$1 for salaries.

To not provide increases will not be good for the institution, it was said. The situation is not going to change quickly, and the University is better off taking care of itself. The objection to reallocation carries the assumption that productivity increases are not possible--that the University cannot do things better or smarter. The rest of society is under enormous pressure to increase productivity, and it will laugh at the University if it says it cannot improve productivity. The resistance to productivity increases doubtless underlies the deans' reaction.

The real problem, another Committee member pointed out, is that it probably IS impossible to get better or smarter by July 1 of 1993; it is possible to do so by the following July. Everything seems to be done on the short-term.

Dr. Infante then reported on the status of various investigations taking place.

2. Strategic Planning

Dr. Infante then turned to a handout on the strategic planning process. Three others at the meeting, he pointed out, have been deeply involved in developments, inasmuch as they serve on the small committee guiding them (Professors Carl Adams and Irwin Rubenstein and Mr. Paschke). He walked through the document with Committee members.

He began by emphasizing the process and pointed out that the strategic questions raised in the document are intended to be examples; it is not being claimed that these are the only questions that should be addressed. He touched briefly on the background, including both internal and external factors. The University faces several drawbacks as it approaches the planning process: it does not have an articulated strategy after the current Retrenchment and Reallocation plan is completed; it does not have an ongoing planning process to actively address issues; it does not have the appropriate organizational and institutional capacity to meet challenges; and it does not have a mechanism that links priorities to resource allocation. The budgeting process, Dr. Infante said, is too cumbersome and does not make clear what the University is doing.

There are two elements to the process: to define and hone the strategic course for the University in the future, and to provide the foundation for an ongoing strategic planning process that will tie the future direction of the University to resource allocation.

Dr. Infante then reviewed the six major objectives of the planning effort, and pointed out that the University has been living on Commitment to Focus and the Restructuring and Reallocation plan, but those are coming to an end. With so many diverse units, it will be important that the planning effort describe parameters or bounds within which all units plan.

Then Dr. Infante turned to the preliminary list of issues to address:

- On what major areas of academic distinction should the University focus? How should this fit with research priorities?
- In what areas should the University form regional collaboratives and with whom?
- What should be the nature and size of the University student body? What is the right mix of undergraduate, graduate, and professional students?
- Should the University be the primary public baccalaureate granting institution in the Twin Cities?
- What should the nature and role of the University be in Rochester? Other communities?
- How should the University be financed? What are the appropriate pricing policies?
- What should be the enduring hallmarks or the institutional character of the University and its campuses?
- synergy of research, teaching, and outreach

- integration with community
- diversity of student body and faculty
- utilization of technology

The first two issues, Dr. Infante commented, suggest that for the University to do what is expected of it, areas of academic distinction will be required. What relationship will those areas have with research priorities? Relatedly, what does this imply for cooperation among institutions at different levels? In terms of both undergraduate education and research, he told the Committee, there are many areas where an institution cannot afford to be second best; if it cannot perform at the highest level, it should do so in conjunction with another institution--or as a junior partner in association with another institution.

One hard question is the role of the Twin Cities campus in the Twin Cities. It could reduce its undergraduate population, and let Metro State take over in certain areas. In the 1950s, the decision was made that the Twin Cities campus would be the main undergraduate institution in the metropolitan area. If that is to remain the case, it will affect the financing of the University.

All of these questions, in fact, bear on how the University is to be financed, and what pricing and tuition decisions will be. It will make a difference if the University retains or reduces its role in the delivery of undergraduate education in the Twin Cities, and will also depend on the nature and balance of the student body.

Dr. Infante noted, with respect to "enduring characteristics," that while we talk about "the University," the "enduring characteristics" vary by campus, and the University must be careful to play to its strengths and advantages.

There are two organizational questions to be addressed: What organization structure does the University require to implement its mission and strategy?, and What ongoing process is required for strategic planning, budgeting, and funding cycles? There is, Dr. Infante said, good reason to examine whether or not the University has the right structure, and the budgeting/planning process is not what it should be--it is too reactive. The University MUST develop a mechanism to bring planning and budgeting to where it needs to be--and this may include significant changes in Morrill Hall.

Discussion then turned to an overview of the process. Dr. Infante pointed out that timing will be a key element; unit (college) planning will be highly iterative, and must be a thoughtful development of strategies. There will be both overall University and unit planning, and they must support each other. The schedule calls for the conclusion of the process in August, 1994, in time for the preparation of the 1995-97 biennial request. There will, in 1994, be one year left in the Restructuring and Reallocation plan, and the biennial request at that point should reflect the directions in which the University intends to go.

Although not included in the document, it should be thought of as included: Starting with June of 1993, how should the new planning and budgeting process be embedded in the University?

The participants will include the Board of Regents--they must make the key decisions about mission, approval of the plans, and resource allocation--but also the governance system and representative groups on campus, stakeholders and constituents, the steering committee, and internal and external groups. To embed the mechanism in the University will perhaps require a modification of the

administration as well as continued use of the ongoing governance system.

One Committee member expressed great pleasure at the outline of the process and the inclusion of the governance system in it; it appears the University may have finally gotten "its arms around planning." One possible addition to the list of strategic issues might be the role of graduate study and research at the Twin Cities and Duluth campuses. Dr. Infante concurred.

One Committee member noted that the strategic questions are to be answered at the institutional planning level (rather than unit), and that those answers are expected by November, 1993; will there be decisions by then? Dr. Infante said he anticipates that strategic decisions will be made when the faculty return in September. It was pointed out that at some level, there must be decisions on those strategic questions before unit plans can be developed; Professor Adams affirmed that answers will be forthcoming by the end of the calendar year.

WHO will make the decisions on the strategic questions? How will the consulting process be integrated? Dr. Infante said an external consulting firm is helping the University (pro bono), but there will be a need for additional funds to do the homework required, during the summer. He said he expected the consulting process to be used before recommendations are taken to the Board of Regents. If the homework is to be done during July and August, and consultation from September to November, then this Committee will have to meet weekly for 2 hours (or have a two-day retreat) to speak to each of the questions that has been presented--so everyone must be prepared for a major commitment. After that, the administration must make the final call on the recommendations to be made to the Board of Regents. The process, Professor Rubenstein noted, will begin on April 20--the next meeting of the Committee--and will include discussion of whether or not this is the right list of questions, or if there are others that should be included.

One Committee member inquired if strategic planning implies a continuation of reallocation, in some form. If there are no new funds, putting additional funds in one place will require taking them from another. Dr. Infante said that is NOT a necessary conclusion; part of the process will include the financing of the institution and matching funds to activities. He agreed, however, that some reallocation would probably be inevitable, and that it would probably be continuous.

It was argued that one principle of reallocation should be included. The most difficult thing for a university to do is to decide to not do something (that is, eliminate a department or program); it should be understood that the University will stop doing things rather than spread the burdens across the board. Another Committee member took exception to the proposition that the University must STOP doing things--rather than doing them differently--but, it was said in response, to stop doing things will be inevitable. Another Committee member said the process will have consequences (for the better, for the University), and there is NO presumption that it will nibble around the edges; it will make fundamental decisions. There are three things the University can do to retain quality, added another Committee member: get smaller, increase efficiency, or increase revenues; the University may have to do all three.

The Committee was assured that the units would be advised, before the summer begins, of the kinds of documentation that will be needed. This will be a major effort for them as well, Dr. Infante agreed, and said one of his concerns is that there is a shortage of systems to support the process.

It is appropriate, remarked another Committee member, that the timing of the process is keyed to the biennial request, although a majority of the University's funds do not come from the request. It is anticipated that this will be all-funds planning with major resource allocation decisions.

If this is to be a biennial process, one concern is that there will be insufficient thought and attention given to it the third, fourth, and fifth time around. It will come up annually, when the budgets are set, Dr. Infante pointed out. But the strategic questions, presumably, will not have to be re-thought every biennium, it was said. The start-up, observed another Committee member, will be extraordinarily difficult; in later iterations, different things will be emphasized (e.g., one might settle institutional issues now, and attend more closely to unit issues in the next round).

Discussion turned briefly to the connection between the process outlined at this meeting and the "planning for planning" that has been taking place over the last year.

It was noted that student participation is perhaps implicit in the process; are students expected to develop their own initiatives on what they see as the role and directions of the University? Dr. Infante pointed out that students are part of the governance system; another Committee member pointed out that the phrase "representative groups" would include student groups, whether or not in the governance system per se. Dr. Infante also encouraged taking "proactive" stances with respect to the issues raised, or others; he emphasized again that this is a PRELIMINARY list of issues. Comments or issues should be sent to either Professor Thomas Scott or to Mr. Paschke. It is important, Professor Rubenstein concluded, that all constituents be given the opportunity to identify important issues. Or process issues, added another Committee member.

The meeting was then adjourned at 3:20.

-- Gary Engstrand