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**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**MINUTES**

**BOARD OF REGENTS' MEETING**

**AND**

**REGENTS' COMMITTEE MEETINGS**

**February 7-9, 1996**  
**February 15, 1996**

**Office of the Board of Regents**

**220 Morrill Hall**

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Minutes of the Board of Regents' Meetings  
and Regents' Committee Meetings

February 7-9, 1996  
February 15, 1996

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**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Litigation Review Committee**

**February 15, 1996**

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, February 15, 1996, at 10:05 a.m. in Room 325, Morrill Hall.

Regents participating via telephone: William Peterson, presiding; Thomas Reagan, and Patricia Spence.

Staff present: General Counsel Mark Rotenberg and Executive Director Steven Bosacker.

Others present: William Donohue and Beth Nunnally.


**RESOLUTION TO CONDUCT NON-PUBLIC MEETING  
OF THE LITIGATION REVIEW COMMITTEE**

A motion was made and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents' Litigation Review Committee be held on Thursday, February 15, 1996, immediately following the public portion of the meeting in Room 325 Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The committee voted unanimously to approve the resolution.

The meeting adjourned at 10:07 a.m.

  
**STEVEN BOSACKER**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**February 8, 1996**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, February 8, 1996, at 8:30 a.m. in Room 300, Morrill Hall.

Regents present: Wendell Anderson, presiding; Julie Bleyhl, Warren Larson, William Peterson, Jessica Phillips, and Tom Reagan.

Staff present: Provost W. Phillips Shively; Senior Vice President JoAnne Jackson; Executive Director Steve Bosacker; Vice Chancellor Greg Fox; Vice Provost Norma Allewell; and Associate Vice Presidents Ron Campbell, Clint Hewitt, and Roger Paschke.

Student Representatives present: Eric Gustafson and Dale Vathauer

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Senior Vice President Jackson presented the Senior Vice President's Monthly Report for February 1996. The following items were highlighted:

1. Associate Vice President Hewitt updated the committee on the status of the Coffman/Comstock Hall housing site. A summary report will be prepared evaluating the opportunities and challenges for the remodeling of Coffman Union, the construction of additional housing, and the replacement of parking. Assistant Vice President Paul Tschida explained that the River Road parking facility is slated to come down July 1, 1996. Temporary parking will be provided on the river flats and near the transitway lots.

2. University Flight Services will be closed effective June 30, 1996 due to an anticipated reduction in use after the Fairview and University Hospital affiliation. Other ways of providing this service are being explored and a report is forthcoming.

3. Vice Chancellor Fox reported on the decommissioning of Washburn Hall, which they are transferring to St. Louis County for, in part, the continued operation of the St. Louis County Minnesota Extension Service office. The transfer will occur on/or about September 1, 1996 and will be approved by the committee at a later date.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

**SCHEMATIC PLANS, FY96 CAPITAL BUDGET**

A motion was made and seconded to recommend approval of the following resolution relating to schematic plans for the FY96 Capital Budget:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the project plans are approved and the appropriate administrative officers are authorized to proceed with the design and construction of the project:

- A. Sanford Site Student Housing  
Twin Cities Campus  
Estimated cost of the project: \$9,607,000  
Funding: Housing Services, Twin Cities campus and  
Parking Reserves  
Estimated completion date: September 1996
  
- B. University Dance Center, Scope/Budget Increase  
Twin Cities Campus  
Original estimated project cost: \$1,400,000  
Increase in project scope: \$185,000  
Total estimated project cost: \$1,585,000  
Funding for increase: State Operating Appropriation; Private Gift  
Funds; and Departmental/Unrestricted funds  
Estimated completion date: March 1997
  
- C. Blegen Hall Sprinkler System  
Twin Cities Campus  
Original estimated project cost: \$950,030  
Increase in project scope: \$114,000  
Total estimated project cost: \$1,064,030  
Funding for increase: State Capital Appropriation for Fire and  
Life Safety Improvement  
Estimated completion date: June 1997

#### **SANFORD SITE STUDENT HOUSING**

David Graham, Principle Architect for BRW Elness Architects, described the scope of the student residence hall project on the Sanford site using conceptual sketches. The project is located at 1212 University Avenue Southeast, adjacent to Sanford Hall on the Minneapolis campus. The building is designed to fit in with the University community and the architectural character of the campus. It will also help form a gateway to the campus. There are three primary elements: masonry brick, cast stone details, and expressed bays using large amounts of glass and metal. The construction will be a traditional load-bearing type of construction using masonry block 1-1/2 feet thick. Durability, long-term sustainability and sound control were all factors in selection of this type of construction.

The interior is designed to facilitate quiet and community areas. There are three basic unit types providing approximately 55,000 assignable square feet. There will be 16 efficiency apartments, 23 one bedroom apartments, and 35 two bedroom apartments. The design exceeds codes in most cases, including codes for handicapped accessibility. The site will include 89 parking stalls, one for each unit plus fifteen extra.

The landscaping will facilitate the creation of a gateway park and urban design entry point. The specifics of the landscaping are still being developed.

Regent Anderson expressed the importance of utilizing the available talent at the University in development of the architectural and landscape design. Graham expressed his support of this concept and explained that their landscape architects are working with the landscape people at the University. In addition, Maryanne Ryan,

Director of Housing Services, explained that a student committee and the School of Design are providing input on the interior's design.

Regent Reagan expressed concern over the aesthetic nature of the design. Specifically, the need for more or bigger windows or a balcony. Graham explained that the bedroom windows are sized to conform with energy requirements and cost limitations. The units are apartment style and the common areas contain many large windows. Anderson suggested reviewing five or six of the best facilities in the nation and copy them. Associate Vice President Campbell assured the committee that staff, who have been involved in many housing projects on a variety of campuses, are closely involved in how this project takes shape.

In response to peace and safety concerns expressed by Regent Larson, Graham explained the security features of the building's design, location and landscaping. Other discussions included room lighting, computer connectivity, ways to improve the aesthetic appearance, laundry availability and soundproofing features. Graham expressed confidence that this facility represents what students want in housing.

In response to a question from Anderson, Ryan stated that, although exact numbers haven't been determined, the rent will include all utilities, local phone service, and laundry. For example, the estimated rent for a two-bedroom apartment will be \$425 per student.

McCracken-Hunt explained that construction would be starting approximately March 1, 1996 with occupancy targeted for September 15, 1996.

Anderson suggested that the Regents take an opportunity to meet with the architects to get further information and to provide additional feedback.

#### **UNIVERSITY DANCE CENTER**

Director Linda McCracken-Hunt explained that the current dance facilities are inadequate for the size of the program and to meet the criteria for obtaining accreditation. Garth Rockcastle, Meyer, Scherer, & Rockcastle, Ltd., provided the committee with a review of the design for the University Dance Center.

In response to questions from Regent Reagan, Provost Shively explained that the dance program is one of the best in the country. Currently, the program is spread all over the campus. The McKnight Foundation provided a start-up grant about four years ago for the program and they recently have asked about the grant. Additional funding is provided by other gifts, a state operating appropriation and departmental and unrestricted funds.

In response to a question from Reagan, Dance Program Head Maria Cheng stated that the program currently has 75 majors and services over 1,000 students. The dance program is nationally recognized, but is in danger of losing accreditation without upgrading the facilities. In addition, the inadequate facilities have resulted in injuries to students, which could result in lawsuits.

Anderson encouraged Shively and Cheng to publicize the accomplishments of the dance program.

In response to a questions from Regent Larson, Cheng explained that these facilities are designed to meet the programs long-term needs.

## **BLEGEN HALL SPRINKLER SYSTEM**

Director Linda McCracken-Hunt briefly explained that the Blegen Hall sprinkler system project is similar to the Wilson Library sprinkler system project in that it will use fire and life safety funding. The project will be done in the evening so that classes will not be disturbed.

The committee voted unanimously to recommend approval of the resolution.

## **AMENDMENTS, FY96 CAPITAL BUDGET**

A motion was made and seconded to recommend approval of the following resolution relating to amendments to the FY96 Capital Budget:

**RESOLVED**, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY96 Capital Budget is hereby amended to incorporate the following projects:

- A. Medical School Addition, Scope/Budget Increase  
Duluth Campus  
Original estimated project cost: \$4,158,000  
Increase in project cost: \$475,000  
Total estimated cost: \$4,633,000  
Funding for increase: 1995 Internal Loan  
Estimated completion date: April 1996
  
- B. Bailey Hall Window Replacement Project, Scope/Budget Increase  
Twin Cities Campus  
Original estimated project cost: \$95,000  
Increase in project cost: \$105,000  
Total estimated cost: \$200,000  
Funding for increase: Housing Services, Twin Cities campus  
Estimated completion date: August 1996
  
- C. Bailey Hall Reroofing Phase II, Scope/Budget Increase  
Twin Cities Campus  
Original estimated project cost: \$108,000  
Increase in project cost: \$57,000  
Total estimated cost: \$165,000  
Funding for increase: Housing Services, Twin Cities campus  
Estimated completion date: August 1996
  
- D. Centennial Hall Tuckpointing, Scope/Budget Increase  
Twin Cities Campus  
Original estimated project cost: \$160,000  
Increase in project cost: \$135,000  
Total estimated cost: \$295,000  
Funding for increase: Housing Services, Twin Cities campus  
Estimated completion date: October 1996



- E. Comstock Hall Fire Alarm System, Scope/Budget Increase  
Twin Cities Campus  
Original estimated project cost: \$575,000  
Increase in project cost: \$301,000  
Total estimated cost: \$876,000  
Funding for increase: Housing Services, Twin Cities campus  
Estimated completion date: September 1996

The committee voted unanimously to recommend approval of the resolution.

#### **AMENDMENTS, FY96 CAPITAL BUDGET**

##### **Goat Addition to Large Animal Holding Facility Twin Cities Campus**

The committee reviewed a proposed amendment to the FY96 Capital Budget to add a goat addition to the large animal holding facility on the St. Paul campus. The College of Veterinary Medicine has entered into a contract with R & D Systems, Inc., whereby the University is required to house and maintain a herd of approximately 300 goats. The proposed facility will house the goat herd. Estimated cost of the project is \$320,000 funded by R & D Systems. The estimated completion date is October 1996.

#### **REAL ESTATE TRANSACTIONS**

##### **Purchase of Property at 2218 University Avenue Southeast Minneapolis**

Senior Vice President Jackson indicated that this item will be delayed at this time.

#### **UNIVERSITY OF MINNESOTA, DULUTH FACILITIES AND CAPITAL NEEDS**

Senior Vice President Jackson called upon Vice Chancellor Greg Fox for review of UMD capital assets. Fox introduced Director Kirk Johnson and Director Joe Michela to provide information on the capital assets. Through the use of slides, Johnson provided a visual tour of the academic facilities on the UMD campus.

Michela reviewed information relating to on-campus housing facilities. He provided a history of housing on campus and reported on the housing capacity, which is 97 percent occupancy at this time. The project goals for proposed UMD physical facilities are to:

1. improve living conditions for the residents;
2. reduce repair and maintenance costs;
3. bring buildings into compliance with current University building codes; and
4. consider energy consumption when a renovation is planned.

Projects are identified through:

1. annual professional inspections;
2. industry standards; or
3. facilities management and auxiliary services.

Projects are then viewed by auxiliary services' physical facilities committee; a priority list is developed based on need and funding requirements; and projects are then completed by UMD staff or assigned to Twin Cities facility management.

Currently, UMD is in the process of replacing existing wood windows with energy efficient, low-maintenance windows in facilities on campus. In addition, roofs and piping are being replaced. Significant increases in computer connectivity have occurred in the past year. One more year and \$30,000 and computer connectivity will be provided for all students.

Regent Blehyl pointed out that the Board recently passed a resolution regarding computer connectivity that was intended to provide the necessary funds from central allocations to complete computer hook-ups on all campuses. Michela appreciated the comment and stated that he would seek some financial assistance for this project.

Using slides, Michela highlighted the design and features of a new housing complex on campus.

#### **ARTS, SCIENCES & ENGINEERING FACILITIES AND CAPITAL NEEDS**

Director Linda McCracken-Hunt provided basic information regarding Arts, Sciences & Engineering (ASE) facilities. ASE occupies 14% (3.4 million sq. ft.) of the gross square footage systemwide and receives 21% of the state operating appropriations. Generally, ASE occupies very old buildings that need a lot of work, which represent a disproportionate share of the \$1 billion deferred renewal.

Provost Shively outlined the unique characteristics and accomplishments of ASE. Regarding facility and capital needs, Shively explained that most of the facility work being undertaken consists of renovation of existing buildings. Shively highlighted a few of the 36 projects submitted to the Capital Improvements Advisory Committee. With the exception of the Earth Sciences and Materials Engineering Building, all projects involve renovations of existing buildings. The projects fall under three major areas: major renovations, major scientific projects and repair and renovation.

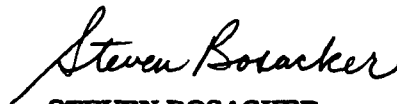
In response to a question from Regent Peterson, Vice Provost Allewell explained the background, funding and purpose of the greenhouse project on the St. Paul campus.

Regent Reagan highlighted the importance of the Tower Soudan project for bringing the University into a global spotlight.

Regent Anderson stated that as we look at prioritizing repair and renovations, we should not take for granted our top programs and efforts should be made to maintain quality. Shively agreed with that philosophy.

Due to the late hour, the tour was rescheduled for next month.

The meeting adjourned at 11:00 a.m.



**STEVEN BOSACKER**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Financial Operations Committee**  
**February 8, 1996**

A meeting of the Financial Operations Committee of the Board of Regents was held on Thursday, February 8, 1996, at 1:45 p.m. in Room 300, Morrill Hall.

Regents present: Julie Bleyhl, presiding; Wendell Anderson, Warren Larson, William Peterson, Thomas Reagan, and Patricia Spence.

Staff present: Senior Vice President JoAnne Jackson; Vice President Mel George; Executive Director Steven Bosacker; and Associate Vice Presidents Roger Paschke and Richard Pfitzenreuter.

Student Representative present: Charles Roehrdanz.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Associate Vice President Paschke reviewed the Senior Vice President's Monthly Report, which was included in the docket materials.

The committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

**PURCHASE OF GOODS & SERVICES OVER \$250,000**

Karen Triplett, Director of Purchasing Services, presented a resolution relating to the purchase of goods and services over \$250,000:

**RESOLVED**, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate staff are authorized to award pending purchases/contracts over \$250,000 to the following:

- To EMC Corporation for a data storage subsystem for Business & Student Information Services (BASIS) for an estimated \$488,000.
- To Painting By Nakasone, Inc. for an annual contract to paint and repair public areas on the Twin Cities Campus for Facilities Management for the period of 2/12/96 to 12/31/96 for an estimated \$450,000.
- To SPS Companies, Inc. for HVAC pipe/valves/fittings for Facilities Management for the period of 3/15/96 to 3/15/97 for an estimated \$250,000.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the resolution.

### **QUARTERLY PURCHASING REPORT**

Karen Triplett, Director of Purchasing Services, presented the Quarterly Purchasing Report highlighting the following:

October, November, December 1995

- A total of 93,153 transactions were processed for a value of \$83,948,897.
- Of the total, 27 were justified sole source awards totaling \$1,112,086.
- There were four Regents' policy violations.
- Eight change orders exceeded \$100,000.
- Fifteen purchase awards were made that were over \$100,000 and under \$250,000.

In response to a question from Regent Reagan, Triplett explained that there was a Regents' policy violation on a purchase over \$250,000 because the purchase came through the hospital and had been approved by the hospital's Board of Governors.

Regent Bleyhl asked Paschke to bring a report on Regents' policy violations to a future committee meeting.

In response to a request from Regent Reagan, Bleyhl asked Triplett to come back to a future committee meeting with a report on the University's preferred travel plan.

### **CONTRACT FOR SUPERCOMPUTING SERVICES**

In September 1994, the University sold the Minnesota Supercomputer Center to Cray Research, Inc. The terms of the sale provided that MSCI would continue to provide services to the University to fulfill the contractual obligations of MSCI to the University. Senior Vice President Jackson distributed a memo formally requesting the Board of Regents to approve a new two-year contract with MSCI for the purpose of furthering the University's partnership with MSCI and Cray Research, Inc. The current contract with MSCI and Cray Research will expire June 30, 1996.

Vice President Brenner presented the reasons for this request and the major features of the proposed contract. Brenner explained the need for continuity of current research projects. Changing vendors would require recruiting and training a new staff, which would take six to twelve months. The proposed cost for the new two-year contracts would be \$6 million for FY97 and \$5 million for FY98. The new contract provides a substantial enhancement in computing services, including two major types of high performance computing platforms.

Brenner explained that the complete contract will be available for Regents' review no later than March 4, 1996.

## **ADMINISTRATIVE FEE ON UNIVERSITY ENDOWMENTS**

Associate Vice President Paschke introduced Gerald Fischer, President of the University of Minnesota Foundation, to present a discussion on a proposed approach of applying administrative fees to University endowments.

For the past several years, the University of Minnesota Foundation has applied an administrative charge against the endowment funds to help fund the development activities of the Foundation on behalf of the University. The charge is currently .75% annually of the market value of the Foundation's endowment, and has been a significant source of support for the activities of the Foundation.

Recently, as the Foundation has begun planning for a future capital campaign, the need for additional revenue to support the increased fundraising and administrative expenses has been identified. An approach being considered involves the application of the .75% administrative charge to the University's endowment pool, as well as the Foundation's endowment.

The administration has also been reviewing the current endowment spending policy, which determines the annual distributions from the endowment in support of academic programs. The University's current spending rate is higher than the average rate for comparable institutions. With the addition of an administrative fee, a reduction in the spending rate would be necessary to avoid spending down the endowment.

Both the application of an administrative fee and a spending rate reduction would require Regents' approval. Paschke told the committee that the administration will prepare a recommended approach for review by the Regents in March and April.

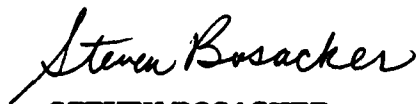
## **QUARTERLY MANAGEMENT REPORT**

Director of Financial Reporting Carol Fleck presented the Quarterly Management Report as of December 31, 1995, as indicated in the docket material.

## **INVESTMENT MANAGER REPORT: BRADFORD & MARZEC**

Associate Vice President Paschke reminded the committee that investment manager presentations are a part of the special agenda items identified by the Financial Operations Committee. Paschke introduced Zelda Marzec of Bradford & Marzec, Inc., who provided information on the approximately \$26 million of fixed income assets Bradford & Marzec manages for the University's endowment fund.

The meeting adjourned at 3:45 p.m.



**STEVEN BOSACKER**  
Executive Director and  
Corporate Secretary

Year 1995-96

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Faculty, Staff and Student Affairs Committee**

**February 7, 1996**

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Wednesday, February 7, 1996, at 2:10 p.m. in Room 238, Morrill Hall.

Regents present: Jean Keffeler, presiding; Patricia Spence, and Stanley Sahlstrom. Regent Tom Reagan also joined the committee for the meeting.

Staff present: Senior Vice President Ettore Infante; Vice President Mark Brenner; Executive Director Steven Bosacker; and Associate Vice President Carol Carrier.

Student Representative present: Willow Najjar.

**TENURE: COMPARISONS WITH OTHER INSTITUTIONS AND  
ISSUES ON UNIVERSITY SENATE AGENDA**

Senior Vice President Infante introduced Professors John Adams and Dan Farber of the Working Group on Tenure. Adams reported a summary of what the working group has learned so far in their review of tenure at the University of Minnesota and around the country, including: 1) tenure remains the norm in American higher education; 2) recent hiring nationally emphasizes non-tenure track faculty; 3) tenure is under wide media attack; 4) faculty trade-off higher compensation for job security; 5) there are new paths to tenure appearing across the country; 6) new alternatives within tenure systems are arising; 7) dismissal "for cause" varies from school to school; 8) medical schools face special problems; and, 9) comparisons of tenure codes are underway at many institutions.

Adams reminded the committee that the Board of Regents passed a resolution in December that requested a review of tenure. Early in the process, the working group prepared a discussion document based on dozens of issues discussed by the Faculty Consultative Committee, the administration and the Board of Regents. The intention of the discussion document was to report questions raised to date and then summarize and discuss the issues related to them. Adams reported that the sentiment and reaction of faculty to the process so far has been disappointing. The discussion document has left many faculty concerned that the Regents' request for a review of tenure is a thinly disguised effort to begin dismantling the University's tenure code. One group of concerned faculty is arguing that the review of tenure must stop, and the best way to stop the process is to begin a card-signing effort. According to Adams, if 30 percent of the faculty sign cards, the Bureau of Mediation Services can issue a "cease and desist order" prohibiting the University from doing anything that might modify the terms of employment of University faculty. This group also hopes to unionize the Twin Cities faculty. In an effort to try to alleviate fears of faculty, a series of forums on tenure have been scheduled by the Faculty Senate and by individual colleges.

The five specific topics that the working group would like to focus on are: 1) where tenure will be held, either within the University or department; 2) the appropriate length for the probationary period; 3) the issue of tenure for clinical faculty; 4) the link between assured minimum base salary and the tenured appointment; and, 5) revised procedures of the Judicial Committee.

Professor Farber explained the four major points of comparison when looking at tenure issues around the country: 1) programmatic or fiscal restructuring; 2) salary and tenure decoupling; 3) grounds and procedures for dismissal; and, 4) miscellaneous comparisons of probationary periods, post-tenure review and fractional appointments.

Farber explained that the two major concerns of faculty are: 1) the reason for tenure being reviewed in the first place; and, 2) decisions about abolishing departments may be made irresponsibly. Many faculty members fear that tenure is being reviewed to find ways to more easily fire tenured faculty.

Regent Sahlstrom asked for clarification of the "date certain" alternative Professor Adams mentioned in his report on alternatives within tenure. Adams explained that some Universities are examining the use of tenured appointments with a date certain when the appointment would end. Because these tenure appointments are not age-based, but based on a certain number of years, the courts have determined that this is not discriminatory. Adams stated that there is also a new campus at the University of Arizona, opening this fall, where all faculty will be on rolling contracts -- some one-year, some longer.

In response to a question from Regent Reagan, Adams said that the best way to dispel faculty's notion that the Regents are out to destroy tenure is communication. With continued open discussions and faculty forums, Adams is hopeful that some of the faculty's mistrust of the Board and administration might be alleviated.

Farber added that it would be helpful to move from very global discussions of policy to specific ideas of the changes that need to be made. Farber stated that he suspects the actual proposals will be much less alarming than what faculty is anticipating.

Regent Keffeler requested that a grid be made using the institutions selected for benchmarking in the research critical measures. On this grid, Keffeler suggested comparisons of percentages of faculty who have tenured or tenure-track positions; the average age of tenured positions; current attrition rates; timeframes to achieve renewal goals; etc. Farber stated that although some of that information may be hard to obtain, both nationally and internally, he will work to compile a comprehensive grid for future assessment.

The meeting adjourned at 3:50 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

Year 1995-96

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Faculty, Staff and Student Affairs Committee**

**February 8, 1996**

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, February 8, 1996, at 9:40 a.m. in Room 238, Morrill Hall.

Regents present: Jean Keffeler, presiding; Hyon Kim, H. Bryan Neel, Patricia Spence, and Stanley Sahlstrom.

Staff present: Senior Vice President Ettore Infante; Vice President McKinley Boston; Executive Director Steven Bosacker; Associate Vice Presidents Carol Carrier, Josie Johnson, and Robert Kvavik.

Student Representatives present: Willow Najjar and Richard Pederson.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Senior Vice President Infante reviewed the Senior Vice President's Monthly Report, which was included in the docket, and noted the following:

- Robert Holt, professor, Department of Political Science and former dean of the Graduate School has been named by Provost W. Phillips Shively as interim dean of the College of Liberal Arts.

The committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report, including the appointment of Robert Holt as interim dean of the College of Liberal Arts.

**FINANCIAL AID PACKAGING POLICY REPORT**

Senior Vice President Infante and Associate Vice President Kvavik presented a report on current practices and issues surrounding the policies and processes applied to the packaging of financial aid awards at the University. A Task Force on Financial Aid was formed to deal with financial aid policy for the University. Infante noted that the University has never had a policy on financial aid packaging. This report is more an implementation strategy in response to goals set by the Board of Regents to help establish a complete understanding of financial aid issues.

Kvavik reported that the objectives of the task force were to develop a strategy that would: 1) aggressively move federal, state and University aid to students with greatest need; 2) establish an aid allocation formula that is simple, easy to implement, and leverages total resources; 3) facilitate undergraduate recruitment efforts; and, 4) support the University's diversity objectives.



The key features of 1996-97 packaging strategies include:

- Award FSEOG and all other centrally controlled need-based grant and gift money to undergraduate students in proportion to their Pell Grant.
- Non-need-based aid, e.g., merit scholarships, will be awarded over and above need-based assistance up to the cost of attendance.
- Work study arrangements will be added to all packages to fill any remaining gap in funds needed to meet the cost of attendance.

Kvavik noted that because the University's students of color are also the students with the greatest need, this strategy will, in effect, move money in support of the University's diversity goals.

In response to a question from Regent Keffeler, Kvavik explained that the impact of the current distribution of funds would be helpful for residents, but not necessarily for non-residents.

Infante introduced Professor Peter Robinson of the task force, who explained that the task force, which is comprised mostly of students, is working very closely with the administration and that the goals appear to be the same for everyone involved.

Student Representative Najjar stated that students have been very happy with the appointment of a financial aid task force and commended the work of Darcy Louis and Matt Mussel.

Regent Keffeler suggested that the leadership of the University Foundation meet with the committee at a future date to brief the Regents on the status of planning for their capital campaign as it relates to student aid.

### **STUDENT EMPLOYMENT ISSUES**

Senior Vice President Infante introduced Associate Vice President Kvavik to present a report which reexamines student employment. The full report on student employment issues is contained in the docket materials.

Kvavik explained that the study was done in light of recent discussions of high tuition/high aid; the likely reduction of federal financial aid; the rapidly escalating cost of hiring graduate assistants; and the emphasis of U2000 retention and graduation rates, the changing composition of the entering class, diversity, access and affordability, and community building.

Student employment has been available at the University of Minnesota since the 1930's. Today, the extensive use of student employees is one of the distinctive characteristics of the Twin Cities campus. In 1994-95, students (graduate and undergraduate) on the Twin Cities campus earned more than \$138 million to help finance their education. Currently, there are more job openings on the Twin Cities campus than students to fill them.

Kvavik noted that the following conclusions can be made from the report: 1) the Board of Regents' policies in support of financial aid do not need to be modified at this time; 2) the Dean of the Graduate School must investigate ways to provide support for graduate students in light of budget cutbacks and the high cost of employing graduate students; 3) the University should promote on-campus jobs, especially for freshmen; 4) the University should continue to assess and promote the employment needs of students with disabilities, international students, and students of color in conjunction

with the appropriate offices on campus; 5) the job classification system should be simplified; and, 6) there is an increased necessity for need-based and non-need-based aid in the current economic environment in support of access, recruitment, retention, and graduate rates.

In response to a question from Regent Sahlstrom, Kvavik assured the committee that employment opportunities and affordability are a key to the University's recruitment program.

### **ANNUAL STUDENTS OF COLOR REPORT**

Senior Vice President Infante introduced Vice President Johnson and reminded the committee that this would be Johnson's last report to the Regents before she leaves her position with Academic Affairs. Infante thanked Johnson for her excellent work in the area of minority affairs.

Johnson presented highlights from the Progress Report on the Status of Students of Color: Enrollment and Graduation Rate, which is contained in the docket materials. The report provides an update on the current status of the University of Minnesota's efforts to enroll and graduate students of color. The five-year diversity goals established by the Office of the Associate Vice President for Academic Affairs in 1989 has served as a standard for measuring progress. Those goals have been accomplished, and U2000 critical measures and performance goals now serve as a standard for assessing the University's progress.

Johnson reported that at Crookston the number of ethnic students has increased tremendously. Johnson noted that Asian-Pacific American students are not classified as an underrepresented group because of the high numbers from that group on the Twin Cities campus.

Johnson stated that one of the greatest challenges at the University of Minnesota is the issue of retention and graduation of minority students. The University has, however, implemented a number of programs to improve minority and graduation rates, including:

- The Postsecondary Enrollment Options (PSEO) Program, which offers high school students the opportunity to enroll in college courses, simultaneously fulfilling high school graduation requirements and earning college credits;
- Gateway, established at the Morris campus in 1994, serves incoming freshmen and continuing students of color. Gateway focuses on the recruitment, retention, and graduation of students of color;
- The Office for Minority and Special Student Affairs (OMSSA) Summer Institute, providing minority freshmen the opportunity to begin their collegiate experience during the summer before their fall matriculation by offering University courses, for credit, during the seven-week program;
- The Multicultural Teacher Development Project (MTDP), developed by the College of Education in the fall of 1989 in response to the nationwide need for more teachers of color for the increasingly diverse K-12 classrooms. MTDP is a recruitment and support program which provides guidance, academic support, and scholarships to students of color;

- Minneapolis Pathways, a citywide collaborative project, working closely with Minneapolis Community College on a transfer agreement to establish an effective pipeline to facilitate the successful transfer of students of color from two-year to four-year degree programs;
- The creation of ten graduate fellowships for students from Historically Black Colleges and Universities (HBCUs);
- The Common Ground Consortium, created in 1989 to increase the number of African American graduate students in the College of Education and the number of educators of color in the Twin Cities area;
- The continuing development of the Community of Scholars program, which will bring together graduate and professional students of color, across various disciplines, and provide them with opportunity to talk about their research; and,
- The Life Sciences Summer Programs, providing undergraduate students with research experience and encourages continued study at the graduate and professional levels.

Johnson stated that the lack of continued progress in retention and graduation rates has to do with cultural changes that are necessary at the University. All parties within the University must recognize the need for cultural change and deliberately work toward its achievement so that students of color can be successful and remain at the University of Minnesota through graduation.

Johnson noted that the Regents' role in changing the culture at the University is an important one. Many policies have been passed that support diversity. Goals have been established. When moving into the arena of diversity and excellence, there is a vital need for accountability. Policy has mandated that every collegiate unit will have a plan that includes diversity. However, there are colleges that don't currently have diversity plans and need help from Academic Affairs in finding ways to include diversity into their plans. At this point, there are no consequences for not following through with diversity plans. Johnson suggested that at the review process of collegiate planning and budget expenditures, diversity plans should be included. If diversity is not included, there must be some form of accountability.

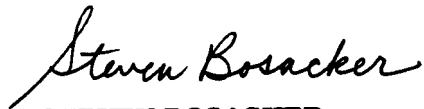
Johnson explained that with the help of critical measures, it will become easier to track on a yearly basis how the institution is doing relative to its diversity goals.

The committee wished Vice President Johnson well in her future endeavors and thanked her for her commitment to University.

Before adjourning, Keffeler asked the committee if she could make some suggestions for future areas of review for the Faculty, Staff and Student Affairs Committee. In light of the recent non-renewal of Dean Julia Davis' contract, Keffeler suggested that the review process used for administrators be examined by a committee such as the Denny Commission, to give their perspective of the University's review procedures to see if they can be improved to be more predictable and respectful. Keffeler also expressed concern regarding the issue of succession timing and suggested looking for a way in the ongoing review process to gauge the depth and quality of

leadership in the different colleges. Finally, Keffeler requested a future discussion on leadership qualities to strive for when looking for managers and executives at the University.

The meeting adjourned at 11:50 a.m.

A handwritten signature in cursive script that reads "Steven Bosacker".

**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Educational Planning and Policy Committee**  
**February 8, 1996**

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, February 8, 1996 at 1:45 p.m. in Room 238, Morrill Hall.

Regents present: Stanley Sahlstrom, presiding; Jean Keffeler, Hyon Kim, H. Bryan Neel, and Jessica Phillips.

Staff present: Chancellors David Johnson, Kathryn Martin, and Donald Sargeant; Senior Vice President Ettore Infante; Vice President Mel George; Acting Vice President Mark Brenner; Executive Director Steven Bosacker; Associate Vice President Josie Johnson; and Vice Chancellor and Dean for Academic Affairs, Sean Schuman.

Student Representatives present: Rich Peterson and Willow Najjar.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Senior Vice President Infante reviewed the Senior Vice President's Monthly Report, which was included in the docket materials, and noted the following items:

- Proposal for a free-standing minor in International Education for the Master of Arts and Ph.D. degrees.
- Proposal to add an entry-level, professional education track under the Plan B option for the existing Master of Science degree in Physical Therapy.
- Change the name of the master's and Ph.D. degree program in Physical Medicine and Rehabilitation to "Rehabilitation Science"; eliminate the M.D. degree as a prerequisite for admission; and replace the current curriculum, which has a clinical component, with one that is interdisciplinary in nature and will undergird research in rehabilitation science.
- Request to discontinue the master's degree program in Neurosurgery.
- Higher Education Related Items included a report of the decrease in overall enrollment in higher education institutions.
- A national report about the changes in course-taking and achievement from 1972-1993. In the report the U.S. Department of Education describes what is studied, where, and by whom, in the nation's four-year colleges and universities, community colleges, and post-secondary trade schools.

- Adoption of an amended Delegation of Authority for Accessioning and Deaccessioning Museum Collections

A motion was made and seconded and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

#### **RESEARCH RANKINGS: FOLLOW-UP REPORT**

Senior Vice President Infante introduced Vice President Mark Brenner and Hall Dunder to present a follow-up report of the 1993 National Research Council (NRC) data showing how the University of Minnesota graduate programs compared with those at other universities.

Brenner presented the characteristics used to determine reputation and program quality. Scholar quality/reputation is primarily influenced by seven clusters of variables: Three clusters are institutional characteristics that include institutional resources, institutional size, and other institutional characteristics (e.g., public vs. private). The fourth is faculty/staff characteristics. The fifth is student characteristics. The sixth is educational and research environment of the program and institution. The seventh is faculty research accomplishments.

Brenner gave an analysis of how these characteristics contribute to the overall scholarly quality/reputation of graduate faculty. A summary of those findings can be found in the docket materials.

#### **ACADEMIC REPORT SERIES: UNIVERSITY OF MINNESOTA, MORRIS**

Senior Vice President Infante introduced Chancellor David Johnson to present the Academic Report of University of Minnesota, Morris. Chancellor Johnson introduced the Vice Chancellor and Dean of Academic Affairs at the University of Minnesota, Morris, Samuel Schuman and Research Associate Rob Toutkoushian from the Office of Planning and Analysis.

Johnson stated the two goals Morris has set for itself over and above that of the University system. The first goal is to bring together students of high promise with faculty of great talent. The second goal is to improve the quality of American higher education, with a vigorous commitment to the cause of public liberal arts.

Johnson presented the three overarching issues which must be addressed at Morris: the strengthening of revenue, the managing of enrollment, and the development of the infrastructure necessary to support a liberal arts college in the next century. In response to those issues, Johnson indicated the need to make complex strategic choices. He acknowledged that each strategy considers the relationship to the mission of the campus to be a public undergraduate liberal arts residential college of the highest quality.

Johnson indicated the goal to increase the revenue base by \$1.8 million which will bring Morris to the mean expenditure per student for educational purposes of the Morris Fourteen (a group of Minnesota Liberal Arts colleges that Morris uses for benchmarking purposes). Two strategies have been determined to reach this goal. The first strategy is to increase enrollment. The second strategy is to increase tuition.

Toutkoushian shared a number of planning scenarios with projections of changes in enrollment and tuition and that relationship to the projected budgets for the campus.

Johnson continued the presentation with the second overarching issue, to improve the enrollment management. The goal is to become national model with the emphasis on the junior year at Morris. Another goal is to strengthen the sophomore to junior year retention of students to 30. With the transition to the semester calendar, there will be a reduction of intra-year attrition, thus helping enrollment management. Another strategy to increase enrollment and retention through negotiations with the University's graduate and professional schools.

Finally, Johnson presented the third overarching issue, development of infrastructure. The completion of the Morris science project is critical to Morris' future. About 58% of the student body at Morris defines themselves as majors in one of the sciences, biological, physical, or computational. Upon completion of the science project, there will be a campaign of renewal of the mall buildings.

Regent Keffeler raised her concerns about the gap that still remains with increased enrollment and increased tuition. Toutkoushian acknowledged that even with the increase in enrollment and tuition that only 50% of the projected budget needs will be met. He also noted that programmatic changes including enhanced quality through increased course offerings. Regent Keffeler asked how the other 50% would be met. Johnson said that cost cutting measures would be put in place with operating expenses, other fundraising would take place and that Morris would look to the University system for support.

Regent Sahlstrom raised a question regarding the enrollment management issue. Will the increased number of high school graduates be sufficient without other incentives to reach the enrollment levels that are predicted for freshman to junior year? Johnson answered that he believes the projections are conservative and he is comfortable with the projections.

Senior Vice President Infante added that Financial Aid and Scholarships will be increased as tuition increases.

### **STUDENT DEVELOPMENT & ATHLETICS REPORT**

Senior Vice President Infante introduced Vice President McKinley Boston to present the report of the Department of Student Development and Athletics.

Boston presented his vision for the undergraduate experience at the University of Minnesota. The overall mission of the Office of Student Development and Athletics (OSDA) is: to expand educational experiences for students beyond the curriculum and apply them to the context of personal and professional development. Creating and maintaining an environment that is responsive to student needs is central to the mission of OSDA.

Boston shared the goals of the OSDA vision of the undergraduate experience.

- To provide an undergraduate experience that will support and complement academic endeavors and contribute to lifelong learning beyond undergraduate education.
- To provide an undergraduate experience that will foster student retention and increased graduation rates.
- To provide an undergraduate experience that enhances the transition to successful employment.

Boston outlined the major components of the proposed quality undergraduate experience include focusing on different stages of the undergraduate experience and offering support to students in those stages. The undergraduate experience has been divided into four stages. Those four stages are:

- Pre-college
- First -Year experience
- Sophomore/Junior year assessment
- Senior year experience.

Boston presented the 1995-96 Initiatives.

- Catalog Re-engineering

A task force has been charged to examine the current practice of publishing and distributing 14 different undergraduate college bulletins. The group has been asked to develop proposals or recommendations that coordinate with the semester conversion time line and that enhance undergraduate academic planning.

- Community Building Programming

Initial community building efforts have been very successful at the University. We are now developing plans to move into the next phase of community building to include centralization of funding and programming campus-wide events.

- Diversity Partnerships

In an effort to coordinate diversity programming in Student Development and Athletics, a unit-wide initiative has been developed. The project will enhance the recruitment and retention of diverse populations of students, staff, and faculty. This initiative will strive to foster relationships within the university and greater community to create partnerships and strengthen University visibility.

- Residential Housing

Housing Services has been authorized to proceed with the planning and construction of additional residential housing to meet the needs of students on the Twin Cities campus. Appropriate agreements with other public parties for the construction of additional residential housing consistent with the needs of the Twin Cities campus will be identified.

Short term as well as ongoing initiatives were also outlined in the presentation. The short-term initiatives are: counseling re-engineering, first-year experience orientation, transition from school to work, and wellness. The ongoing initiatives are: athletic department synergy, campus safety improvement program, service learning, system-wide initiatives.

Regent Sahlstrom asked if the goals of the pre-college initiative is met by summer programs. Boston replied that OSDA attempts to do that, but a limited number take advantage. There is also a more comprehensive early fall kick-off followed by the University 1001 orientation.

Sahlstrom followed up with a question about Vice President's role system wide and his responsibility over the coordinate campuses. Senior Vice President Infante noted that Vice President Boston is responsible for coordinating policies. He most hold



quarterly contact meetings. However, he has no responsibility of an operational nature on the coordinate campuses. Sahlstrom urges a system wide strengthen of Vice President Boston's work.

The meeting adjourned at 11:20 a.m.

*Steven Bosacker*  
**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**February 9, 1996**

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, February 9, 1996, at 8:00 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Reagan, presiding; Wendell Anderson, Julie Bleyhl, Hyon Kim, Warren Larson, William Peterson, Jessica Phillips, Stanley Sahlstrom, and Patricia Spence.

Staff present: President Nils Hasselmo; Chancellors David Johnson and Donald Provost W. Phillips Shively; Senior Vice Presidents Ettore Infante and JoAnne Jackson; General Counsel Mark Rotenberg; Vice Presidents McKinley Boston, Mark Brenner and Mel George; Executive Director Steven Bosacker; and Associate Vice Presidents Josie Johnson and Roger Paschke.

Student Representative present: Chuck Roehrdanz.

**ALL-UNIVERSITY HONORS COMMITTEE RECOMMENDATION**

A motion was made and seconded and the committee voted unanimously to recommend approval of the following resolution:

RESOLVED, that on the recommendation of the President, the report of the All-University Honors Committee is hereby approved.

**REGENTS' POLICY: BOARD OF REGENTS' CODE OF ETHICS**

A motion was made and seconded and the committee voted unanimously to recommend adoption of the amended Regents Policy: Board of Regents' Code of Ethics.

**SUMMARY OF EXPENDITURES**

A motion was made and seconded, and the committee voted unanimously to recommend approval of the following resolution:

RESOLVED, that the Summary of Expenditures for the period of July 1, 1995 to December 31, 1995 for the Board of Regents' Office, the Office of the President, and Eastcliff Maintenance are hereby approved.

The committee voted unanimously to recommend approval of the resolution.

**UNIVERSITY-FAIRVIEW AFFILIATION UPDATE**

Senior Vice President Jackson introduced the update on the proposed University-Fairview affiliation.

Ryan Johnson, Director of Risk Management and Real Estate, provided information on space that will be impacted as the affiliation proceeds. The only University Hospital properties that are proposed to be sold are the Unit J building and the Hospital parking ramp. The Unit J building contains 581,305 gross square feet and the ramp contains 580 spaces. The University will retain ownership of the land through a long-term ground lease. There are a number of additional buildings that have space utilized by the Hospital. It is proposed that the space currently utilized by the Hospital in the additional buildings be leased to Fairview on an interim basis. It is proposed that a number of the clinical spaces be moved to the west side of the river with the inpatient care to be primarily located on the east side of the river. The University will receive some of the leased space back in three to four years. Johnson added that the space will likely have to be remodeled when it is returned to the University and remodeling expenses need to be considered.

Jackson then provided information regarding why the administration is not recommending a separate "public" corporation that would combine the Riverside Hospital and the University Hospital. She summarized the analysis process that led to the conclusion that the divisional model within a Fairview system was the best operational and economic solution.

Jackson noted that Provost Brody was not present at the meeting because he was at the legislature with a number of other administrators responding to questions as legislation is introduced on the Fairview issue.

Regent Keffeler asked if Regents should play a more visible role in the discussions at the legislature. Chair Reagan responded that he would confer with members of the administration regarding whether or not members of the Board should be more involved.

#### **ANNUAL REPORT ON THE STATUS OF THE UNIVERSITY'S RESEARCH**

Vice President Mark Brenner presented the annual report on the status of the University of Minnesota's research.

Brenner reported that during the past year, University researchers have been especially successful in obtaining funding to support research activities. For FY95, the total amount spent at the University for sponsored research was \$293.5 million, representing an 8.9% increase over the amount spent during the prior year. The recorded funds awarded to the University increased in FY95 by 63.5% to a record high of \$409.5 million. Total sponsored research awards have been increasing at approximately 9% per year for the past 10 years.

Brenner reported that federal funding provides 75% of the University's sponsored research support, followed by 8.7% from business and industry, 8.6% from private foundations and voluntary health organizations, and 8.2% from the state of Minnesota. The National Institute of Health (NIH) continues to be the major source of funding for the University's faculty. For FY95, the University received \$115 million from NIH, up from \$100 million during the previous year. The National Science Foundation is the second largest source of federal funding with \$27 million provided in support for FY95. While the University's faculty have been quite successful in obtaining sponsored research funding, the commitment to balance the federal budget within seven years means there will be major cuts in federal appropriations. The competition for federal research funding is going to become more competitive and the University must be cautious to invest in activities that will help sustain its competitiveness.

Brenner talked about the Grant-in-Aid Program established in 1941 to provide "seed-funding" to help stimulate external funding of faculty research. He reviewed results of a 1995 survey evaluating the outcome of the program and stated that on

balance, the Grant-in-Aid Program has proven to be a highly-effective mechanism for supporting faculty scholarship and research.

Brenner also provided information on the Technology Transfer Program and on two technology development funds recently developed.

### **BRANDL-WEBER REPORT**

Senior Vice President Infante introduced Professor John Brandl to discuss a 1995 report entitled *An Agenda for Reform* prepared by Professor Brandl and former Congressman Vin Weber at the request of Minnesota Governor Arne Carlson. The report proposes fundamental restructuring of Minnesota government to avoid a potential \$8 billion financial crisis. The report offers major reforms for meeting the government's responsibilities without raising taxes.

Brandl reported that the main conclusion of the report is that in the future, government in Minnesota cannot meet its responsibilities without sweeping reforms; reforms based on achieving results through competition, communities, and spending on people most in need. Government should institute reforms to offer consumers of government service choices and to carry out more of its work through families, churches and other voluntary organizations. As budgets tighten, concentrating spending on areas and individuals most in need will become more critical. Currently, much government spending is distributed in an almost random fashion. Focusing aid would permit the state to meet legitimate responsibilities fairly and with less money.

A summary of the report recommends a new global budget framework for government to allow policymakers and public administrators to set budgets based on realistic projections of available resources. Overall spending targets would be set for each of the next four years based on projections of revenue growth. Spending estimates would be determined based on spending for each program area assuming current laws. Across-the-board cuts would be made in each program area to reach overall spending targets. Debate on priorities for funding among program areas should occur only after Minnesota institutes serious and far-reaching reform and restructuring.

Brandl reviewed the recommendations contained in the report regarding post-secondary education: 1) Radically change the way state funds for higher education are appropriated by giving more to students and less to institutions; 2) Governing boards should set standards for institutions; and 3) Give college and university presidents more authority. He addressed the first recommendation relating to radically changing the way state funds for higher education are appropriated. The report recommends supporting the concept of high tuition/high aid. Brandl fears that without acceptance of this concept low-income people are condemned to not attending post-secondary schools. While this concept is a difficult one to face, Brandl stated his research suggests there is no alternative.

Regent Sahlstrom asked if other states have reports similar to this one. Brandl responded that he and Congressman Weber presented their report to a National Governors' Association meeting and it is their conclusion that most states have not looked this far into the future.

Several Regents expressed concern with the concept of high tuition/high aid, indicating they are afraid that the high tuition will occur, but the high aid will not follow. Brandl said that is a possibility and there are no guarantees, however, there are no guarantees that any other concept will work. It will be vital for the University and students to make their case for higher education to receive its funding.

Regent Anderson stated that history will show the past two generations have had to deal with severe financial problems, yet those problems were solved without jeopardizing a student's future and without raising tuition. He wonders if the current

financial situation facing the state of Minnesota, when put in perspective, may be more manageable than anticipated. Brandl responded that the challenge to find a solution to this generation's financial problems is quite different from previous generations. Government has expanded greatly in the past 60 years and has become a much larger share of the economy of this society. While it will be the case that more resources may need to be drawn from the taxpayer, in the near future, taxpayers may not be willing to pay more. One reason taxpayers are unwilling pay more is that the economy has slowed down. A second reason is that many taxpayers believe they are not getting their money's worth from government. The challenge for the future is to find ways for government to meet its responsibilities.

Regent Keffeler asked if a competitive approach is accepted, how does the University of Minnesota proceed in the future. Brandl responded that one aspect of the strategy would be for the University to welcome and encourage profit centers.

After further discussion, Brandl stated that the report has been distributed throughout the state and has received favorable and unfavorable responses. It is his hope as discussions proceed that additional ways of meeting the challenges posed in the report will be discovered.

### **FEDERAL RELATIONS REPORT**

Federal Relations Director Tom Etten provided the committee with a status report on current federal legislative activity.

Etten reported that the federal government has proceeded through one-third of FY96 with seven of thirteen spending bills signed into law. On January 26, 1996, Congress passed and the President signed a stop gap spending bill to keep the government funded until March 15. Under the terms of the bill, most programs will be funded at the lowest of the House, Senate or FY95 levels. Programs targeted for elimination will receive no less than 75% of the FY95 level. With Congress in recess until February 26, it is unlikely that an agreement on the seven-year budget reconciliation will be reached. The impact of such an impasse will be greatest upon the direct loan program, which will continue to operate at its current level for schools already in the program. Proposals to reform Medicare and Medicaid will be delayed and expiring tax provisions, such as employee provided educational assistance, will not be reinstated.

Etten reviewed a summary of the spending bills that have been signed into law and those that are funded only until March 15. He reviewed the effects that the actions will have on the University of Minnesota.

Funding for the National Institutes of Health was put into a special category and will be funded at a 5.7% increase over FY95 levels through September 30, 1996. They will not be slowed by any of the recent government stoppages. Pell Grants were also put into a special category, no changes were made, and students receiving Pell Grants should have no difficulties.

Etten talked about the Federal Direct Loan Program governed by the Student Loan Reform Act of 1993. Currently, the direct loan program is authorized for five years and beginning July 1, 1996, the Student Loan Reform Act allows 50% (or higher, based on institutional demand) of the new student loan volume to be financed through direct loans. However, because an appropriation bill has not been passed for the Department of Education, if there are government shutdowns, the individuals who process student loans are unable to work and that will have an impact on students at the University of Minnesota.

Regarding his own activities, Etten reported that he is meeting with other federal relations directors from the Big Ten once a month and reports are given to the Big Ten presidents regularly to provide information and organize a coordinated lobbying effort.

Regent Bleyhl stated that a lot of projections have been made about federal cuts and the possible affects on Minnesota. As bills move forward, she asked that the dollar impact for Minnesota be forwarded to the Board. Etten responded he will update the Board on a regular basis.

#### **QUARTERLY FACULTY CONSULTATIVE COMMITTEE REPORT**

Carl Adams, Chair of the Faculty Consultative Committee, presented the committee's quarterly report.

Adams addressed three items in his report: current faculty views relating to change; recent significant actions of the University Senate and the upcoming action agenda; and issues of faculty compensation.

With respect to change, Adams reported that faculty are facing significant changes. It is important to recognize the type of change that is needed at this particular time. It is his sense that change needs to be made "in the trenches." New courses, new curricula, new methods of delivery, and new forms and locations of support are some of the changes that Adams believes are essential. These changes need to be made from within by faculty who are aware of the opportunities. However, help from the Board is needed to create an organization that stresses opportunity, security, support, appreciation, and mutual trust. With the proper environment and leadership, the faculty can be motivated to meet the challenges of change.

Regarding actions of the University Senate, Adams reported that progress is being made in setting broad standards for the change to a semester system and for changes in the grading policy. In both areas, there are some questions about the level of autonomy that should be permitted to each campus.

On tenure, Adams stated that the faculty has been promoting significant dialogue with broad open involvement. The discussions have included the motivation for the review, problems to be addressed, and the solutions available. He expressed appreciation to the Board and the administration for the collegiality displayed in dealing with this important and sensitive issue.

President Hasselmo emphasized that faculty leadership is absolutely essential in making changes with regard to tenure. It is an extremely volatile issue and it is important for the health of the institution that discussions stay on track. It is also essential that the fundamental values that drive the institution are preserved as reform is made.

Adams then addressed the issue of faculty compensation. The Faculty Compensation Report from March 1995 noted that to be competitive as a world-class university, the University must have top faculty. Currently, the University of Minnesota is not where it should be competitively in the area of compensation. While final determinations for salaries in FY97 have not been made, Adams is concerned that there will be little progress made in providing competitive salaries for the University's faculty.

In response to a question from Regent Keffeler, President Hasselmo reported that competitive faculty salaries are a critical issue for the quality of the institution. The proposed budget for FY97 allocates a 1% salary increase with an additional 2% that may be available through reallocations. In addition, President Hasselmo indicated that he is holding some funds separate that may be available for faculty salaries in areas that have been designated as strategic areas. He added that, as a result of the

Compensation Report, different revenue streams are being explored as potential areas for securing revenue to fund salary increases instead of relying solely on state funding.

### **CAMPUS MASTER PLAN: MORRIS**

Senior Vice President Jackson introduced Chancellor David Johnson, Lowell Rasmussen, Director of Plant Services, and Thomas Oslund, from the firm of Hammel Green & Abrahamson, Inc. to present the Campus Master Plan for the Morris campus. Jackson noted that the complete plan is available for review in the Board of Regents' Office.

Rasmussen led the presentation noting that the University of Minnesota, Morris (UMM) developed a master plan in 1995, guided by the four principles approved by the Board of Regents in June 1993. The master plan has grown out of broad campus input, historical research and analysis of the physical and architectural layers of the campus. It envisions a campus that encourages diversity, interaction and the exchange of ideas. The plan is intended to be a living document, a forum for discussion and a means of making practical, cost-effective decisions on physical changes to the campus.

Through the use of visual aids, Oslund reviewed the physical aspects of the UMM campus and Chancellor Johnson expounded on the proposals contained in the master plan. To create and maintain a distinctive campus vision of UMM as a liberal arts community, the plan proposes to enhance the small traditional liberal arts college character by concentrating academic divisions and administrative facilities on the historic mall. Recognition of other distinctive campus areas will be achieved by clustering buildings and open spaces.

Strengthening of residential life and recreational opportunities by enhancing the campus open space system; maintaining a pedestrian-friendly campus; providing better vehicular access to public areas; creating a "front door" entrance from Highway 59; and improving academic instructional space are proposals that respond to the principle of creating a welcoming and accessible campus that enriches the experience of all campus users.

The plan proposes to preserve and reuse existing facilities where feasible and to protect views and pedestrian access to the city and to the river valley.

Finally, to ensure an accountable and timely implementation process, the master plan will serve to support and guide the capital improvement program with an emphasis on building preservation and improvement. It will expand the capital budget process to prepare capital project packages for contiguous and related projects and it will encourage interagency cooperative development, especially of non-academic facilities that mutually-benefit the community and the campus.

### **STATE RELATIONS REPORT**

State Relations Director Donna Peterson presented an update on the state legislative session.

Peterson reported that the session began January 16 and is scheduled to adjourn April 4 or earlier. The general atmosphere at the legislature this year is one of seriousness that needs to be recognized by the University as it proceeds with its request.

The capital bonding bill is progressing the fastest. It will go to the Capital Investments Committee soon. She stated that there have been a number of discussions regarding the University's top priority for project renewals. Suggestions have been made that funding only be provided for renewal projects and not for new

buildings in order to provide as much funding as possible to address the University's deferred maintenance problems. There have also been discussions regarding the functions of libraries and their future with changing technology. Questions have been raised regarding whether or not more libraries need to be built. University administrators have been working diligently to educate legislators on the need for libraries.

With regard to the Academic Health Center supplemental request, there has been positive feedback from both the House and the Senate, however, there have been some discussions regarding performance measures to be associated with an allocation.

Peterson provided an update on the progress of bills relating to the University's steam plant and the proposed University Hospital/Fairview affiliation. A number of questions have been raised relating to the proposed Fairview affiliation regarding employment, student, and funding issues. There seems to be a general acceptance that the proposed affiliation is the solution to the problems facing the Academic Health Center.

The meeting adjourned at 11:32 a.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**



**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**February 8, 1996**

A meeting of the Board of Regents was held on Thursday, February 8, 1996, at 4:03 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Wendell Anderson, Julie Bleyhl, Jean Keffeler, Warren Larson, William Peterson, Jessica Phillips, Thomas Reagan, Stanley Sahlstrom, and Patricia Spence. President Nils Hasselmo, presiding.

Staff present: Senior Vice President JoAnne Jackson; Vice Presidents Mark Brenner and Mel George; General Counsel Mark Rotenberg; and Executive Director Steven Bosacker.

Others present: William Donohue, Marcia Fluor, and Beth Nunnally.

A motion was made and seconded that the following resolutions be approved:

**RESOLVED**, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents be held on February 8, 1996 in the Regents' Room, 238 Morrill Hall for the purpose of discussing attorney-client privileged matters .

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 4:04 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**February 9, 1996**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, February 9, 1996, at 11:30 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Wendell Anderson, Julie Bleyhl, Jean Keffeler, Warren Larson, Jessica Phillips, Thomas Reagan, Stanley Sahlstrom, and Patricia Spence. President Nils Hasselmo presiding.

Staff present: President Nils Hasselmo; Chancellors David Johnson and Donald Sargeant; Provost W. Phillips Shively; Senior Vice Presidents Ettore Infante and JoAnne Jackson; General Counsel Mark Rotenberg; Vice Presidents McKinley Boston, Mark Brenner, and Mel George; Executive Director Steven Bosacker; and Associate Vice Presidents Josie Johnson and Roger Paschke.

**APPROVAL OF MINUTES**

A motion was made and seconded and the Board of Regents voted unanimously to approve the minutes of the following meetings:

Audit Committee - January 11, 1996  
Litigation Review Committee - January 11, 1996  
Facilities Committee - January 11, 1996  
Financial Operations Committee - January 11, 1996  
Faculty, Staff & Student Affairs Committee - January 11, 1996  
Educational Planning & Policy Committee - January 11, 1996  
Committee of the Whole - January 9, 1996  
Committee of the Whole - January 11, 1996  
Committee of the Whole - January 12, 1996  
Board of Regents - January 12, 1996  
Board of Regents - January 12, 1996

**REPORT OF THE PRESIDENT**

President Hasselmo presented his monthly report, which pertained to the following: tenure code review; an update on the steam plant; the annual report on research awards; the Kellogg Commission on the Future of State and Land-Grant Universities; a visit to the Morris campus; the retirement of Mel George, Vice President for Institutional Relations; and the introduction of three new deans, Dr. H. Ted Davis, Dr. Robert Elde, and Dr. Marilyn Speedie.

A copy of the President's Report is on file in the Regents' Office.

**REPORT OF THE CHAIR**

Chair Reagan stated that he had no report this month.

## RECEIVE AND FILE REPORTS

President Hasselmo noted the receipt and filing of the Quarterly Report on Grants.

## GIFTS

Gerald Fischer, President of the University Foundation, presented a monthly list of gifts to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation as listed in the docket material and on file in the Regents' Office.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the receipt of gifts as presented.

## REPORT OF THE COMMITTEE OF THE WHOLE February 9, 1996

Regent Reagan, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of a resolution relating to the All-University Honors Committee Report, as follows:

RESOLVED, that the Board of regents approve the recommendation of the All-University Honors Committee to award two Doctor of Humane Letters.

- b) Adoption of the amended Regents' Policy: Board of Regents' Code of Ethics, as follows:

### CODE OF ETHICS FOR MEMBERS OF THE BOARD OF REGENTS

#### PREAMBLE

The Board of Regents is responsible for the governance of the University of Minnesota. In carrying out this public trust, constitutionally conferred, regents bring to the task their own varied backgrounds and expertise. In doing so, regents are expected to put aside parochial interests; they are expected to keep the welfare of the entire University, not just some particular constituency, at all times paramount.

Conflict of interest comes in many forms and cannot be entirely avoided. Recusal on a particular matter because of a conflict does not reflect adversely on the involved regent, but is simply a recognition that, in a complex and interconnected society, conflicts will occur. When this happens, recusal is necessary to assure that a regent's independence of judgment is not compromised, that the public's confidence in the integrity of the Board of Regents is preserved, and that the University's public mission is protected.

This policy shall be interpreted and applied in a manner that will serve the best interests of the entire University. In some cases, it may be determined that, after full disclosure and consideration of the particular facts, a conflict of interest is

clearly insubstantial and that the University's interests are best served by participation of the regent on the particular issue involved; however, if doubt remains as to whether there should be a recusal, the doubt should be resolved in favor of recusal.

In undertaking the duties of the office, a regent shall make the necessary commitment of time and diligence to carry out the regent's public governance responsibilities.

A regent shall not use the authority, title, or prestige of the regental office to solicit or otherwise obtain a private financial, social, or political benefit, which in any manner would be inconsistent with the public interest.

#### **CODE OF ETHICS POLICY**

##### **I. Conflict of Interest**

A. A regent has a conflict of interest whenever the regent or a regent's family member or a business associated with a regent or a regent's family member (insofar as may be known to the regent) has an existing or potential financial interest, or any other interest, in a matter pending before the Board of Regents that impairs the regent's independence of judgment or objectivity in the discharge of the regent's public governance responsibilities.

1. "Family member" includes spouse; parents; siblings; children; domestic partner; and any person residing in the regent's household.

2. "Business associated with a regent" means an organization, corporation, partnership, proprietorship or other entity with respect to which either the regent or (insofar as may be known to the regent) a member of the regent's family (i) receives compensation in excess of \$500 in any month or has any contractual right to future income in excess of \$6,000 per year excluding compensation from the University, any governmental source, investment or savings income, retirement or insurance benefits, or alimony; (ii) serves as an officer, director, partner, or employee; or (iii) holds a financial interest valued in excess of \$10,000.

3. "Financial interest" means a foreseeable non-trivial financial effect which may result from a regental action.

B. A regent shall be absent from any deliberations or vote on a matter in which the regent's employment relationships may impair independence of judgment.

C. Active candidacy for, and service in, any partisan, elective public office is a conflict of interest. A regent shall resign from the Board of Regents upon officially announcing candidacy for such an office.

## II. Gifts and Expenses

- A. A regent shall not accept any gift or accommodation except as permitted by Regents' policy. This prohibition does not apply to complimentary tickets to University events furnished in accordance with Regents' policy.
- B. Regents serve without compensation. However, they are entitled to receive reimbursement for expenses incurred while representing the University in their official capacity.

## III. Financial Disclosure

A regent shall upon election to office, and annually on September 30 thereafter, file a financial disclosure statement with the Secretary of the Board of Regents in a form consistent with the financial disclosure required for senior University officials. The General Counsel shall review the disclosure forms for compliance with this policy.

## IV. Conflict of Interest Procedures

- A. The Board of Regents, with the assistance of the General Counsel, shall publicly review at the beginning of each fiscal year the requirements and procedures provided in this policy.
- B. A regent who discloses or acknowledges a conflict of interest shall note the conflict and recusal in an appropriate place in the Board of Regents minutes.
- C. Actual or possible conflicts of interest shall be called to the attention of the Chair of the Board of Regents at the earliest opportunity. Actual or possible conflicts of interest may be brought to the attention of the Chair by an individual regent, or by any other person.
  - 1. A regent regarding whom a conflict of interest question arises is encouraged to consult with the General Counsel, and may request the General Counsel to provide a written opinion on whether a conflict of interest exists under this policy. A copy of any such opinion shall be provided to the Chair. The Chair may also request an opinion from the General Counsel on any conflict of interest question that comes to the Chair's attention.
  - 2. Any disputed issues relating to the existence of a conflict of interest requiring recusal shall be decided by the Chair who may, at the Chair's discretion, refer the question to an ad hoc group of regents consisting of the Chair, the Vice Chair, and one other regent appointed by the Chair. If the Chair or Vice Chair is the subject of the conflict of interest, another regent shall be appointed by the ranking regent.
  - 3. The Chair, or the ad hoc group, as the case may be, shall decide the conflict of interest issue and report the decision to the Board of Regents; however, in all

cases the Board of Regents is the final authority on conflict questions.

4. The regent with the conflict of interest issue shall not participate in the conflict of interest deliberations or vote of the ad hoc group or the Board of Regents.

D. A regent who declares or has been found to have a conflict of interest shall be absent from any deliberations or vote on the matter determined to be a conflict, and the regent shall not take any action to influence the outcome of the matter.

c) Approval of a resolution relating to the Summary of Expenditures, as follows:

RESOLVED, that the Summary of Expenditures for the period of July 1, 1995 to December 31, 1995 for the Board of Regents' Office, the Office of the President, and Eastcliff Maintenance are hereby approved.

The Board of Regents voted unanimously to approve the recommendation of the Committee of the Whole.

Reagan reported that the committee also received an update on the proposed University-Fairview affiliation; received a presentation on the Brandl-Weber Report and the annual report on the status of the University's research. Status reports were given on federal and state relations and a quarterly report from the Faculty Consultative Committee was presented. The committee also reviewed the campus master plan for the University of Minnesota, Morris.

**REPORT OF THE FACULTY, STAFF AND STUDENT AFFAIRS COMMITTEE  
February 7, 1996**

Regent Keffeler, Chair of the committee, reported that the committee received a presentation from Professors John Adams and Dan Farber from the Working Group on Tenure.

**REPORT OF THE FACULTY, STAFF AND STUDENT AFFAIRS COMMITTEE  
February 8, 1996**

Regent Keffeler, Chair of the committee, reported that the committee voted unanimously to recommend:

a) Approval of the Senior Vice President's Monthly Faculty, Staff, and Student Affairs Report as presented to the committee and contained in the docket material.

The Board of Regents voted unanimously to approve the recommendation of the Faculty, Staff and Student Affairs Committee.

Keffeler reported that the committee reviewed a report on a financial aid packaging policy; discussed student employment issues; and received the annual students of color report.

## REPORT OF THE FACILITIES COMMITTEE

Regent Anderson, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Senior Vice President's Monthly Facilities Report as presented to the committee and contained in the docket material.
- b) Approval of a resolution relating to Schematic Plans for the FY96 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the project plans are approved and the appropriate administrative officers are authorized to proceed with the design and construction of the project:

- A. Sanford Site Student Housing  
Twin Cities Campus  
Estimated cost of the project: \$9,607,000  
Funding: Housing Services, Twin Cities campus and Parking Reserves  
Estimated completion date: September 1996
- B. University Dance Center, Scope/Budget Increase  
Twin Cities Campus  
Original estimated project cost: \$1,400,000  
Increase in project scope: \$185,000  
Total estimated project cost: \$1,585,000  
Funding for increase: State Operating Appropriation; Private Gift Funds; and Departmental/Unrestricted funds  
Estimated completion date: March 1997
- C. Blegen Hall Sprinkler System Project  
Twin Cities Campus  
Original estimated project cost: \$950,030  
Increase in project scope: \$114,000  
Total estimated project cost: \$1,064,030  
Funding for increase: State Capital Appropriation for Fire and Life Safety Improvement  
Estimated completion date: June 1997

- c) Approval of a resolution relating to amendments to the FY96 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY96 Capital Budget is hereby amended to incorporate the following projects:

- A. Medical School Addition, Scope/Budget Increase  
Duluth Campus  
Original estimated project cost: \$4,158,000  
Increase in project cost: \$475,000  
Total estimated cost: \$4,633,000  
Funding for increase: 1995 Internal Loan  
Estimated completion date: April 1996

- B. Bailey Hall Window Replacement Project  
 Scope/Budget Increase  
 Twin Cities Campus  
 Original estimated project cost: \$95,000  
 Increase in project cost: \$105,000  
 Total estimated cost: \$200,000  
 Funding for increase: Housing Services - Twin Cities  
 Estimated completion date: August 1996
  
- C. Bailey Hall Reroofing Phase II  
 Scope/Budget Increase  
 Twin Cities Campus  
 Original estimated project cost: \$108,000  
 Increase in project cost: \$57,000  
 Total estimated cost: \$165,000  
 Funding for increase: Housing Services - Twin Cities  
 Campus  
 Estimated completion date: August 1996
  
- D. Centennial Hall Tuckpointing  
 Scope/Budget Increase  
 Twin Cities Campus  
 Original estimated project cost: \$160,000  
 Increase in project cost: \$135,000  
 Total estimated cost: \$295,000  
 Funding for increase: Housing Services - Twin Cities  
 Campus  
 Estimated completion date: October 1996
  
- E. Comstock Hall Fire Alarm System Project  
 Scope Budget Increase  
 Twin Cities Campus  
 Original estimated project cost: \$575,000  
 Increase in project cost: \$301,000  
 Total estimated cost: \$876,000  
 Funding for increase: Housing Services - Twin Cities  
 Campus  
 Estimated completion date: September 1996

The Board of Regents voted unanimously to approve the recommendations of the Facilities Committee.

Anderson reported that the committee also reviewed a proposed amendment to the FY96 Capital Budget for an addition to the large animal holding facility on the St. Paul campus and reviewed UMD and Arts, Sciences & Engineering facilities and capital needs. Anderson reported that the agenda item relating to real estate transactions and the tour of facilities was delayed.

#### **REPORT OF THE FINANCIAL OPERATIONS COMMITTEE**

Regent Bleyhl, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Senior Vice President's Monthly Financial Operations Report as presented to the committee and contained in the docket material.
  
- b) Approval of a resolution relating to the purchase of goods/services over \$250,000, as follows:



RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate staff are authorized to award pending purchases/contracts over \$250,000 to the following:

- To EMC Corporation for a data storage subsystem for Business & Student Information Services (BASIS) for an estimated \$488,000.
- To Painting By Nakasone, Inc. for an annual contract to paint and repair public areas on the Twin Cities Campus for Facilities Management for the period of 2/12/96 to 12/31/96 for an estimated \$450,000.
- To SPS Companies, Inc. for HVAC pipe/valves/fittings for Facilities Management for the period of 3/15/96 to 3/15/97 for an estimated \$250,000.

The Board of Regents voted unanimously to approve the recommendations of the Financial Operations Committee.

Bleyhl reported that the committee also reviewed information relating to a proposed contract for supercomputing services; reviewed the Quarterly Purchasing Report, the Quarterly Management Report, and the Investment Manager Report; engaged in a discussion relating to the administrative fee on University endowments; and received an investment manager report from Bradford & Marzec.

#### **REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE**

Regent Sahlstrom, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Senior Vice President's Monthly Educational Planning and Policy Report as presented in the docket material.
- b) Adoption of the amended Regents' Policy on Accessioning/Deaccessioning on Museum Collections, as follows:

#### **ACCESSIONING AND DEACCESSIONING MUSEUM COLLECTIONS**

The Board of Regents of the University of Minnesota holds title to the permanent collections of University museums and galleries. The authority to approve additions and deletions to any collection is hereby delegated to the director of the museum or gallery, subject to the concurrence of the senior administrative officer to whom the director reports and provided that the actions are in accordance with accessioning and deaccessioning policies for the museum.

Each museum or gallery with this authority must develop policies for accessioning and deaccessioning permanent collections. These policies and any amendments require Board approval.

The Board of Regents voted unanimously to approve the recommendations of the Educational Planning and Policy Committee.

Sahlstrom reported that the committee also received a follow-up report on research rankings; reviewed information on the University of Minnesota, Morris as

part of the Academic Report Series; and received a report on student development and athletics.

The meeting adjourned at 11:58 p.m.

*Steven Bosacker*

**STEVEN BOSACKER**  
**Executive Director &**  
**Corporate Secretary**

MBA  
M661

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**MINUTES**

**BOARD OF REGENTS' MEETING  
AND  
REGENTS' COMMITTEE MEETINGS**

**March 6-8, 1996**

**Office of the Board of Regents**

**220 Morrill Hall**

**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Minutes of the Board of Regents' Meetings**  
**and Regents' Committee Meetings**  
**March 6-8, 1996**

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**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Litigation Review Committee**

**March 6, 1996**

A meeting of the Litigation Review Committee of the Board of Regents was held on Wednesday, March 6, 1996, at 1:34 p.m. in Room 300, Morrill Hall.

Regents present: William Peterson, presiding; Wendell Anderson, Julie Bleyhl, Jessica Phillips, Thomas Reagan, and Patricia Spence.

Staff present: Senior Vice President JoAnne Jackson; General Counsel Mark Rotenberg; and Executive Director Steven Bosacker.

Others present: Mark Bohnhorst, William Donohue, Mark Miller, and Jan Symchych.

**RESOLUTION TO CONDUCT NON-PUBLIC MEETING  
OF THE LITIGATION REVIEW COMMITTEE**

A motion was made and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents' Litigation Review Committee be held on Wednesday, March 6, 1996, in the Room 300 Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The committee voted unanimously to approve the resolution.

The meeting adjourned at 1:36 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Audit Committee**

**March 7, 1996**

A meeting of the Audit Committee of the Board of Regents was held on Thursday, March 7, 1996, at 8:05 a.m. in Room 238, Morrill Hall.

Regents present: William Hogan, presiding; Julie Bleyhl, Hyon Kim, and Warren Larson. Regent Patricia Spence also joined the discussion.

Staff present: Chancellors David Johnson and Donald Sargeant; Provost W. Phillips Shively; Senior Vice Presidents Ettore Infante and JoAnne Jackson; Vice President Mark Brenner; Director of Audits Gail Klatt; Executive Director Steven Bosacker; and Associate Vice Presidents Susan Markham, Roger Paschke, Richard Pfitzenreuter, and Anton Potami.

Student Representatives present: Runninghorse Livingston and Jul Lea Schwantz.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Senior Vice President Jackson stated that she had no formal report this month.

Regent Hogan told the committee that at the Friday meeting of the full Board of Regents, he will announce that the Audit Committee will officially begin meeting every other month instead of quarterly.

Jackson stated that due to the proposed affiliation with Fairview, there may be a need for occasional special meetings, which would be placed on the agenda as needed.

**IMPLEMENTATION OF INTEGRATED FRAMEWORK OF INTERNAL CONTROL**

Senior Vice President Jackson reminded the committee that the administration is in the process of formulating an action plan to implement an integrated framework of internal control (IFIC) for the University. During the last several months, Jackson and Director of Audits Klatt have been meeting with chancellors, provosts, and the senior vice presidents to get their understanding of what the IFIC means to their operation and where they could use assistance. Jackson stated that the discussions were extremely helpful and they are now in the process of coming forward with a recommendation as to how to make the IFIC work.

Director of Audits Klatt agreed that the discussions with various leaders of the institution were very insightful. The most revealing thing in these discussions was that the issues are not consistent from area to area. Because the IFIC is focused on risk assessment with an umbrella of institutional culture, it encourages control systems to be designed to reflect particular risks in a unit. The feedback of how individuals looked

at their units and how the IFIC could be applied, or is already being applied, will make implementation challenging.

Klatt introduced Chancellors Johnson and Sargeant and Provost Shively to offer their differing perspectives on the IFIC.

Provost Shively noted that the problem at the University of Minnesota is that there has been an illusion of centralized control, in which there has been a series of check-off points on every decision, with seven or eight people having to sign-off on most decisions, and often with three or four offices having some form of responsibility for each decision. In this type of situation, nobody has full responsibility or ownership of the decision, and things fall between the cracks. Shively stated that his understanding is that, with the IFIC, comes a culture in which those who have higher-level responsibility can easily monitor what is going on at the lower levels, and people at the lower levels have a full understanding that the monitoring is going on. There is a clear line of responsibility from departments up through deans, to provosts, the chancellors, and the president. This process is aided by central monitoring activity which does not try to cover every decision, but selectively monitors and advises those with the responsibility when they see risks. Shively stated that the IFIC is appealing because it gets the responsibility down to those who are closest to the circumstance, and creates a culture of transparency where people don't maintain shadow systems or try to hide information from people in other parts of the organization. Rather, they accept that there is regular monitoring going on and that there is a clear line of authority for who should and will intercede in cases where needed.

Chancellor Johnson told the committee that Klatt came to Morris several months ago and met with the Morris administrative committee to talk about the proposed IFIC. Johnson stated that he felt the ethical profile of the University of Minnesota must be safeguarded and ultimately will be strengthened by a change in the control environment.

Chancellor Sargeant explained that the Crookston campus is currently working on its processes to become more proactive. Sargeant said that the best control system is not one of control, but rather one that has parameters and information which the participants actively seek because they know they need that information to improve the service they provide. Sargeant said that in a period of change where students have much higher expectations, he feels that the IFIC can help with communication by allowing feedback and assigning responsibility and accountability.

Regent Larson asked the three presenters what they would call the old system and how far each of them feels their institution has come in implementing the new system. Chancellor Johnson said that while it didn't have a name, the old system was thought of as, "the business people are having an audit." Johnson estimated that the Morris campus is halfway to achieving full implementation. Shively said he would call the old system a "bifurcated control framework" and said that while the Twin Cities campus is not currently too far along, Arts, Sciences & Engineering has very enthusiastically entered into the necessary reengineering effort. Chancellor Sargeant stated that the old system was, "always someone else's responsibility," and he estimated that Crookston would be at approximately 6.5 out of 10 for implementation.

In response to a question from Regent Kim, Shively explained that the IFIC is more than a corrective action because in addition to changing the way the system is monitored and controlled, it involves a considerable culture change. This change will create a culture of greater cooperation within the University. Shively stated that in order to make it happen, there must be a development of technology and a change of many procedures. As to who monitors the entire system, Shively explained it will be a combination of getting very clear and easy transmission of information up and down line commands; having very active central monitoring and auditing functions; and a



good working relationship between the line officers (provosts and chancellors) and the central monitoring office.

Infante reminded the committee of the importance of risk assessment before a problem arises. As a result of risk assessment, roles and responsibility of those involved are clear, making this system integrated rather than responsive.

Hogan suggested that deans become involved in this process at the appropriate time because ultimately the deans are the field marshals who have to make this system work. Hogan noted that the IFIC is not a U2000 strategy, but rather about changing the culture and the way people at the University think.

Jackson agreed and noted that she and Klatt have been working hard to make sure that this is not another audit project, but rather something that will be endorsed by those in line positions.

Hogan commended his colleagues on the Audit Committee for having come a long way over the past few years, by going from a committee which solely examined financial audits to dealing with issues of compliance and the entire operation of the University. Hogan noted that issues relating to the IFIC will be on the agenda every time the Audit Committee meets.

#### **Highlights of IFIC Discussion (March 7, 1996)**

- Illusion of centralized control
- Dispersed responsibility and oversight
- Need full awareness that active monitoring is important
- Create a culture of transparency with responsibility at lowest levels
- Ethical profile of University strengthened by effective control systems
- Control processes should be proactive
- IFIC helps with communication - greater feedback
- Culture change necessary
- Early risk assessment is key to control being integrated versus reactive

#### **NIH GRANTS MANAGEMENT**

Senior Vice President Infante presented a summary of a report of the audit conducted by Coopers & Lybrand to fulfill the directive by NIH for the specialized examination of 25 major research projects. Infante also introduced a report from the NIH site visit team, and the status of specific activities of the Grants Management Group.

Infante introduced Vice Presidents Brenner and Potami to provide specifics of the Coopers & Lybrand audit. Potami reminded the committee that over a year ago they had asked for an audit of 16 grants, which Coopers & Lybrand undertook. Under this year's audit, there are 25 grants selected by Coopers & Lybrand from various parts of the University -- the medical school, agriculture, engineering, biological sciences, project grants, and individual investigative grants. Coopers & Lybrand met with every principal investigator from the Twin Cities campus for the 25 accounts, and found no major problems. They reported finding the faculty very committed to their research.

Brenner gave details on the NIH site visit, which was conducted November 1-3, 1995. Eleven staff members from the NIH came to Minnesota, spending two full days meeting with representatives involved in research and examining data. In their report, the NIH team identified the following strengths: 1) support at the highest levels of the University; 2) focus on the outside audit done by Arthur Andersen & Co.; 3) development

and training programs and on-line services; 4) expansion of internal audits to convert sponsored projects; 5) commitment and knowledge of staff, but concern for variations; 6) effort to improve/modify the financial systems; and, 7) commitment of institutional resources.

The NIH team's recommendations were separated into two categories. Under the category of internal control and compliance, the NIH recommended improved monitoring and control activities; clarified roles and responsibilities; revised policies and procedures; enhanced training; and improved financial information systems. Under the category of organizational issues, the NIH recommended a separation of ORTTA's functions; development of a system to sample effort reporting; focused attention of ORTTA staff on departments where sponsored research activities are concentrated; the formulation of an advisory group for ORTTA; and ensured physical proximity between ORTTA and the financial reporting office.

Brenner stated that the work being done and the focus on oversight responsibilities fits very nicely with the integrated control model. Brenner said they are working to match the grants management functions into the monitoring, information/communication, control activities, risk assessment, and control environment components of internal control.

Brenner noted that procedures manuals and administrative policies are currently being revised, as well as work on the following Regents' policies, either new or revised: code of conduct (new); professional commitment (to replace consulting policy); intellectual property-copyright (new); academic misconduct (revised); principal investigator eligibility (new); and secrecy in research (revised). These Regents' policies will be brought before the Board for approval as they are completed.

In response to a question from Regent Hogan, Infante stated that the systemic problems which have been identified are being addressed by clearly specifying the roles and responsibilities of those involved. This cannot be completely addressed without training and the tools needed to exercise these responsibilities. While this will not happen overnight, the structure and issues, especially regarding the role of ORTTA and its relationship with line officers, are being addressed to bring about fundamental change.

In response to a question from Regent Kim, Infante stated that, when dealing with human behavior, a check and balance system depends on emphasis in training and education which, ultimately, will be the means for communication and the reinvigoration of the understanding of specific roles and responsibilities.

Professor David Hamilton of the Grants Management Task Force joined the committee to respond to a question from Regent Larson regarding the differences in the new process. Hamilton stated that GAMS has many features and benefits, and that every step of the new grant process is auditable. Hamilton reported that implementation of the new system will begin April 1, and they hope to have the medical school on line by October 1.

Regent Hogan suggested that Infante schedule some faculty members to come to the May Audit Committee meeting to provide the faculty point of view.

#### **OVERDRAFTS & RECEIVABLES FOR SPONSORED ACCOUNTS**

Rob Super, acting controller, presented an update on sponsored project overdrafts as requested by the committee at the November 1995 meeting.

In the process of calculating the FY95 billed and unbilled receivables number, it became apparent that sponsored project overdrafts had not been adequately resolved. There are grants and contracts from prior years that have been overspent and have incurred deficits that need to be eliminated. To deal with this, Senior Vice President Infante and Acting Senior Vice President Paschke initiated a process with deans to move the overdrafts from sponsored accounts to non-sponsored accounts. This process is going along as planned. The overdrafts are being moved and will be picked up as part of the University's approved budget planning process. Routine oversight has also been put in place to detect developing problems.

Super explained that the deficits have been incurred in close correlation with research activity at the University -- the medical school, the Institute of Technology, public health, etc. With monthly monitoring and quarterly reporting, progress is being made to eliminate this problem.

Regent Spence told the committee that the Higher Education Finance Division of the legislature received testimony about the deferred spending, overdrafts, and the large accounts receivable situation at the University. Spence stated that in her discussions with these legislators, it became apparent that they don't have a clear grasp of this issue and what's being done to correct it. Spence requested that this committee have some follow-up with those legislators so that they may have a better understanding.

Senior Vice President Jackson noted that Associate Vice President Pfutzenreuter has been very involved in explaining this issue to concerned parties, and would be happy to discuss this with the legislators.

Super noted that it had been brought to the attention of the legislature that the University has an outstanding receivable balance of \$50 million. The number is now down to \$37 million at the end of 1995. Super explained that there will always be an outstanding receivable balance because the funding has to be upfronted, however, Super agreed that \$37 million is too high and the controller's office is aiming for a balance goal of \$25 million.

In response to Regent Hogan's concerns about the \$25 million, Infante reminded the committee that with a total research and grant volume of \$300 million a year, \$25 million is 30 days of research funding. Super stated that the figure of \$25 million was identified by Arthur Anderson Co. when they did their analysis. Hogan suggested that Super come back to the committee in July with an update on this goal.

#### **DIRECTOR OF AUDITS' QUARTERLY REPORT**

Gail Klatt, Director of Audits, presented her quarterly report to update the committee on internal audit activities and results for the quarter ending December 31, 1995. A detailed description of these audits can be found in the docket materials.

Klatt stated that at the time of the report, follow-up work had been done on the 53 essential audit recommendations that were outstanding and determined that 12 of these recommendations were fully implemented during the quarter. The remaining recommendations are receiving the appropriate attention and are generally proceeding according to the timetables originally established.

Klatt noted two issues regarding outstanding audit findings and recommendations:

1. There has been a significant change in management's plans for addressing the security control issues in the CUFS system. While the controller's office has taken several steps to enhance the control environment within which CUFS operates, the

system itself still has significant control issues caused by system limitations. Management has concluded that there is a possibility that the CUFS system may need to be replaced or significantly modified by the year 2000.

2. At the time of the quarterly report, there had been some slippage in the payroll security recommendations. Significant progress is being made on completing the actions intended for this quarter.

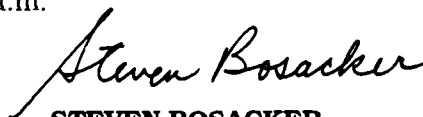
Regent Hogan expressed concern regarding the CUFS system problems and its effects on the grants management process and other processes in the institution. Hogan asked Jackson for speculation on a redesign schedule. Jackson called on Vice President Pfutzenreuter to address the financial management redesign system. Pfutzenreuter explained that a steering committee has been established to look at a project charter to identify the short-term and long-term plans for the CUFS system. Pfutzenreuter suggested that the steering committee be introduced to the Regents at the next Audit Committee meeting to inform them of their plan.

In response to a question from Hogan, Klatt stated that by the end of this quarter, a number of the 53 essential recommendations will be fully implemented. Klatt explained that some of the recommendations had been given longer timeframes for completion.

A motion was made and seconded and the committee unanimously voted to recommend approval of the Director of Audits' Quarterly Report.

Regent Larson suggested that as this committee continues to tackle issues beyond the scope of audits, it might be wise to think of a different name for the committee that would better articulate what it is about. Hogan agreed and suggested that the committee members give this some thought and come back to this idea at a future meeting.

The meeting adjourned at 10:13 a.m.



**STEVEN BOSACKER**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**March 7, 1996**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, March 7, 1996, at 2:15 p.m. in Room 238, Morrill Hall.

Regents present: Wendell Anderson, presiding; Julie Bleyhl, Warren Larson, William Peterson, Thomas Reagan, and Jessica Phillips.

Staff present: Chancellor Kathryn Martin; Senior Vice President JoAnne Jackson; Executive Director Steven Bosacker; and Associate Vice Presidents Clint Hewitt and Roger Paschke.

Student Representatives present: Dale Vathauer and Eric Gustafson

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Senior Vice President Jackson presented the Senior Vice President's Monthly Report. The following items were noted:

Director Linda McCracken-Hunt reported on the status of the Sanford housing project. If staff finalizes negotiations with the design team in the next five days, the plan is to start construction by the end of winter quarter finals with a targeted completion date of September 15, 1996. Regent Anderson expressed interest in an event to acknowledge commencement of the Sanford housing project.

McCracken-Hunt briefly discussed the proposed plans for the next housing site, the science classroom building site between East River Road and Pleasant Avenue, just north of Washington Avenue.

Jackson mentioned the sale of one acre of land in Rosemount, Minnesota to Dakota County for the sum of \$13,500.00.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

**AMENDMENTS, FY96 CAPITAL BUDGET**

A motion was made and seconded to recommend approval of the following resolution relating to amendments to the FY96 Capital Budget:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY96 Capital Budget is hereby amended to incorporate the following projects:

- A. Goat Addition to Large Animal Holding Facility  
Twin Cities Campus  
Estimated project cost: \$320,000  
Funding: R & D Systems, Incorporated  
Estimated completion date: October 1996
- B. Centennial Hall Entrance Plaza ADA Modifications Scope/Budget Increase  
Twin Cities Campus  
Original estimated project cost: \$137,000  
Increase in project cost: \$243,750  
Total estimated cost: \$380,750  
Funding for increase: Housing Services - Twin Cities Campus  
Estimated completion date: September 1996
- C. Frontier Hall Heating System Replacement Scope/Budget Increase  
Twin Cities Campus  
Original estimated project cost: \$1,100,000  
Increase in project cost: \$1,518,000  
Total estimated cost: \$2,618,000  
Funding for increase: Housing Services - Twin Cities Campus  
Estimated completion date: October 1996

The committee voted unanimously to recommend approval of the resolution.

#### **AMENDMENTS, FY96 CAPITAL BUDGET**

##### **Bailey, Frontier, and Territorial Halls Ethernet Connections Twin Cities Campus**

The committee reviewed a proposed amendment to the FY96 capital budget to support state-of-the-art technology needed to electronically connect the residence halls. This is phase I of a project designed to install high-speed network access in all residence halls on the Twin Cities campus. Estimated cost of the project is \$1,725,600 with funding provided from Housing Services on the Twin Cities campus. The estimated completion date for phase I is September 1996, phase II by fall 1997, and phase III by fall 1998.

McCracken-Hunt also distributed information requested by the committee relating to progress on ethernet connections in campus housing on all campuses. The Twin Cities campus has no beds wired for computer network connections, the Crookston and Morris campuses are 100% connected to the network, and the Duluth campus is about 50% connected. The remainder of Duluth's housing units are going to be difficult and expensive to connect. In addition, Duluth is unsure if there is sufficient demand for these connections.

Regent Bleyhl, referring to the resolution passed last November regarding Twin Cities housing and University-wide computer connectivity, clarified the intent that any additional funds required by the coordinate campuses to provide computer connectivity, in this case UMD, be taken out of the appropriation for the Twin Cities campus housing. McCracken-Hunt explained that the housing units are self-supporting and will be covering the costs on a campus-by-campus basis. Bleyhl stressed, however, that the resolution clearly states that whatever funds are needed to bring all coordinate campuses on-line simultaneously would be provided out of the \$50 million dollars allowed for Twin Cities housing projects. Bleyhl expressed her belief that all students, including those on the Twin Cities campus, would benefit from Duluth students being connected to the network.

## **REAL ESTATE TRANSACTIONS**

### **Sale of Dormitory Buildings on the Waseca Campus**

A motion was made and seconded to recommend approval of the following resolution for the sale of three buildings used as dormitories on the former Waseca campus:

RESOLVED, that on the recommendation of the President and Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the sale of the former dormitory buildings in Waseca to LaGow Development Company for the sum of \$360,000.00.

In response to a question from Regent Reagan, Susan Carlson Weinberg, Coordinator for the Real Estate Office, stated that staff did contact the federal prison and they are not interested in purchasing the property, but would take it as a gift.

The committee voted unanimously to recommend approval of the resolution.

### **GATEWAY CENTER**

Associate Vice President Paschke introduced the discussion relating to the proposed Gateway Center for the Twin Cities campus. Also participating in the presentation were: Larry Laukka, Fred Friswold, Tom LaSalle, Associate Vice President Hewitt, and Director Linda McCracken-Hunt.

The proposed University of Minnesota Gateway/Alumni Center is intended to establish a symbolic point of entry to the Twin Cities campus for incoming students and returning alumni and to serve as the headquarters for the University of Minnesota Foundation, the Minnesota Medical Foundation, and the University of Minnesota Alumni Association. It will be located on Oak Street between University and Washington avenues on the east bank of the University's Twin Cities campus. The facility will also house a prospective student and visitor center, a heritage gallery, meeting rooms, and a University memorabilia shop. The building's design will incorporate the preserved ceremonial arch from Memorial Stadium, which was demolished in 1992. Also, an expanded gateway has been proposed as an addition to the center that will enhance the center with additional adjoining space for University offices and related University functions. The expanded gateway is consistent with the University's Twin Cities campus master plan currently under review.

It was noted that the entire 230,000 square foot Gateway/Alumni Center and expanded gateway is expected to cost \$27.4 million. The facility will be constructed on University property, but owned and managed by the University of Minnesota Foundation, the Minnesota Medical Foundation, and the University of Minnesota Alumni Association. Financing would result through debt issuance by the three entities and be supported by private donations.

Paschke highlighted four items that require Board attention, as identified in the resolution before the committee today for review:

1. A commitment of land in the Oak and Washington precinct for construction of the Gateway/Alumni Center and expanded gateway project at a nominal cost;

2. Authorization from the Board for issuing a request for proposal for development of the remainder of the site, which would include retail space and academic housing for visiting faculty;
3. A commitment for a master lease arrangement for placement of University office space in the expanded gateway area; and
4. A commitment to assume responsibility for the building connections.

This is the culmination of a long process commonly referred to as the Gateway Project that started in 1989. This project represents many things for the University: a front door to the campus, a positive identity that exhibits our heritage, a place for guests and students to make a meaningful contact, a place for the alumni to return, and a single center for the Foundations and Alumni Association to more effectively work.

Director McCracken-Hunt explained that the site is where Memorial Stadium was located and is currently being used as a parking lot.

Associate Vice President Hewitt provided additional background of the project. The work on the Gateway Center preceded the development of the master plan. A subcommittee of the Master Planning Advisory Committee was appointed to address the Gateway Center project and make recommendations. It was suggested that the entire area be explored and a design charette was initiated. Using slides, Hewitt described the character of the area and gave a general vision of how the Gateway Center would be incorporated into this area as an entry point. The relationship between the existing communities and the gateway project area was emphasized. The Master Planning Advisory Committee has endorsed the overall vision of the project.

Larry Laukka provided the history of the concept and need of a "front door" to the University. It is appropriate for the Alumni Association to develop and raise the funds for this project as a gift to the University. The master planning process provided an opportunity to explore other areas on campus and the Gateway Center is an opportunity to "kickstart" the Master Plan. The Alumni Association's goal is for the Gateway Center to be a visible and celebratory place. The Alumni Association, the University Foundation and the Medical Foundation are forming an entity that will own and raise the money needed for the Gateway Center. The Alumni Association and foundations are requesting the Board to provide the land, protect the park area near the center from development and provide the skyways. The process will begin with a search for a Minnesota architect this summer/fall with construction beginning a year from now, and anticipated occupation in fall 1998.

Fred Friswold reviewed the proposal for the expanded gateway project, an enhancement to the original overall project. The Gateway Center only requires approximately 40% (100,000 square feet) of the available space. For the horseshoe shaped building to look complete will require approximately 250,000 square feet. The enhancements of a larger structure include:

- accelerated precinct development, important to members of the Master Planning Advisory Committee
- improved land utilization
- enhanced building profile appropriate for that site
- expanded space for gateway tenants
- underground transient parking
- University office space

The Gateway Center is designed as a gift to the University, but the expanded gateway project needs to be operated on commercial terms. The concept is to develop a



private/public lease arrangement that won't impact the University's balance sheet and borrowing capacity.

Tom LaSalle addressed the potential housing and retail components of the project. Based on an informal survey and the fact that the University brings a large number of visiting faculty on campus each year, it was suggested that academic housing would be an appropriate use of this site. A request for proposal is being drafted in an effort to identify any private sector interest in meeting the demand for housing. In addition to academic housing, the community members that participated in the charette expressed a need for additional retail on campus that would compliment the existing businesses. The community is very positive about this project.

McCracken-Hunt discussed the project timeline:

March to December 1996 -- Fundraising, ownership and financing issues addressed  
April 1996 -- Request for proposal for project architect issued  
May 1996 -- Project architect selected  
November 1996 -- Regents vote on project schematic design  
Spring 1997 -- Construction on project begins  
Fall 1998 -- Construction on project ends

In response to a question from Regent Anderson, Laukka explained that there hasn't been a set time limit for raising the necessary funds, however, they would assume if funding is not procured in 18 months, it wouldn't be able to go forward.

In answer to concerns from Regent Reagan, Paschke stated that possible impacts to the Radisson have been evaluated and discussions with the Radisson are underway to work out cooperative agreements.

In response to a question from Reagan, Friswold explained that there is some concern over the type of tenants. The tenants will need to be consistent with the University's mission. Paschke added that a space planning study has been undertaken to determine which University units would be best housed in the center.

In response to Anderson's concerns regarding building connections, Laukka explained that skyway connections are very important for access to parking, retail and restaurants and are included in the plans.

#### **TOUR: ARTS, SCIENCES & ENGINEERING FACILITIES**

The committee toured facilities used by the Arts, Sciences & Engineering provostal unit. Buildings toured included: Mechanical Engineering, Amundson Hall, Poucher, Holman, Studio Arts, and the future Dance Center.

The meeting adjourned at 5:15 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Financial Operations Committee**

**March 7, 1996**

A meeting of the Financial Operations Committee of the Board of Regents was held on Thursday, March 7, 1996, at 10:25 a.m. in Room 300, Morrill Hall.

Regents present: Julie Bleyhl, presiding; Wendell Anderson, Warren Larson, William Peterson, Thomas Reagan, and Patricia Spence.

Staff present: Chancellor Kathryn Martin; Senior Vice President JoAnne Jackson; Vice President Mark Brenner; Executive Director Steven Bosacker; and Associate Vice Presidents Roger Paschke and Richard Pfutzenreuter.

Student Representative present: Charles Roehrdanz.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Senior Vice President Jackson reviewed the Senior Vice President's Monthly Report, which was included in the docket materials and noted the following:

- The central reserves balance of \$5.7 million is lower than had been projected, but there appears to be no problem in achieving the projected \$15.3 million by the end of the year. It is strictly the timing of the receipt of incoming funds.
- The item related to the administrative fee was pulled from the agenda. Associate Vice President Paschke introduced Bob Hanle and Judy Kirk from the University of Minnesota Foundation who explained that they are committed to finding a strategy for dealing with the capital campaign for the coming year. The Foundation is working with deans and provosts to find a solution for the University to fund their share for this campaign. When the right solution has been found, they will come back to the committee for approval, possibly in April 1996.

Regent Bleyhl noted that while the committee is interested in hearing from the deans about the possible impact that the proposed administrative fee could have on them, this does not reflect negatively on the committee's view of the campaign. Bleyhl stated that there is concern, however, particularly about the possible use of scholarship funds.

- A second item pulled from this month's agenda was the contract with the Minnesota Supercomputer Center, Inc. (MSCI). Vice President Brenner explained that, because of the proposed acquisition of Cray Research (the parent of MSCI) by Silicon Graphics, further information should be gathered about possible implications of the merger and its impact on the agreement before moving forward.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

#### **PURCHASE OF GOODS & SERVICES OVER \$250,000**

Karen Triplett, Director of Purchasing Services, presented a resolution relating to the purchase of goods and services over \$250,000:

**RESOLVED**, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate staff are authorized to award pending purchases/contracts over \$250,000 to the following:

- To Amber Group, Inc. of Wisconsin for contract for service to provide leadership, management, & technical consulting for the Office of Information Technology Measurements for the period from 2/14/96 - 7/31/97 to an estimated \$386,000.
- To Becton Dickinson Immunocytometry Systems for a flow cytometer system for the Cancer Center for \$281,000.
- To CSC Index for providing assistance to the Academic Health Center for interim Phase I - Phase II reengineering planning for \$200,000.
- To CSC Index for providing assistance to the Academic Health Center for Phase II reengineering design and implementation planning for approximately \$1,740,000.
- To Finnigan Mat for a mass spectrometer for the Cancer Center for \$417,200.
- To North Carolina State University for membership in the Grants Application and Management System (GAMS) consortium which includes scheduled GAMS software updates through July 1, 1998. Total cost through July 1, 1998 is \$400,000.
- To Xerox Corporation for centralized copier maintenance through Office Equipment Services for the period from 2/19/96 - 12/31/96 for an estimated \$925,000.

A motion was made and seconded to recommend approval of the resolution. Senior Vice President Jackson explained that the two items related to the CSC Index for the Academic Health Center would be pulled from the resolution and discussed as separate items.

The committee voted unanimously to recommend approval of the amended resolution.

Triplett then presented a resolution relating to one of the items pulled from the prior resolution:

**RESOLVED**, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate staff are authorized to award pending purchase/contracts over \$250,000 to the following:

- To CSC Index for providing assistance to the Academic Health Center for interim Phase I - Phase II reengineering planning for \$200,000.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the resolution.

Triplett presented a resolution relating to a second item pulled from the original resolution on goods and services over \$250,000:

**RESOLVED**, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate staff are authorized to award pending purchase/contracts over \$250,000 to the following:

- To CSC Index for providing assistance to the Academic Health Center for Phase II reengineering design and implementation planning for approximately \$1,740,000.

A motion was made and seconded to recommend approval of the resolution.

Provost Brody addressed the committee to inform them of the need for the contract with CSC Index for the reengineering design and implementation of the Academic Health Center. Brody explained that because of the problems at the Academic Health Center, there was a need for urgent change. Brody explained that CSC Index was brought in to provide external expertise as the leading firm in reengineering. Brody stated that bringing in external help was not done without serious consideration. If he didn't believe that institutional survival was at stake, they would not be moving so fast, however, momentum is the key to success.

Because this item appeared on the agenda as a review item, Regent Bleyhl told the committee that they did not have to vote on this immediately. If they preferred, they could consider this a review and vote for approval at next month's meeting.

Jackson told the committee that she felt very comfortable in recommending the resolution for action. However, it was up to the committee to decide.

In response to a question from Regent Reagan, Brody stated that time is of the essence, but he was sensitive to the Board's need for more time.

After further discussion, it was decided that the matter would be on the agenda for approval at the April meeting. The motion was withdrawn.

#### **QUARTERLY REPORT ON ASSET AND DEBT MANAGEMENT**

Senior Vice President Jackson introduced Associate Vice President Paschke to review the Quarterly Report on Asset and Debt Management, which was included in the docket materials.

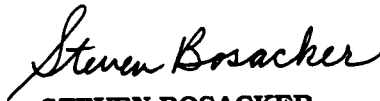
Paschke stated that 1995 was an extraordinary year in terms of market returns. The equity markets in the United States were over 30%; many of the foreign markets were in the 20% - 30% range; and the fixed income markets were up from 15% - 25%.

Paschke said that it is rare to see a year like this. The University's endowment fund return was up over 26% for the year.

In response to a question from Regent Peterson, Paschke said that the University's investments in Mexican markets are a fraction of one percent of the total, and that the Mexican market has been very weak in the past few years.

Several Regents expressed concern about what foreign countries the University is currently investing in and requested to have the Scudder representatives come back for another presentation. Paschke stated that Scudder is currently on the agenda to come before the committee in the fall, but he would be happy to have them come back sooner. Paschke said that Alliance Capital is scheduled for the April meeting, but he could schedule Scudder for the May meeting.

The meeting adjourned at 11:22 a.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Faculty, Staff and Student Affairs Committee**

**March 7, 1996**

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, March 7, 1996, at 2:25 p.m. in Room 300, Morrill Hall.

Regents present: Jean Keffeler, presiding; Hyon Kim, H. Bryan Neel, Patricia Spence, and Stanley Sahlstrom.

Staff present: President Nils Hasselmo; Chancellor David Johnson; Provosts Gene Allen, William Brody, and W. Phillips Shively; Senior Vice President Ettore Infante; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; Associate Vice Presidents Carol Carrier and Robert Kvavik.

Student Representatives present: Willow Najjar and Richard Pederson.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Senior Vice President Infante reviewed the Senior Vice President's Monthly Report, which was included in the docket, and noted the following:

- An amended version of the Regents' Policy on Disability Services to include faculty and staff in the mission of the Office of Disability Services and the University;
- The appointment of Acting Dean Edith Leyasmeyer as Dean of the School of Public Health.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report, including the amended Regents' Policy on Disability Services and the appointment of Dean Edith Leyasmeyer.

**STUDENT SYSTEMS STATUS AND PROGRESS REPORT**

Associate Vice President Kvavik presented a project overview of Student 2000: Student Support Systems for the Year 2000 and Beyond. Kvavik introduced Roberta Armstrong, Director of Student/Office Systems; and Jill Kidwell of Coopers and Lybrand. Kvavik stated that the rebuilding of the student system is a monumental effort. The project goal is to create a new vision for student support services that is student-centered and built on student academic goals rather than rules and rule enforcement. The new system should make admissions, registration, and financial aid processes convenient; and ensure that system changes required to meet semester conversion are met.

Armstrong emphasized that rather than looking at this process as a computer system replacement, it is an opportunity to make a big change at the institution. Armstrong stated that the plan is to build a new vision first, and then decide what technical architecture is needed to support it.

Kvavik presented a slide of current student support services and noted the change in paradigm from the old system to the new. Kvavik stated that, "the language of the old system describes things we do to students. We enroll them, we monitor them, etc. The new language will change the processes that students take charge of. With the new system, students plan their academic program, students make choices about financial aid, etc."

Kidwell stated that Phase 1 of the project, the overall planning process, was completed in December 1995. Phase 2, an assessment phase to determine the existing process and create the redesign process, is currently underway. Phase 3, implementation, is the longest phase. The goal for total implementation is September 1998.

Kvavik stated that this project will lead to radical change. The traditional focus of decision-making and control will shift. Students will be more able to assess their performance and make informed choices about academic opportunities.

#### **TENURE: STATUS AND PROGRESS REPORT ON TENURE CODE REVISIONS**

Regent Keffeler introduced the discussion on tenure by reminding the committee that in February 1996 they had listened to a presentation on tenure and several weeks later found the legislature becoming involved. There are key legislators who are more aware than ever of the things the University is trying to achieve and the complexities involved. Keffeler stated that the positive way the Regents and administrators have been able to interact with the legislature has helped them advance the cause of the University.

Keffeler suggested that everyone involved in the tenure debate should read the Denny Commission Report, as it sets the tone for the way the University should think about what it is trying to achieve in terms of climate and excellence. Keffeler stated that academic freedom is an aspect that has not yet been fully explored, and there must be a clear definition of what is necessary in order to ensure that academic freedom is protected and advanced.

Senior Vice President Infante introduced President Hasselmo and Professors Carl Adams, John Adams and Dan Farber of the Working Group on Tenure, to discuss the status of the ongoing tenure code review that the Board requested in its December 1995 resolution. Professor Carl Adams stated that, after several months of considering the needs of the institution in the current environment, certain changes are being identified that are intended to improve the clarity of the code; to enhance the institution's flexibility in responding to changing needs; to ensure the accountability of individual faculty and administrators; and to increase the efficiency of the processes that are associated with awarding tenure and the disciplining of individuals for inadequate performance. As the substance of change is being identified, specific language about changes and amendments to the current tenure code will be defined. Adams stressed the importance of working conditions associated with collegiality, sensitivity, trust, and communication and their effect on productivity. Tenure is at the heart of the faculty's sentiments about working conditions. The issue of motivation and commitment of the faculty is the key to any kind of realization of U2000 aspirations.

Professor John Adams explained that there are 14 specific areas being examined by the working group, and they will be developing specific language for a revised tenure code. Among them he noted the following: A preamble and executive summary will be added to the tenure code to define the role of tenure in a research university. An interpretation of what is meant by reasonably assigned duties will be added. Different levels of discipline will be elaborated on. The new code will clarify the rules that are governing the reassignment of faculty to new duties when programmatic change requires a reduction in unit size. The Regents' 1995 statement on academic freedom and responsibility will be added. Regarding improvement of flexibility, the new tenure code will provide for fixed term contract appointments. Adams stated that it is the working group's intent to propose a post-tenure review process, operating at the collegiate level and containing specific criteria for reviewing faculty members.

President Hasselmo agreed with Keffeler that the tenure discussion is coming together into a unified agenda, and acknowledged the leadership of faculty in working on this issue. Hasselmo stated the message that tenure is here to stay is coming through. The message is also coming through that tenure must be reformed to be an effective and efficient tool. Hasselmo stated that the University of Minnesota must have a tenure system that builds credibility with the society it serves.

In response to a question from Regent Spence, Dean Cerra joined the discussion to explain that the need to recognize community needs as permissible criterion in the Academic Health Center (AHC) tenure decisions are due to changes in the health care market. The AHC must respond to the current health care market in order to have an efficient, streamlined, service-based organization to deliver health care. This creates a challenge to the AHC to reengineer its curriculum to meet the current needs of what physicians and health care practitioners need to practice in the community. The AHC may need to work out a system to transcend into a productivity-based compensation system. Cerra stated that he believes the tenure code can remain whole for the institution; however a one-time adjustment in the definition of base salary may be necessary because for the tenure code to have substance, it must be tied to a reasonable base salary.

Regent Kim asked the panel if a unit or department-based system would give more flexibility and suggested that an outside consultant might be able to advise the committee and give detailed information on different tenure structures.

Professor Farber stated that he originally thought that a change to unit-based tenure might be helpful, but he has since changed his mind. In looking around the country, Farber stated that institutions that have unit-based tenure, don't use it often and feel it is harmful to faculty morale. If faculty members are afraid their jobs are at risk, they won't be helpful in making decisions about possible cuts in programs.

Regent Kim noted that the original tenure code was designed to protect academic freedom, and asked if the faculty is now more interested in job protection.

Professor John Adams explained that when talking about academic freedom there are several aspects to consider. One aspect of academic freedom is to protect faculty in areas of controversial activity. Another aspect is the freedom to lay out and pursue a course of work with the understanding that faculty will be secure in doing it.

Regent Keffeler asked the presenters if the fact that they have not addressed the issue of unit-based vs. system-based tenure in their presentation meant that it is off the table.

Professor Carl Adams explained that they were presenting a proposed change list. If something hasn't been presented, it is not on the list. Adams noted that it could be added to the change list, if requested.



Keffeler expressed concern that the issue of unit-based vs. system-based tenure is not being fully examined. Before making any decisions of consequence to the future of the university, Keffeler stressed the importance of getting analysis, by department, on all issues and suggested that the information generated will be helpful for everyone involved in the examination of tenure.

Farber stated that the working group is working to get more information and comparisons with peer institutions. They have been collecting tenure codes from the top 30 research universities in the country and have been surveying senior administrators from these institutions regarding their tenure systems.

Regent Sahlstrom stated that he wished they could come up with a different word than tenure. Although the word is considered sacred internally, externally tenure is thought of negatively. Sahlstrom stated that it is critical to the University that the positives of tenure be emphasized to the people of this state.

Regent Spence requested a copy of the questions that are being asked at the top 30 research institutions, along with summaries of their answers.

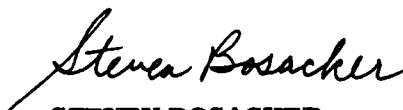
Keffeler requested that the committee and presenters meet again to examine the relationship of academic freedom to tenure -- What's important to a university about academic freedom? What is needed through a tenure code that isn't provided by the First Amendment? Keffeler stated that it has been asserted that tenure is important for academic freedom, but it has not yet been explained. Although it is important to expedite the process of examining the issue of tenure to reduce the level of misinformation and anxiety, it must be balanced and thorough enough so that it is done correctly the first time. Keffeler stressed that all parties must be as collaborative as possible to dispel the fears of faculty.

#### **COLLECTIVE BARGAINING AGREEMENTS FOR PRINT TRADES**

Senior Vice President Infante introduced Director of Employee Relations John Erickson and Associate Vice President Carrier, who presented the collective bargaining agreements between the University of Minnesota and Graphic Communications International Union, Locals 1M and 1B, as contained in the docket materials.

A motion was made and seconded, and the committee voted unanimously to approve the resolutions.

The meeting adjourned at 4:35 p.m.



**STEVEN BOSACKER**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Educational Planning and Policy Committee**

**March 7, 1996**

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, March 7, 1996 at 10:15 a.m. in Room 238, Morrill Hall.

Regents present: Stanley Sahlstrom, presiding; Jean Keffeler, Hyon Kim, and Jessica Phillips.

Staff present: Chancellor David Johnson and Donald Sargeant; Provosts C. Eugene Allen and W. Phillips Shively; Senior Vice President Ettore Infante; Vice President Mark Brenner; Executive Director Steven Bosacker; and Associate Vice President Robert Kvavik.

Student Representatives present: Rich Pederson and Jul Lea Schwantz.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Senior Vice President Infante reviewed the Senior Vice President's Monthly Report, which was included in the docket materials, and noted the following items:

- Receipt of a grant for the University of Minnesota, Morris and Concordia College from the Ford Foundation to develop global and international curriculums.
- Results of activities in the area of learning technology facilitated by the Office of Information Technology and the Digital Media Center.
- The creation of the new Kellogg Commission on the future of state and land-grant colleges. President Nils Hasselmo is one the 25 presidents on the Kellogg Commission.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

**ACADEMIC REPORT SERIES: INTERNATIONAL PROGRAMS REPORT**

Senior Vice President Infante introduced Associate Vice President Robert Kvavik and Assistant Provost and Director of the Institute of International Studies and Programs, Michael Metcalf to present the strategic direction and plan for future development of international programs at the University of Minnesota.

Metcalf began his presentation by stressing that the University has many excellent pockets of activity throughout the system. There is an integrated

framework for action in the context of U2000. The concept is designed to infuse teaching, research and outreach. He highlighted three programs that are part of this design:

- Foreign Language Immersion Program (FLIP) -- a language immersion program in which all course work is done in French, German, or Spanish.
- MacArthur Scholars in the developing world -- a graduate program in international peace and cooperation.
- Outreach programs -- an environmental training project in eastern Europe.

Metcalf indicated that international students are a great resource on campus. In 1994 there were 2,897 students from 133 countries on campus. There were 1,236 scholars from 93 countries. Metcalf added that they stimulate research and open up new perspectives to our faculty. He emphasized that the economic impact that international students have is often not recognized. The economic impact on Minnesota in 1993-94 totaled \$55 million.

Metcalf also reported on students studying abroad. In 1994-95, there were 612 University of Minnesota students in 55 countries. There are a variety of programs abroad: global campus programs; University exchanges in 15 countries; cosponsored programs at 46 sites; law school programs in Sweden and France; and Carlson School of Management programs in 12 countries. Metcalf highlighted a faculty-student research collaboration -- the Lund Exchange.

Metcalf emphasized the importance of outreach in the strategic plan for international programs. There is renewed focus on reaching out to international alumni and friends. The administration recognizes that international alumni are an enormous resource. There are active alumni groups in a number of countries: Japan, Korea, China, Taiwan, Thailand, Indonesia, and Nigeria. Interest has been expressed by a number of other countries.

In order to help strengthen outreach efforts, a committee chaired by Regents' Professor Vernon Ruttan has been formed to establish a long-term international strategy. Another committee, chaired by Metcalf, is developing an East Asian strategy.

Regent Kim stated that the University has an obligation to have international programs and teach our citizens a global perspective. She requested quarterly reports and asked that each report focus on different areas from around the world.

Metcalf responded that he is willing to come before the Regents whenever the request is made. There are a number of exciting programs that he would like to highlight for Regents.

Regent Sahlstrom inquired into the relationship between the International Studies office and the Admissions office.

Metcalf indicated that he is in constant contact with Mr. Sigler, Director of Admissions. He added that the University is linking with embassies abroad through the world wide web.

#### **ACADEMIC REPORT SERIES: ARTS, SCIENCES & ENGINEERING PRE-BUDGET STATUS REPORT**

Senior Vice President Infante introduced Provost Shively to present his strategic vision for Arts, Sciences and Engineering.

Shively gave a brief overview of the mission of Arts, Sciences, and Engineering. The mission is to provide a fine research University that offers a first-rate undergraduate education, engage in research which leads the state and nation, and maintain varied and abundant outreach to Minnesota.

Shively outlined the challenges Art, Sciences, and Engineering is facing today. He anticipates a shortage of faculty in the future. He noted that there is an anticipated substantial exiting of professors which will lead to a very tight job market. This is compounded by the salary level at the University which is low compared to other research institutions across the United States.

The University faces a number of other challenges. Shively named three that he considers to be priorities. Those challenges are: to improve the crumbling infrastructure, to create a more service-oriented culture for businesses in the state of Minnesota, and to develop an entrepreneurial culture to overcome the declining financial support from the Minnesota Legislature.

Shively moved to strategies to overcome the challenges. First, Art, Sciences, and Engineering needs to become more focused and efficient. Shively said that he has challenged the deans in Art, Sciences, and Engineering to a 2.5% increase in efficiency savings. He stressed a need to invest in things that produce quality. He has asked the deans to look for ways to reorganize efforts, to reduce cost and increase revenue.

Another strategy to overcome the challenges outlined above is to emphasize our undergraduate students as a base of support for the University. He acknowledged that this means that the University must raise tuition. The University is doing an excellent job of private fund raising. However, Shively noted that there would still be insufficient funds with twice the amount in private gifts. He continued that there are two ways to increase tuition income: 1) add more students, and/or 2) increase tuition.

Art, Sciences, and Engineering is currently in Phase II of the undergraduate initiative. The administration has taken great strides to meet the U2000 goals for the undergraduate experience. A number of projects are underway:

- Reengineering of student support systems
- Service/internship/study abroad requirement
- Integrated first-year experience
- Intensive writing in third and fourth years
- Large course project
- All-campus honors program in first and second years.

Plans are underway to integrate undergraduate teaching campus wide. Shively hopes to develop a structure that will create an "academy" charged with incorporating instruction for undergraduate faculty in all colleges. This "academy" will accomplish three things:

- prevent undergraduate competition between departments;
- allow a device to bring more professional school faculty into the teaching of undergraduate courses; and,
- create greater communities of faculty.

Shively closed by noting that specific proposals will be presented in his budget presentation next month.

Regent Sahlstrom inquired about Provost Shively's plans to encourage faculty outreach.

Shively responded that he is attempting to set up incentives so that colleges will respond. He is challenging deans to reduce 2.5 % either in efficiencies or through development of new revenue sources. He believes that if faculty are given the choice between cutting programs or bringing in new revenue sources, they will choose the latter.

Sahlstrom followed up with a question concerning the Department of Ecology and whether there is a partnership between the department and public and private agencies.

Shively responded that he didn't have the detail to respond however, he would get the specific information to Regent Sahlstrom.

Regent Keffeler requested presentations and discussion exploring the impacts of resource allocations at the provostal and collegiate level. She would also like further discussions on faculty renewal and high tuition/high aid. Finally, she voiced her concern that a discussion of facilities needs was not included in Provost Shively's presentation.

Shively assured Keffeler that the facilities are among his greatest worries and those needs must be addressed.

#### **WORLDWIDE WEB: INTERACTIVE REGISTRATION**

Senior Vice President Infante introduced Associate Vice President Kvavik to present the demonstration of the Worldwide Web: An Interactive Demonstration.

The world wide web allows students instant access to both the class schedule and the course guide for the upcoming quarter. It offers an interactive course planner, and provides links to the staff directory, building maps and the bookstore. This technology has both educational policy and financial implications for the University that will help it in achieving the goals of U2000.

The meeting adjourned at 12:15 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**March 8, 1996**

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, March 8, 1996, at 9:00 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Reagan, presiding; Wendell Anderson, Julie Bleyhl, William Hogan, Jean Keffeler, Hyon Kim, H. Bryan Neel, William Peterson, Jessica Phillips, Stanley Sahlstrom, and Patricia Spence.

Staff present: President Nils Hasselmo; Chancellors David Johnson, Kathryn Martin, and Donald Sargeant; Provosts C. Eugene Allen, William Brody and W. Phillips Shively; Senior Vice Presidents Ettore Infante and JoAnne Jackson; General Counsel Mark Rotenberg; Vice President Mark Brenner; Executive Director Steven Bosacker; and Associate Vice Presidents Nancy Barcelo, Roger Paschke and Richard Pfitzenreuter.

Student Representative present: Chuck Roehrdanz.

**RECOGNITION OF McKNIGHT LAND-GRANT PROFESSORS**

Vice President Brenner introduced the following 1996-97 McKnight Land-Grant Professors:

Pamela Ruth Erickson  
School of Dentistry

Joy McCorriston  
Department of Anthropology

Victor Reiner  
Department of Mathematics

J. Ilja Siepmann  
Department of Chemistry

Andrew Tell  
Department of Electrical Engineering

**UNIVERSITY-FAIRVIEW AFFILIATION**

Provost Brody introduced the item relating to the proposed University-Fairview affiliation.

He called upon Senior Vice President Jackson who distributed updated information relating to issues concerning human resources, communications, and legislative matters regarding the proposed affiliation. Jackson also commented briefly on an article that was printed in the *Star Tribune* on March 8, 1996 and clarified inaccurate statements relating to losses in the University of Minnesota Medical School.

Medical School Dean Frank Cerra presented information on the Medical School structure. His presentation provided a better understanding of how the role of the Medical School will change and how the University can preserve its research and education mission as the affiliation moves forward. Cerra provided flow charts representing the role of the Medical School before and after the Fairview integration and a flow chart representing the school's revenues and expenses.

Cerra reported that there are three major benefits to an affiliation with Fairview:

- 1) Increased access to patients to meet the University's education and research mission;
- 2) Maintenance of a competitive position in the marketplace for the faculty clinical practice; and
- 3) The minimized potential of a negative financial impact of the University of Minnesota Hospital and Clinic on the Medical School.

Cerra reported that there are five revenue components being reviewed internally to determine how they will have an impact on planning for the Medical School's transition budget. The five are: 1) Medicare recapture; 2) state appropriation; 3) graduate medical education funding; 4) annual support grants; and 5) annual interest from reserves retained inside the University. Cerra stressed that even with the Fairview relationship, the University will be facing a major challenge in obtaining the resources needed to meet the University's education and research mission.

Brody added that a full-time clinical faculty member in the Medical School receives a salary from the University and a supplement from private practice. Fifty percent of the University's salary dollars come from a state allocation, 25% comes from research grants and contracts and 25% from clinical dollars that flow from the Hospital or the private practice plans. It is believed that the 25% support coming from clinical dollars may be eliminated. This could result in a shortage of approximately \$25 to \$40 million. The proposed affiliation will help to solve some of the problem, but not the entire problem. Cerra indicated that some of the options for solving the shortfall may include reengineering the Medical School curriculum to make it more responsive to the market, becoming more efficient in doing research and exploring different resources as sources of funding.

Brody added that this situation is not unique to the University of Minnesota, it is affecting every medical school across the country.

Regent Hogan expressed some concern regarding the human resource aspect of the affiliation and communications with employees. He indicated that he had met and listened to concerns recently from representatives of one of the unions. He asked that the administration consider renewing its efforts to listen and dialogue with employees in different ways.

Regent Peterson noted that the handout material indicates that an integral part of the success of the merger is an increase of patients. He asked if there is any guarantee that the Fairview affiliation will provide that necessary increase. Brody responded that there are no guarantees. The marketplace has experienced an enormous shift of patients because of contract shifts. Clearly, any partner with which the University might affiliate is likely to engender the threat of reprisals by shifting patients. It is believed that there are two critical issues to assure patient flow. The first is that the new organization needs to be cost competitive. The second is to establish a "firewall" to assure that the University is not using state dollars to subsidize Fairview to compete in the marketplace.

In answer to a follow-up question from Regent Keffeler, Brody stated that if the University is not successful in developing a competitive market-oriented system, the only alternative to a failed affiliation would be to take back the University Hospital assets.

### **STATE RELATIONS REPORT**

State Relations Director Donna Peterson presented an update on the state legislative session. She reported that there has not been much change since her last report and it could be the first part of April before the session adjourns.

Peterson reported on the University's four main issues before the legislature relating to the supplementary budget request, tenure, the steam plant, and the Fairview affiliation.

With regard to the supplementary budget request, conference committees have been appointed in the house and senate, but it is not expected that they will meet until the middle of next week.

Possible changes to the Tenure Code at the University has been the topic at a number of meetings. It is an issue that has been focused in one committee, but discussions have expanded through the legislature and it is anticipated that it will probably be discussed again next year.

Discussions regarding the University's steam plant continue with a number of amendments being introduced. To date, the amendments have been defeated, but it is anticipated that amendments will continue to be introduced until the legislative session is over. Peterson added that a tremendous amount of support for the University has been expressed from a number of legislators on this issue. She indicated that the efforts of Regent Peterson at the legislature have contributed greatly to this support.

Initially the Fairview affiliation was discussed at a number of committee meetings. Now, the issue is being discussed on a one-on-one basis with legislators. Representatives from Fairview and the University are working closely with legislators so that the pension bill, relating to the affiliation, will be passed.

With regard to the capital bonding bill, no meetings were held during the past week.

### **CAMPUS MASTER PLAN: DULUTH**

Associate Vice President Clint Hewitt introduced Chancellor Kathryn Martin, Vice Chancellor Greg Fox, Kirk Johnson, Director of Facilities Management and Chair of the Campus Planning Advisory Committee, and Tom Oslund, Planning Consultant with Hammel, Green and Abrahamson Architects, to present the Campus Master Plan for the Duluth campus. Hewitt made introductory remarks and talked briefly about the overall planning process. He noted that the complete plan is available for review in the Board of Regents' Office.

Johnson provided information about the Campus Planning Advisory Committee, its membership and the issues and objectives the committee addressed in its work. The master plan for the University of Minnesota, Duluth (UMD) grew out of a comprehensive analysis of the physical, geological and architectural layers of the campus with substantial campus and community input. Values special to the mission of UMD were revealed as a result of the analysis which provided a guide for future development of the campus.



Fox commented on the importance of master planning and how it has been utilized in making decisions made in terms of facilities on campus. He stated that the current plan is going to be very helpful. It recognizes a complex, comprehensive academic mission for the University, one that is incorporated into the concepts that exist in the plan, and it recognizes that the UMD campus exists in a prime residential neighborhood in the City of Duluth while also maintaining its wilderness component. The plan will be an aid as decisions are made regarding property acquisitions and decommissioning of space.

Through the use of visual aids, key elements of the plan were reviewed by Oslund. He noted that the plan focuses on a concentrated academic core, outreach and access, and a regional setting.

Establishing future building sites that preserve the compactness of the campus core, easing the congestion in key areas of the pedestrian movement system, and providing light and natural landscape in the courtyard system were highlighted with regard to focusing on a concentrated academic core.

In addressing outreach and access, the plan includes creating greater visibility of the campus with the establishment of a ceremonial entrance leading to the center of the campus. A new drop-off and gathering space would be developed in front of the Campus Center facility to provide a focal point and front door to the campus. A new ring road would also be created and public parking would be designated at key entrance locations.

To assure that the regional setting of the campus is preserved, several elements were provided in the plan. Extending the native northwoods landscape to restore the native Hillside tree cover, reclaiming the natural attributes of the campus, and preserving open space and wooded areas were noted.

Chancellor Martin concluded by saying that the solicitation of campus and community input; the respect and acknowledgment of UMD's role in exemplary interaction with the environment; and the provisions that allow for limited growth without compromising any of the underlying principles of planning were aspects of the plan that she considers extremely important. She stated it is important to adhere to the plan and look to the future in terms of acknowledging UMD's responsibilities to people and the environment when exploring where it might be best to expand.

#### **HUMAN RESOURCES SYSTEMS: DENNY COMMISSION "PRINCIPLES"**

President Hasselmo provided introductory remarks on the agenda item relating to the preliminary report from the Task Force on Human Resources. The success of U2000 will hinge on the University's ability to make fundamental change in its organization and operations. Major progress has been made in establishing an integration of short and long-range academic planning, budget and financial planning, capital planning, and legislative requests. But this is only the tip of the iceberg. Virtually all areas of University operations need to be addressed. As a part of this review, the Task Force on Human Resources, Chaired by Chuck Denny, was appointed by President Hasselmo in May 1995 to take a comprehensive and probing look at the fundamentals of human resource policy and management at the University of Minnesota as part of the U2000 reform agenda.

Hasselmo introduced Denny to present the preliminary report of the task force. Denny reported that the charge to the committee was to review four major topical areas: 1) recruitment and staffing; 2) training, development, and performance management; 3) dispute resolution; and 4) compensation. The committee began its work in May 1995 and since that time has performed a situation analysis, developed general principles, and developed recommendations for each of the four topical areas. The preliminary reports will be circulated to the University community for comments and after receiving

feedback, reconsideration of the analysis and recommendations will be made. The recommendations will be prioritized for each activity and an analysis of the cost of the proposals will be made. A final report will be given to the President by September 1996.

Denny talked about the need to review the University's human resource area. Approximately 75% of the University's Operations and Maintenance budget is devoted to compensation expense. The system is not broken, however, the University's methods and costs of doing its work may no longer be affordable or appropriate to its funders' expectations. Like all other entities today -- public or private -- the University must do better with less. Change is not optional, but how it is achieved is optional.

Denny highlighted the major issues:

- 1) The balancing of the rights and responsibilities of the institution and its funders with the rights and responsibilities of its workforce.
- 2) The consequences of individual and unit performances.
- 3) The tolerance and capacity for risk.
- 4) The centrality of trust and respect
- 5) The maintenance and enhancement of institutional loyalty.

He also underscored the importance of three major groups at the University. First, the faculty is absolutely essential to the central mission of the University. Their behavior sets the climate of the University at large and the University will only be as good as the faculty determines to make it. Secondly, the University employs over 13,000 non-faculty/non-teaching employees. It is one of the largest workforces in the state of Minnesota and is probably the greatest source of leverage that the University has. A highly motivated, enthusiastic, well-trained, and well-compensated workforce could potentially provide 25% more in results than the University now receives. Thirdly, Denny stressed the importance of middle management at the University. The individuals in these positions are on the front line. If the University has outstanding individuals in these positions, there are incredible results.

Denny described a model that the University should seek to develop its policies throughout the University. The model is based on a presumption that the institution has a well-defined mission. All employees understand the mission and their part in it. The employees understand the value of what they do in relationship to the mission and work of others and they understand what is expected of them. The employees understand how they are assessed, how they are compensated, and believe that their compensation is a fair and just reward for their performance level. This model should produce an outstanding workforce.

In response to questions from Regent Hogan, Denny reported that issues relating to the review process, the promotion and tenure process, and the differences between faculty and staff are being reviewed at the subcommittee level and will be reported on in the final report. He noted that the committee is not looking directly at the promotion and tenure process, but is reviewing it through the dispute resolution process.

The meeting adjourned at 11:20 a.m.



**STEVEN BOSACKER**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**March 8, 1996**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, March 8, 1996, at 11:36 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Wendell Anderson, Julie Bleyhl, William Hogan, Jean Keffeler, Hyon Kim, H. Bryan Neel, William Peterson, Jessica Phillips, Thomas Reagan, Stanley Sahlstrom, and Patricia Spence. President Nils Hasselmo presiding.

Staff present: President Nils Hasselmo; Chancellors David Johnson, Kathryn Martin, and Donald Sargeant; Provosts C. Eugene Allen, William Brody and W. Phillips Shively; Senior Vice Presidents Ettore Infante and JoAnne Jackson; General Counsel Mark Rotenberg; Vice President Mark Brenner; Executive Director Steven Bosacker; and Associate Vice Presidents Nancy Barcelo, Roger Paschke and Richard Pfutzenreuter.

**APPROVAL OF MINUTES**

A motion was made and seconded and the Board of Regents voted unanimously to approve the minutes of the following meetings:

- Litigation Review Committee - February 15, 1996
- Facilities Committee - February 8, 1996
- Financial Operations Committee - February 8, 1996
- Faculty, Staff & Student Affairs Committee - February 7, 1996
- Faculty, Staff & Student Affairs Committee - February 8, 1996
- Educational Planning & Policy Committee - February 8, 1996
- Committee of the Whole - February 9, 1996
- Board of Regents - February 8, 1996
- Board of Regents - February 9, 1996

**REPORT OF THE PRESIDENT**

President Hasselmo presented his monthly report, which pertained to the following: *U2000* Agenda for Change; rankings in the March 18 issue of *U. S. News World Report*; and the introduction of newly-appointed administrators Katherine Fennelly, Dean and Director of the Minnesota Extension Service; Michael Martin, Dean of the College of Agricultural, Food & Environmental Sciences; and Samuel Schuman, Vice Chancellor of Academic Affairs at the University of Minnesota, Morris.

A copy of the President's Report is on file in the Regents' Office.

**REPORT OF THE CHAIR**

Chair Reagan reported that the Board of Regents hosted an event in February that included the mayor's of the University's host communities -- Crookston, Duluth, Falcon Heights, Minneapolis, Morris, Rochester, and Saint Paul. Discussion involved issues dealing with partnership and the importance of "community" to both the cities and the University.

In March, the Association of Governing Boards will hold their national conference in Chicago. Issues on higher education governance will be addressed. Ten members of the Board will be attending the conference.

Reagan provided a brief update on progress for establishing the presidential search process. The consulting firm of Korn/Ferry International has been selected to assist in the process. Work will begin in the next two months on the development of a "Statement of Desired Leadership Characteristics." Recruitment will begin summer 1996 with an anticipated selection occurring early in 1997.

Reagan reported on proposed changes to the Audit Committee's meeting calendar that will require action from the Board on the Regents' Policy on Board Operation and Agenda Guidelines. He called on Regent Hogan who stated that due to an increase of issues that come before the Audit Committee, it is recommended that that Agenda Guidelines be amended to reflect that the Audit Committee will meet six times a year instead of four. A motion was made and seconded to approve the recommended change to the Audit Committee section of the Regents' Policy on Board Operation and Agenda Guidelines.

The Board of Regents voted unanimously to approve the change of language in the Regents' Policy on Board Operation and Agenda Guidelines as reflected in the first bullet of the policy excerpt below:

#### **Audit Committee**

- Regular meetings of the Audit Committee are held in January, March, May, July, September, and November. The committee provides a direct channel of communication to the Board of Regents for the independent public accountants and internal auditors. It serves to inform the Regents about the auditing and management units of the University, and oversees the University's system of internal controls, audits, and financial reporting practices.
- The Quarterly Report of the Senior Vice President for Finance and Operations includes routine revisions of Regents' policies; responses to previous requests regarding audit issues; reports on the University's financial management systems; and reports of other matters relevant to University audit functions.
- The Audit Committee recommends to the Board of Regents the independent public accountants who perform the annual audit of the University. The independent public accountants report directly to the Board of Regents through the Audit Committee and attend its regularly scheduled meetings.
- The Audit Committee recommends approval of the appointment or removal of the Director of Audits.
- The Director of Audits presents a quarterly report of the work of the internal audit department, including a report on the implementation of audit recommendations.
- The committee also reviews and approves the annual audit plans of the Director of Audits.
- The external auditors' annual audit of the University's financial statements is presented to the committee each November.
- The external auditors' "Report to Management" (management letter) is presented to the committee in January or earlier, if possible.

A copy of the entire policy is available from the Board of Regents' Office.

Chair Reagan also announced that the Minnesota Private College Council recently selected President Nils Hasselmo as the recipient of the 1996 Edgar M. Carlson Award.

#### **RECEIVE AND FILE REPORTS**

President Hasselmo noted the receipt and filing of the annual University of Minnesota Health System Board of Governors' Report.

#### **GIFTS**

Robert Hanle, Vice President of the University Foundation, presented a monthly list of gifts to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation as listed in the docket material and on file in the Regents' Office.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the receipt of gifts as presented.

#### **REPORT OF THE COMMITTEE OF THE WHOLE**

Regent Reagan, Chair of the committee, reported that the committee recognized the 1996-1998 McKnight Land Grant professors; received an update on the University-Fairview affiliation; reviewed the Campus Master Plan for the University of Minnesota Duluth; reviewed a preliminary report from the Task Force on Human Resources; and received a status report on state relations. There were no action items to report.

#### **REPORT OF THE FACULTY, STAFF AND STUDENT AFFAIRS COMMITTEE**

Regent Spence, reporting on behalf of the chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Senior Vice President's Monthly Faculty, Staff, and Student Affairs Report as presented to the committee and contained in the docket material and including the addition of the appointment of Edith Leysameyer as Dean of the School of Public Health.
- b) Adoption of the amended Regents' Policy on Disability Services, as follows:

#### **DISABILITY SERVICES**

The Board of Regents of the University of Minnesota is committed to provide for the needs of faculty, staff and enrolled or admitted students with disabilities as prescribed under the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990 (ADA).

#### **Students with Disabilities**

Each campus shall make services available for any student who, through a recent assessment, can document a disability. The administration is directed to provide appropriate services, and included among them shall be: 1) support, counseling and information; 2) academic assistance services; and 3) advocacy services.

- c) Approval of the collective bargaining agreement with Graphic Communications International Union, Local 1M, as follows:

WHEREAS, the parties have met and negotiated over the course of the past four months and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit (a complete copy of which is available in the Board of Regents' Office); and

WHEREAS, Graphic Communications International Union Local 1M has ratified acceptance of the agreement; and

WHEREAS, according to the Board of Regents' Policy on Board Operation and Agenda Guidelines, regental approval of labor agreements is required;

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the President, the Senior Vice President for Academic Affairs, and the Senior Vice President for Finance and Operations, the Board of Regents approves this addendum labor agreement as outlined in the docket for March 7, 1996.

- d) Approval of the collective bargaining agreement with Graphic Communications International Union, Local 1B, as follows:

WHEREAS, the parties have met and negotiated over the course of the past four months and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit (a complete copy of which is available in the Board of Regents' Office); and

WHEREAS, Graphic Communications International Union Local 1B has ratified acceptance of the agreement; and

WHEREAS, according to the Board of Regents' Policy on Board Operation and Agenda Guidelines, regental approval of labor agreements is required;

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the President, the Senior Vice President for Academic Affairs, and the Senior Vice President for Finance and Operations, the Board of Regents approves this addendum labor agreement as outlined in the docket for March 7, 1996.

The Board of Regents voted unanimously to approve the recommendations of the Faculty, Staff and Student Affairs Committee.

Spence reported that the committee also reviewed a student systems status and progress report, and a status and progress report on Tenure Code revisions.

With regard to the discussion relating to Tenure Code revisions, Spence moved that the Board Chair be authorized to enter into a contract with a fee not to exceed \$25,000 for the purpose of independent analysis related to the Tenure Code for the benefit of the faculty, administration, and the Board of Regents as a comprehensive review of the Tenure Policy is conducted. The motion was seconded and the Board of Regents voted unanimously to approve the motion.

## REPORT OF THE FACILITIES COMMITTEE

Regent Anderson, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Senior Vice President's Monthly Facilities Report as presented to the committee and contained in the docket material.
- b) Approval of a resolution relating to amendments to the FY96 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY96 Capital Budget is hereby amended to incorporate the following projects:

- A. Goat Addition to Large Animal Holding Facility  
Twin Cities Campus  
Estimated project cost: \$320,000  
Funding: R & D Systems, Incorporated  
Estimated completion date: October 1996
  - B. Centennial Hall Entrance Plaza ADA Modifications  
Scope/Budget Increase  
Twin Cities Campus  
Original estimated project cost: \$137,000  
Increase in project cost: \$243,750  
Total estimated cost: \$380,750  
Funding for increase: Housing Services - Twin Cities Campus  
Estimated completion date: September 1996
  - C. Frontier Hall Heating System Replacement  
Scope/Budget Increase  
Twin Cities Campus  
Original estimated project cost: \$1,100,000  
Increase in project cost: \$1,518,000  
Total estimated cost: \$2,618,000  
Funding for increase: Housing Services - Twin Cities Campus  
Estimated completion date: October 1996
- c) Approval of a resolution relating to the sale of former dormitory buildings on the Waseca campus, as follows:

RESOLVED, that on the recommendation of the President and Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the sale of the former dormitory buildings in Waseca to LaGow Development Company for the sum of \$360,000.

The Board of Regents voted unanimously to approve the recommendations of the Facilities Committee.

Anderson reported that the committee also reviewed a proposed amendment to the FY96 Capital Budget for Bailey, Frontier, and Territorial Halls ethernet connections and received a presentation on the proposed Gateway Center. The committee also participated in a tour of a number of Arts, Sciences and Engineering facilities.

## REPORT OF THE FINANCIAL OPERATIONS COMMITTEE

Regent Bleyhl, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Senior Vice President's Monthly Financial Operations Report as presented to the committee and contained in the docket material.
- b) Approval of a resolution relating to the purchase of goods/services over \$250,000, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate staff are authorized to award pending purchases/contracts over \$250,000 to the following:

- Amber Group, Inc. of Wisconsin for contract for service to provide leadership, management, & technical consulting for the Office of Information Technology Measurements for the period from 2/14/96 - 7/31/97 to an estimated \$386,000.
- Becton Dickinson Immunocytometry Systems for a flow cytometer system for the Cancer Center for \$281,000.
- Finnigan Mat for a mass spectrometer for the Cancer Center for \$417,200.
- North Carolina State University for membership in the Grants Application and Management System (GAMS) consortium which includes scheduled GAMS software updates through July 1, 1998. Total cost through July 1, 1998 is \$400,000.
- Xerox Corporation for centralized copier maintenance through Office Equipment Services for the period from 2/19/96 - 12/31/96 for an estimated \$925,000.

- c) Approval of a resolution relating to the purchase of goods/services over \$250,000, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate staff are authorized to award pending purchases/contracts over \$250,000 to the following:

- CSC Index for providing assistance to the Academic Health Center for interim Phase I - Phase II reengineering planning for \$200,000.

The Board of Regents voted unanimously to approve the recommendations of the Financial Operations Committee.

Bleyhl reported that the committee reviewed the Quarterly Asset and Debt Management Report. The agenda item relating to the implementation of an administrative fee for University endowments was postponed.



## **REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE**

Regent Sahlstrom, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Senior Vice President's Monthly Educational Planning and Policy Report as presented in the docket material.

The Board of Regents voted unanimously to approve the recommendations of the Educational Planning and Policy Committee.

Sahlstrom reported that the committee also reviewed a report on International Programs and reviewed a pre-budget status report on Arts, Sciences & Engineering. The committee also reviewed a demonstration on interactive registration on the World Wide Web.

## **REPORT OF THE AUDIT COMMITTEE**

Regent Hogan, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of a resolution relating to the Director of Audits Quarterly Report, as follows:

RESOLVED, that the Board of Regents approves the status report of the Director of Audits as presented to the Audit Committee on March 7, 1996.

The Board of Regents voted unanimously to approve the recommendation of the Audit Committee.

Hogan reported that the committee also received an update on grants management; reviewed a report on overdrafts and receivables for sponsored accounts; and engaged in a discussion relating to the implementation of the Internal Control Integrated Framework of Internal Control..

## **NEW BUSINESS**

Chair Reagan reported that he has asked Regents Neel, Kim, and Phillips to serve on a committee to evaluate the performance of Executive Director Steven Bosacker. Regent Neel will chair the committee and a report will be submitted to the Chair of the Board by the May meeting of the Board of Regents.

The meeting adjourned at 12:25 p.m.



**STEVEN BOSACKER**  
Executive Director &  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**March 8, 1996**

A meeting of the Board of Regents was held on Friday, March 8, 1996, at 12:26 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Wendell Anderson, Julie Bleyhl, William Hogan, H. Bryan Neel, Jessica Phillips, Thomas Reagan, Stanley Sahlstrom, and Patricia Spence. President Nils Hasselmo, presiding.

Staff present: Senior Vice Ettore Infante; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice President Roger Paschke.

Others present: Mario Bognanno, William Donohue, and Mark Miller.

A motion was made and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents be held on March 8, 1996 in the Regents' Room, 238 Morrill Hall for the purpose of discussing attorney-client privileged matters .

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 12:27 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

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**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**MINUTES**

**BOARD OF REGENTS' MEETING**

**AND**

**REGENTS' COMMITTEE MEETINGS**

**April 9-12, 1996**  
**April 25, 1996**

**Office of the Board of Regents**

**220 Morrill Hall**

## UNIVERSITY OF MINNESOTA

## BOARD OF REGENTS

Minutes of the Board of Regents' Meetings  
and Regents' Committee Meetings

April 9-12, 1996

April 25, 1996

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**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Litigation Review Committee**

**April 9, 1996**

A meeting of the Litigation Review Committee of the Board of Regents was held on Tuesday, April 9, 1996, at 4:00 p.m. in Room 300, Morrill Hall.

Regents present: William Peterson, presiding; Wendell Anderson, Jean Keffeler, and Patricia Spence. Regent Reagan participated by telephone.

Staff present: President Hasselmo; Senior Vice President JoAnne Jackson; General Counsel Mark Rotenberg; and Executive Director Steven Bosacker.

Others present: Justice Douglas Amdahl, Mark Bohnhorst, Jennifer Bovitz, Stephanie Delworth, Patricia Izek, Gail Klatt, Nancy Schaefer, Justice Robert Sheran, Harry Sieben, and Betty Win.

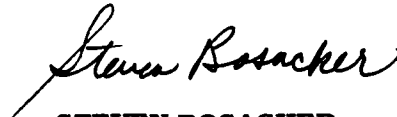
**RESOLUTION TO CONDUCT NON-PUBLIC MEETING  
OF THE LITIGATION REVIEW COMMITTEE**

A motion was made and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents' Litigation Review Committee be held on Wednesday, April 9, 1996, in the Room 300 Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The committee voted unanimously to approve the resolution.

The meeting adjourned at 4:08 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**April 10, 1996**

A meeting of the Board of Regents was held on Wednesday, April 10, 1996, at 3:15 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Wendell Anderson, Julie Bleyhl, Hyon Kim, William Peterson, Thomas Reagan, Stanley Sahlstrom, and Patricia Spence. President Nils Hasselmo, presiding.

Staff present: Senior Vice President JoAnne Jackson; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Carol Carrier, Robert Kvavik and Roger Paschke.

Others present: Mario Bognanno, William Donohue, John Erickson, Marcia Fluer, Gail Klatt, and Beth Nunnally.

A motion was made and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and the General Counsel as provided by Minnesota State Statute 471.705, Subd. 1d and Statute 144.581, Subd. 5, a non-public meeting of the Board of Regents be held on Wednesday, April 10, 1996, in the Regents' Room, 238 Morrill Hall, for the purpose of discussing attorney-client privileged matters and University of Minnesota Hospital and Clinic marketing activity and contracts, respectively.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 3:16 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**April 10, 1996**

A meeting of the Committee of the Whole of the Board of Regents was held on Wednesday, April 10, 1996, at 4:35 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Thomas Reagan, presiding; Wendell Anderson, Julie Bleyhl, Jean Keffeler, Hyon Kim, H. Bryan Neel, William Peterson, Stanley Sahlstrom, and Patricia Spence.

Staff present: President Nils Hasselmo; Senior Vice President JoAnne Jackson; General Counsel Mark Rotenberg; Vice President McKinley Boston; Executive Director Steven Bosacker; and Associate Vice Presidents Carol Carrier, Roger Paschke, and Richard Pfitzenreuter.

Student Representative present: Willow Najjar.

**UNIVERSITY-FAIRVIEW AFFILIATION**

Senior Vice President Jackson, General Counsel Rotenberg, Dean Frank Cerra, and Board of Governors Chair Michael Dougherty presented an update on progress of the proposed University-Fairview affiliation.

Rotenberg began the presentation by summarizing the legal documents that the Board may be asked to review during the next month. Because the Fairview affiliation is an extremely complicated matter, numerous legal arrangements need to be created. It is estimated that as many as 12 documents will be drafted in the next month requiring Board review. Rotenberg provided a list of the possible documents and provided a brief summary of their purpose.

Jackson reported on the progress of the negotiating teams. The teams have been meeting on a regular basis and results of the evaluations indicate that the affiliation continues to make sense from a programmatic viewpoint, and fits well into the mission of the University. The transaction is more complex than originally planned, both legally and financially, but significant progress has been made to date. There has been legislative approval of retirement plan enhancements; financial and legal operational due diligence is well underway for both organizations; a pre-merger notification has been received from the United States Federal Trade Commission; preliminary discussions have been held with the Attorney General; and the first draft for many of the documents required has been completed.

Cerra reported on current negotiations as they relate to the academic research mission of the University. He indicated that throughout all of the negotiations, preservation of the University's education and research mission has and will remain protected.

Dougherty reported that the Board of Governors negotiating committee indicates that if negotiations are concluded in accordance with the Memorandum of Agreement, the entity formed will financially fulfill the mission to support the education and research needs of the health sciences. Because of the health care environment in the



metropolitan area and its impact on the hospitals, it is vital that the negotiations continue at a rapid pace.

Jackson noted two additional items that are currently underway. Incentive packages are being developed for all parties to the transaction to reward efforts in helping to make this transaction succeed. Also, as a precautionary measure, an exit strategy is being developed. Both items will be brought to the Board for review when complete. With regard to a proposed timetable, there will be a public forum for discussion of document contents held on May 13, 1996. It is anticipated that final approval by the Board of Regents on the transaction may be requested by the end of June.

Associate Vice President Carrier reported briefly on the meetings that have been held with employee groups to discuss the human resources aspect of the transaction. The number of meetings has been extensive and a number of public forums have been held to receive input.

### **STATE RELATIONS REPORT**

State Relations Director Donna Peterson reported on the 1996 legislative session. Peterson reported that four main areas were addressed during the session this year: 1) the steam plant; 2) the capital bonding request; 3) the Academic Health Center/tenure; and 4) the proposed University-Fairview affiliation.

With regard to the capital bonding request, Peterson reported that while the University received some of the funding it requested for health and safety needs, it did not receive all that is needed even though it was the University's number one priority. It is becoming clear that the University is not going to be solving its deferred maintenance problem through the bonding bill alone and other potential sources should be explored. Peterson added if renewal, health and safety remains the number one priority in two years, the University may want to reduce the number of other items in its request.

Peterson reported that \$8.6 million was approved for funding personnel changes in the Academic Health Center (AHC) and is contingent upon changes in the tenure code. While the legislation speaks to the Academic Health Center, it is clear that it is the expectation of legislators that changes relating to tenure will be made Universitywide.

Peterson highlighted three issues that are of key interest to legislators and will require particular attention on the part of the University as the request for next year is developed: 1) tenure; 2) distance learning; and 3) technology.

Peterson acknowledged the number of individuals that were involved in the lobbying efforts on behalf of the University during the 1996 session and indicated that there was enormous support from a variety of constituencies. There were a number of new relationships established during the session and it is hoped that these relationships will continue to be strengthened as the 1997 session approaches.

Chair Reagan thanked Director Peterson for her work during the session and stated that he has already talked with the President regarding the need to start strategizing for the next session immediately.

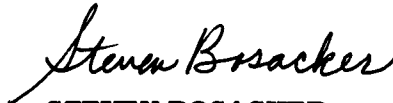
Concerns were raised relating to lobbying by groups or constituencies for items that are not part of the University's request. It was suggested that more time be spent talking to constituencies before the request is developed to evaluate issues that may be regarded as priorities and to receive input on the priorities that the administration and the Board have chosen. A suggestion was made that to try and avoid "end runs" with

regard to the University's approved priorities, a letter be sent to legislators listing the individuals who are authorized to speak on behalf of the University and its request.

President Hasselmo reported that planning is underway for development of the 1997-99 Biennial Request and a lobbying campaign will be an integral part of the request. A basic conceptual plan of the Biennial Request will be presented to the Board in the next few months.

Hasselmo added that he has engaged in discussions with the Higher Education Advisory Council regarding ways that the University of Minnesota, MnSCU, and the Private College Council can unite to speak on behalf of higher education before the legislature.

The meeting adjourned at 5:26 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**April 11, 1996**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, April 11, 1996, at 8:00 a.m. in Room 238, Morrill Hall.

Regents present: Wendell Anderson, presiding; Julie Bleyhl, Warren Larson, William Peterson, and Thomas Reagan.

Staff present: Chancellor Don Sargeant; Senior Vice President JoAnne Jackson; Vice President McKinley Boston; Executive Director Steven Bosacker; and Associate Vice Presidents Ron Campbell, Clint Hewitt, Sue Markham, and Roger Paschke.

Student Representative present: Eric Gustafson

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Senior Vice President Jackson presented the Senior Vice President's Monthly Report for April 1996. The report contained only one item, a review of the parameters of the five-year capital plan, with a focus on the housing plans. The capital plan to be presented will outline some very significant capital needs and financial constraints for the University. Vice President Boston presented the housing plans, as contained in the capital plan.

Regent Anderson expressed his disappointment with the information found in the materials distributed regarding future housing plans. He also questioned the need for the Housing Department if new housing was not going to be built. He added that student housing is one of the few things on campus that generates revenue.

Boston stated that they are committed to building new housing for students. The fast track effort to build new student housing adjacent to Sanford Hall is a tremendous accomplishment by Associate Vice President Campbell and other staff. At the moment there is a commitment to build new housing and a commitment to build on the East River Ramp site. The question that needs to be addressed is, within the overall context of available funds, how quickly can we move forward with the riverfront project. Housing and Food Services does not have the money currently to move forward on any sites. The Regents need to identify the priorities.

Boston continued the presentation of the long-term capital plan. The plan indicates that we expect to build new housing. There is currently \$4.9 million left in fund balances and reserves at the end of this fiscal year.

Campbell explained that the purpose of this presentation is to put the housing issue in the context of the entire University's capital needs. Housing is a very high priority. Before us now is the construction of 127 new beds for the Sanford site at an investment of \$9.3 million of housing capital funds.

Campbell stated that over the last five years the University has spent \$20 million in University capital to continue to upgrade the current housing stock. A beginning fund balance of \$23 million, less 9.3 million for the new Sanford site and \$8.8 million identified in the capital budget plan, leaves a balance of \$4.9 million. This is not enough resources to do all the housing requested.

Campbell also explained the impact of debt service on students over the next couple of years. The average weighted bed rate for future Sanford Hall residents is \$371 per student per month. Assuming a debt of \$30-40 million over the next few years, if this project were financed solely by the residents, the rent would escalate to \$552 per student per month. If the cost were spread out over all students in residential halls, the rate would increase about 15%. With a current weighted bed rate of \$261 per student per month, the rate would increase to \$302 per student per month.

Boston expressed that this information is not presented to slow down the process, but rather to inform members of the current factors being considered in making decisions. Anderson recommended that the necessary criteria could be based on a comparison of the cost and quality of University housing as compared to available housing in the private sector. Campbell responded that University housing is competitive if the cost is spread over all students on campus. The new Sanford site is unique in that it is being funded by the residents, but future housing would need to be funded by all students on campus.

Regent Bleyhl asked, citing a number calls she's received from residents of Dinnaken Properties who are paying \$675 per month, how University housing rates compare? Campbell responded on a per student basis, the University's housing rates (approximately \$295-350 per month) are slightly higher than on-campus housing.

Bleyhl asked if Dinnaken has surplus housing. Campbell explained that, due to Dinnaken's configuration of four bedrooms per unit, they have had difficulty renting to four individual students. Boston emphasized that while Dinnaken Properties is providing a service to University students and the campus, they are an independent management group and we have little control over their pricing. In fact, in negotiations with Dinnaken regarding the residential college, pricing of the units is being debated.

Campbell explained that the ability to provide affordable, competitive housing on campus is based on receiving University financial support. New housing cannot be financed from fund balances and the debt service will significantly impact rates. While campus housing will still be competitive, the rates students pay will increase.

Anderson responded that, even with the projected increase due to debt service, University housing would be very competitive with private housing.

Boston replied that the committee needs to understand the financial reality. If the committee decides that the capital priority for the University is housing, we will move forward. Anderson explained that his frustration is not with current staff; it is from the last 40 years of inaction regarding housing. Although there has been significant movement recently, he doesn't want to see a slow down. Boston assured the committee that staff is committed to enhancing student life through residential hall living. However, staff is obligated to inform the committee of the current financial situation in which these decisions are made.

Jackson also assured members of the administration's commitment, but when the capital plan and University plan are presented, the Regents are going to need to make some changes.

In response to a question from Anderson, Associate Vice President Paschke explained that revenue bonds, like general obligation bonds, impact the University's debt capacity.

In response to a question from Regent Peterson, Campbell stated that the average increase in housing rates charged to students over the last ten years is approximately 3.5% per year.

Campbell reported that staff identified three high priority sites for future housing development: the east river road site at a projected cost of \$30 million for 950 beds, the science classroom site at a projected cost of \$12 million for 250 beds and the Mineral Resource Research Center site at a projected cost of \$3 million for 80 beds. Total students housed between three sites would be about 1200 at a cost of approximately \$45 million.

In response to Anderson's offer of assistance from the committee, Campbell explained that they need to find the resources and the committee needs to set the priorities.

Regent Reagan informed members that he had an opportunity to be briefed on the overall financial picture. He cautioned the committee that, in enthusiasm for new housing, members be careful not to upset the University's debt structure. It appears the administration is cooperating to the greatest extent possible, while still not moving so fast as to disrupt the other plans for the University. Campbell said that there is a continuing problem with drawing on University reserves. The needs and demands of existing student housing are not being fully addressed. Improvements, upgrades, repairs and maintenance continue to be necessary and require great capital need. Boston discussed renewal and maintenance problems in existing housing. The capital budget includes significant requests for technological improvements in the residence halls, as well as addressing deferred maintenance issues.

Anderson stressed the importance of building housing that is going to last and for which the University can be proud. Parents and students are willing to pay for safety and quality.

Regent Larson expressed concern with getting legislators to fund repairs and maintenance and the impact the construction of new buildings will have on the repair and maintenance needs of existing housing.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

#### **AMENDMENTS, FY96 CAPITAL BUDGET**

A motion was made and seconded to recommend approval of the following resolution relating to amendments to the FY96 Capital Budget:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY96 Capital Budget is hereby amended to incorporate the following projects:

- A. Cancer Center Scope/Budget Increase, Twin Cities Campus  
Original estimated project cost: \$20,400,000  
Increase in project cost: \$604,400  
Total estimated cost: \$21,004,400  
Funding for increase: Cancer Center operating budget  
Estimated completion date: July 1996

- B. Basic Sciences and Bio-Medical Engineering Building  
 Scope/Budget Increase, Twin Cities Campus  
 Original estimated project cost: \$67,369,874  
 Increase in project cost: \$1,000,000  
 Total estimated cost: \$68,369,874  
 Funding for increase: Medical School reserves  
 Estimated completion date: June 1996
  
- C. Outdoor Athletic Complex Scope/Budget Increase, Twin Cities Campus  
 Original estimated project cost: \$630,000  
 Increase in project cost: \$220,000  
 Total estimated cost: \$850,000  
 Funding for increase: M & O funds and internal term loan  
 Estimated completion date: August 1996
  
- D. Bailey, Frontier, and Territorial Residence Halls Ethernet Connections,  
 Twin Cities Campus  
 Estimated project cost: \$1,725,600  
 Funding: Housing services - Twin Cities campus  
 Estimated completion date: September 1996

The committee voted unanimously to recommend approval of the resolution.

**AMENDMENT, FY96 CAPITAL BUDGET**

The committee reviewed the following proposed amendment to the FY96 capital budget and a motion was made and seconded to recommend approval of the following resolution relating to the amendment:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY96 Capital Budget is hereby amended to incorporate the following project:

Moos Tower Renovation, Twin Cities Campus  
 Estimated project cost: \$266,393  
 Funding: Facilities Management Department funding  
 Estimated completion date: June 1996

The committee voted unanimously to recommend approval of the resolution.

**AMENDMENT, FY96 CAPITAL BUDGET**

The committee reviewed a proposed amendment to the FY96 capital budget to renovate the space for restructuring of the Academic Health Center provostal unit on the fourth floor of the Children's Rehabilitation Building. The project consists of general, mechanical, and electrical construction work required to develop a 6,700 assignable square foot renovation to house approximately 22 provostal staff. This also includes conference rooms with state of the art telecommunication functions. The estimated cost of the project is \$456,000 with funding provided from discretionary ICR funds. The estimated completion date is August 1996.

## **CENTENNIAL SHOWBOAT FACILITY**

Associate Vice President Paschke and CLA Dean Robert Holt presented this discussion item to the committee.

Paschke explained that although the Centennial Showboat is considered a University facility, it is no longer adjacent to campus and has been moved into the downtown St. Paul area for potential renovation. The need for renovation is substantial and will be funded by private gifts.

Holt outlined the project for the committee. In 1958, when the state was celebrating its 100 year anniversary, the University became involved by renovating an 1889 paddleboat into a modern version of an old-fashioned river showboat. Since that time over 500,000 people have attended performances on the showboat. The showboat is first and foremost a teaching facility. It provides an opportunity for theater students to act, direct, and design scenes, lighting and costumes. This is unique among theater departments in the country. Secondly, it is a great outreach vehicle for the University.

The current project is another kind of outreach. The University is entering a partnership with the City of St. Paul's plans to rebuild the waterfront. The city is investing about \$250,000 on this project for the dock and other facilities necessary to bring the showboat in line with the rest of the riverfront development.

The showboat needs to be brought up to code on safety, access, seating, etc. To date \$700,000 has been raised in gifts and pledges. The exact cost of the renovation has not been projected because the detailed designs have not been drawn. Shortly, a contract will be entered into with an architect to develop the designs, which will assist in the fundraising effort. Hopefully, the showboat will reopen in St. Paul by the summer of 1997.

In response to a question from Regent Anderson, Director Linda McCracken-Hunt stated that the estimated project cost is \$2,188,000 to be raised privately. In order to be open for next summer's season, the fundraising needs to be in place between now and July 15 or an appropriate financial agreement between the University and CLA's fundraising effort needs to be made before we can go out for bid.

In response to a question from Regent Peterson, CLA Development Officer Mary Hicks explained that staff is working with labor unions in an effort to get some in-kind donations.

## **REAL ESTATE TRANSACTIONS**

### **Sale of Unit 304 at 1666 Coffman Street**

A motion was made and seconded to recommend approval of the following resolution for the sale of unit 304 at 1666 Coffman Street:

**RESOLVED**, that on the recommendation of the President and Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the sale of Unit 304 located at 1666 Coffman Street, Falcon Heights, Minnesota, to William S. Dancer, for the sum of \$54,000.00.

The University Medical Library will benefit from this sale.

The committee voted unanimously to recommend approval of the resolution.

## **REAL ESTATE TRANSACTIONS**

### **Sale of Outlots B and C, Rosemount, Dakota County**

The committee reviewed a proposal to sell Outlots B and C in Rosemount to Basic Builders, Inc. for the sum of \$435,000.00. The property consists of 34.4 acres of vacant land and is located across County Road 42 from the University's Rosemount Research Center and Agricultural Experiment Station and is not adjacent to any University-owned property. Basic Builders, Inc. is seeking approvals to allow the property to be re-zoned for multi-family housing.

In response to a question from Regent Peterson, Associate Vice President Hewitt clarified that this sale will not conflict with Dakota County's plans to widen County Road 46.

### **GATEWAY CENTER RESOLUTION**

A motion was made and seconded to recommend approval of the following resolution relating to the Gateway Center and expanded Gateway Center projects:

**WHEREAS**, the Board of Regents has reviewed the Oak and Washington Precinct Plan Concept, which is part of the draft Master Plan, and approves of the Precinct concept; and

**WHEREAS**, the Board of Regents supports the development of the University Gateway/Alumni Center to create a true gateway to the Twin Cities Campus, and as the primary location for the University of Minnesota Foundation, the Minnesota Medical Foundation, and the University Alumni Association; and

**WHEREAS**, the Board of Regents supports the construction of additional space as part of the Gateway/Alumni Center for other appropriate departments or units of the University, and

**WHEREAS**, the Board of Regents, consistent with the Oak and Washington Precinct Plan Concept which is part of the draft Master Plan, supports the construction of space adjacent to the Gateway/Alumni Center at the Oak and Washington Precinct for 1) primarily academic, visiting faculty housing of a short-term nature, and 2) retail-related space that complements existing retail space in Stadium Village; and

**WHEREAS**, the Board of Regents recognizes that University internal funds, University bond funds or other debt, and other public funds are not available to support the construction and operation of the Gateway/Alumni Center, the academic housing, and the retail space in the precinct;

#### **NOW, THEREFORE, BE IT RESOLVED, THAT:**

1. The Board of Regents approves the plan in concept for development of the Oak and Washington Precinct with regard to construction of the Gateway/Alumni Center, as defined, and adjacent space primarily for academic housing and retail purposes.



2. Contingent upon (i) full financing of the Gateway/Alumni Center through gifts and/or the issuance of debt by the Foundation, Medical Foundation, and the Alumni Association, (ii) there being no impact on the University's debt capacity, balance sheet, financial condition, or credit rating, and (iii) the University retaining title to the land under any circumstances, the appropriate land area at the Oak and Washington Precinct shall for a nominal amount be committed for construction of the Gateway/Alumni Center. Such construction shall be completed according to all applicable University standards, including that full financing must be identified and in place prior to the start of construction.
3. The Board of Regents approves the issuance of a Request for Proposal (RFP) to determine the level of interest by external parties in the construction of additional space adjacent to the Gateway/Alumni Center at the Oak and Washington Precinct for 1) primarily academic, visiting faculty housing of a short-term nature, and 2) retail-related space that complements existing retail space in Stadium Village.
4. Contingent upon a review and acceptance by the Regents of the results of the RFP that must include (i) full financing of the construction and operation of space for academic housing and retail uses by external parties acceptable to the University, (ii) there being no impact on the University's debt capacity, balance sheet, financial condition, or credit rating, and (iii) the University retaining title to the land under any circumstances, the appropriate land area at the Oak and Washington Precinct shall be committed for construction of academic housing primarily for visiting faculty, and for construction of retail space.
5. The site plan and the schematic designs for the Gateway/Alumni Center, and the space for the academic housing and retail areas must be approved by the Regents.
6. Consistent with the goal of the Regents to facilitate skyway and/or tunnel connections to University related buildings, the University (i) shall assume responsibility for the connection of the Washington Avenue Parking Ramp into the Gateway/Alumni Center and the academic housing and retail areas, and (ii) shall work with the property owners and tenants involved with this project on financing of the necessary building connections.
7. The appropriate administrative officers are directed to conduct an economic feasibility evaluation of the intended development of the academic housing and retail areas as a result of the RFP process. The results of this evaluation shall be reported to the Regents prior to final commitments of the property for these purposes.
8. Contingent upon review and acceptance of the final form for financing the Gateway/Alumni Center, the appropriate administrative officers are authorized to enter into a contractual arrangement with the University Foundation, Medical Foundation, and Alumni Association for (i) long-term lease of the

land, and (ii) lease of the University-related space in the Gateway/Alumni Center.

The committee voted unanimously to recommend approval of the resolution.

#### **QUARTERLY CAPITAL IMPROVEMENT PLAN REPORT**

Associate Vice President Markham updated the committee on the status of capital improvements on campus. Markham informed the committee that all planned projects are right on schedule and being completed pursuant to the capital plan.

A motion was made and seconded to recommend approval of the following resolution approving the Quarterly Capital Improvement Plan Report:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the Board of Regents approve the third Quarterly Report on the FY96 Capital Budget summarized in Attachment A and approve amendments to the FY96 Capital Budget as itemized below: (see table in docket materials).

The committee voted unanimously to recommend approval of the resolution.

#### **CROOKSTON CAMPUS FACILITIES AND CAPITAL NEEDS**

Associate Vice President Markham provided the committee with some preliminary information on the Crookston Campus. The campus represents less than two percent of the total space the University owns and 2.1% of the University's annual operating costs for facilities. There is no depreciation being budgeted and there is about \$11 million dollars in deferred renewal (1.2% of the total deferred renewal for the University).

Chancellor Sargeant first reviewed the short-term needs for the Crookston campus (in thousands):

Controlled Environmental Science Center	\$2,800 (Legislative request)
Roadway Connection To City	\$ 250 (Legislative request)
Kiehle Elevator - Health And Safety	\$ 350 (Legislative request)
Classroom Renewal - Facility Renewal	\$ 300 (Legislative request)
Outdoor Athletic Complex - Phase I	\$ 800 (O&M repairs)
Student Life Housing Project - Phase I	\$1,000 (Auxiliary funds)
Watermain Replacement/Water Tower Removal	\$ 300 (O&M & Leg. request)

Regent Anderson expressed his desire for the committee to visit Crookston, as well as the other outstate campuses.

In response to a question from Regent Peterson, Sargeant informed the committee that the 1996 bonding bill provided funding for the first two items totaling \$3,050,000.

#### **GROUNDBREAKING SANFORD SITE STUDENT HOUSING**

The committee adjourned to break ground at the future student housing site near Sanford Hall.

**TOUR: PROFESSIONAL STUDIES FACILITIES**

Following the ground breaking, the committee toured facilities used by the Professional Studies provostal unit that are in need of significant remodeling or rebuilding.

The meeting adjourned at 9:03 a.m.

*Steven Bosacker*

**STEVEN BOSACKER  
Executive Director and  
Corporate Secretary**

**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Financial Operations Committee**

**April 11, 1996**

A meeting of the Financial Operations Committee of the Board of Regents was held on Thursday, April 11, 1996, at 1:55 p.m. in Room 238, Morrill Hall.

Regents present: Julie Bleyhl, presiding; Wendell Anderson, Warren Larson, William Peterson, Thomas Reagan, and Patricia Spence.

Staff present: Chancellor Kathryn Martin; Provost William Brody; Senior Vice President JoAnne Jackson; Vice President Mark Brenner; Executive Director Steven Bosacker; and Associate Vice Presidents Sue Markham, Roger Paschke, and Richard Pfitzenreuter.

Student Representative present: Charles Roehrdanz.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Senior Vice President Jackson reviewed the Senior Vice President's Monthly Report, which was included in the docket. A motion was made and seconded, and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

**PURCHASE OF GOODS & SERVICES OVER \$250,000**

Karen Triplett, Director of Purchasing Services, presented a resolution relating to the purchase of goods and services over \$250,000:

**RESOLVED**, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate staff are authorized to award pending purchases/contracts over \$250,000 to the following:

- Coopers & Lybrand for \$500,000, for continued support of business process redesign for the Student 2000 Project for Academic Affairs.
- David A. Jordani & Associates for \$592,800 to provide project management, business analysis, and technical analysis on the Space Database Project for Facilities Management.
- Finnigan-MAT for \$1,020,920 for three mass spectrometers for the Geology & Geophysics Department.

- Fore Systems for asynchronous transfer mode (ATM) switches, interface cards and related equipment for University Networking Services as needed for the period from 2/15/96 to 6/30/97 at an estimated \$1,700,000.
- Thor Construction, M. A. Mortenson, and Lund-Martin for small construction/remodeling/emergency repair projects as called for by Facilities Management from April 10, 1996 to April 9, 1997, estimated at \$9,000,000.
- Viking Press for \$257,620 for printing of 1996-97 Extension Classes Bulletin for the department of Continuing Education & Extension/UC-Communications Services.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the resolution.

#### **ADMINISTRATIVE FEE ON UNIVERSITY ENDOWMENTS**

Senior Vice President Jackson introduced Associate Vice President Paschke, Gerald Fischer of the University Foundation, and Dean G. Edward Schuh to discuss a proposed resolution on administrative fees on University endowments.

Fischer explained that as the Foundation has begun planning for a future capital campaign, the need for additional revenue to support the increased fundraising and administrative expenses has been identified. The Foundation is currently actively managing approximately 1,800 individual major gift relationships. In the next five to six years, the Foundation would like to contact 17,000 prospective donors of \$10,000 or more. To support a larger prospect base, the Foundation will create seven regional development officer positions who will call on alumni and friends from areas of the country that the Foundation has, due to lack of personnel, not been able to reach in the past. A total of 23 people would be added to Foundation staff to support the future capital campaign.

In response to a question from Regent Reagan, Paschke explained that the proposed administrative fee would be over and above investment management and administrative expenses currently charged to the endowment, and would have the impact of slightly reducing the investment return on the endowment fund.

Reagan suggested that to ensure that adequate money for scholarships is considered, the resolution should have language added to specifically mention the Regents' commitment to scholarships. Regent Bleyhl agreed and reminded the committee that the resolution is not on for action until May, which will allow time for language to be added to the resolution.

Dean Schuh, chair of the Twin Cities Campus Deans' Council, stated that some of the deans expressed two main concerns about the administrative fee: 1) the inequity of it, because some Deans are much more dependent on endowment funds as a share of their regular operating expenses than others; and, 2) the incentive issue. If a Dean finds that he or she gets taxed more for their efforts at fundraising than someone who doesn't do fundraising and bear any of the costs, there will come a point when the deans won't bother. The deans have met with Paschke and Fischer to discuss the issues, and reluctantly recognize that there is not a better option at this time and are supportive of the resolution.

Regents Bleyhl and Spence expressed concern that none of the new Foundation positions will be located on the coordinate campuses.

Chancellor Martin joined the discussion and said that she supports the need for an administrative fee, but added that the Duluth campus needs additional personnel on campus for raising money rather than having Twin Cities staff dedicating a percentage of their time to UMD.

Bleyhl asked Fischer to consider placing some personnel at coordinate campuses before the resolution comes back for action in May.

#### **CSC INDEX -- ACADEMIC HEALTH CENTER PHASE II REENGINEERING**

Senior Vice President Jackson reminded the committee of the extensive discussion on the CSC Index at the March meeting. Jackson introduced Leo Furcht and Terry Bock of the Academic Health Center, who presented a resolution which would award a contract to CSC Index for approximately \$1,725,000. Under this agreement, CSC Index will provide assistance to the Academic Health Center for Phase II Reengineering Design and Implementation Planning.


A motion was made and seconded and the committee voted unanimously to approve the resolution.

#### **CONTRACT FOR SUPERCOMPUTING SERVICES**

Senior Vice President Jackson introduced Vice President Brenner to present a resolution related to the computer service agreement with Minnesota Supercomputer Center, Inc. (MSCI). Brenner reminded the committee that a recommendation to approve the contract was scheduled to be presented at the March 1996 meeting, but was withdrawn to allow the administration time to review the consequences of the tender offer by Silicon Graphics to acquire Cray Research, Inc., the owner of MSCI. After extensive discussions with the leadership of MSCI, Cray, and Silicon Graphics, Brenner stated that he believes the pending merger of the two corporations will strengthen their activities and should prove very beneficial to the University in working with MSCI to obtain high performance computing services.

A motion was made and seconded and the committee voted unanimously to enter into the contract with MSCI for supercomputing services effective July 1, 1996, as presented to the committee and contained in the docket materials.

The meeting adjourned at 2:55 p.m.



**STEVEN BOSACKER**  
Executive Director and  
Corporate Secretary

Year 1995-96

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Faculty, Staff and Student Affairs Committee**

**April 11, 1996**

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, April 11, 1996, at 9:00 a.m. in Room 300, Morrill Hall.

Regents present: Jean Keffeler, presiding; William Hogan, Hyon Kim, H. Bryan Neel, Patricia Spence, and Stanley Sahlstrom.

Staff present: President Nils Hasselmo; Chancellors David Johnson and Donald Sargeant; Provosts William Brody and W. Phillips Shively; Vice President Mark Brenner; Executive Director Steven Bosacker; and Associate Vice Presidents Nancy Barcelo, Carol Carrier and Robert Kvavik.

Student Representatives present: Willow Najjar and Jul Lea Schwantz

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Associate Vice President Kvavik reviewed the Senior Vice President's Monthly Report, which was included in the docket, and noted the following:

- University of Minnesota, Duluth, has been accepted as a member of the National Association of State Universities and Land-Grant Colleges (NASULGC), the most prestigious organization of land-grant institutions in the country. The only other Minnesota member is the University of Minnesota, Twin Cities.

Regent Keffeler suggested that the Senior Vice President's Monthly Report be used as a vehicle for announcing to the Board of Regents important upcoming events that the student body or faculty may be organizing.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

**UNIT 2, ADDENDUM COLLECTIVE BARGAINING AGREEMENT**

Associate Vice President Kvavik introduced Associate Vice President Carrier, who presented the collective bargaining agreement between the University of Minnesota and the International Brotherhood of Electrical Workers (IBEW), Local 292, as contained in the docket materials.

A motion was made and seconded, and the committee voted unanimously to approve the resolution.

## **WORKING GROUP ON HUMAN RESOURCES: STAFFING REPORT**

Chuck Denny, chair of the Working Group on Human Resource Policies, reminded the committee that the Working Group was formed to review human resource policies and practices in an effort for the University to become more strategic about increasing the effectiveness and efficiency of its human resources. The task force was asked to examine four major topical areas: 1) recruitment and staffing; 2) developing administrators and reviewing their performance; 3) employment grievances and dispute processes; and, 4) compensation policy, principles, and structures. The first of these reports examines the area of staffing. Three questions formed the basis for the work of the subcommittee. What philosophies or values, policies and practices guide the University's recruitment, hiring and retention of staff? In what ways do existing philosophies, policies and practices help or hinder the University in achieving its goals? What changes might better align staffing practices with the strategic directions the University intends to pursue?

Denny introduced Associate Vice President Carrier, and Pam Sveinson, Vice President for Human Resources at Cowles Media, who chaired the recruitment and staffing subcommittee. Sveinson explained that in the examination of staffing, four critical issues were identified: 1) definition of staffing; 2) employer and employee responsibilities; 3) process versus results; and, 4) supervisory and managerial training and development and accountability.

After consulting with the University community, the Working Group has developed a set of recommendations designed to provide staffing processes that better address the University's needs. The recommendations are:

- Make resources available to hiring authorities as they develop strategic plans for managing within their units;
- Wherever possible, simplify processes related to staffing;
- Provide hiring authorities with as much flexibility and choice as possible in staffing their units;
- Develop and maintain an organizational infrastructure that more strongly supports the staffing process.

Carrier explained that one of the biggest obstacles now facing staffing at the University is cumbersome process. Over the years, layer upon layer of processes have been developed which can no longer be afforded.

Stephanie Lieberman, Director of the Office of Equal Opportunity & Affirmative Action, joined the discussion to explain the role of equal opportunity, affirmative action and accountability. Lieberman stated that the University has, "processed itself into a beautiful house of equal opportunity without allowing any doors and windows for affirmative action." Looking at top academic administrators, one of the ideas of development is to develop your own staff so that they can take other positions within the institution. But, because the University currently requires national searches for all upper-level administrative positions, it cannot take advantage of internal resources available. One of the proposals in the Working Group's recommendations is to leave some of the discretion in how searches are conducted with the managers. Given the restructuring that is going on within the University, the Working Group wants to allow for as many possibilities of reassigning across units, which currently is not being done. It currently takes an average of six to eight months to recruit for upper level administrative positions.



Regent Hogan expressed concern about the University's mission and record on affirmative action with the search process in place. If the University cannot, in a group search process, achieve favorable levels of diversity when the regulations are in place, Hogan questioned who will guide the process and produce results without them.

Denny stated that until the University has a consistency of culture, view, values, mission and vision in the management of the institution, the University is reduced to being another government bureau with compliance groups everywhere. Denny said that the people running the searches have expressed their agony in conducting a search at this University with the procedures currently in place, driven by repetitive EEOC issues. Denny said that although it is with the best of intentions, the process gets in the way of producing effective results.

Carrier stated that none of these proposals are concrete. This is only a progress report as to where the Working Group is and where they are going. The Working Group on Human Resources will be back to address the Board with their final recommendations in September.

### **TENURE: STATUS AND PROGRESS REPORT ON TENURE CODE REVISIONS**

Associate Vice President Kvavik distributed a handout which highlighted results of a survey he conducted of 30 universities in the Association of American Universities (AAU) on various tenure rules, regulations, and practices.

There were four issues surveyed: 1) the uniformity of tenure regulations, procedures, and practices across university units including length of probationary periods and utilization of non-tenured faculty; 2) disposition and rights of tenured faculty in situations of significant programmatic change; 3) post-tenure review including adjustment to workload and reduction in base pay of tenured faculty; and, 4) grounds for dismissal for cause, procedures for removal, and suspension of pay.

The major conclusions of the survey are:

- Tenure regulations, procedures, and practices are under increasing review and modification at AAU institutions. Probationary periods are being modified for subsets of faculty. The utilization of non-tenured/ranked faculty, especially in clinical ranks, is increasing.
- Increasingly, institutions are clarifying and strengthening tenure code language to permit the dismissal of tenured faculty in situations of significant programmatic change. Concomitantly, few institutions are exercising their authority preferring to reassign faculty.
- Post-tenure review is increasing. For the most part, the focus is on faculty development rather than discipline. Reduction in base pay of tenured faculty for disciplinary purposes is minimally used.
- Grounds for dismissal for cause, procedures for removal, and suspension of pay are being clarified but the impact at this time is unclear as new procedures and guidelines are yet to be tested.

Dean Frank Cerra and Professors Carl Adams and Dan Farber joined the discussion to answer questions regarding the tenure subcommittee's proposed revisions to the tenure code.

In response to a question from Regent Spence, Kvavik stated that the budget and University Plan provides that 2.5-5 percent of the dollars set aside for salaries will go

to training and retraining of faculty in the event there is a need to assign someone to a different program or department.

In response to a question from Regent Keffeler, Cerra explained that if the proposed 13-point plan for tenure revisions goes forward and is approved, it would meet the performance criteria that the legislature laid out in its response to the University's request for the Academic Health Center. However, there is strong sentiment at the legislature that tenure code revisions must include the ability to lay off faculty as a result of programmatic change.

Adams stated that in assessing the current external environment, two issues surrounding layoffs are the most controversial: 1) that layoffs of tenured professors be permitted when their programs are cut; and 2) that pay reductions be allowed under certain circumstances. Adams stated that layoffs and their affect on productivity and morale must be given serious consideration. Keffeler suggested that dedicated discussion time be set aside at a future meeting to fully examine the layoff issue.

Professor Mary Dempsey, chair of the Senate Committee on Faculty Affairs' Tenure Subcommittee, explained the process of examining the proposed revisions to the code. The Tenure Subcommittee and the Senate Faculty Affairs Committee will consider the draft revisions during the next few weeks. The recommendations of those examinations will be sent to the Judicial Committee and the Faculty Consultative Committee for their actions. From there the amendments will be placed onto the April and May Faculty Senate dockets for Senate consideration. After the Faculty Senate has taken action on the amendments, they will be forwarded to the President and the Regents for consideration and action.

Professor Dan Feeney, chair of the Senate Committee on Faculty Affairs, reviewed the 13 draft revisions to the tenure code that were included in the docket materials.

Professor Edwin Fogelman told the committee that the tenure debate has already sent a negative ripple throughout the faculty ranks. Fogelman reported that there have been 18 retention cases this year in the College of Liberal Arts, a 400 percent increase from last year. Retention cases are attempts by the University to keep faculty members who receive job offers from other institutions. Fogelman warned that the University of Minnesota is becoming a target of opportunity for institutions seeking to recruit U of M faculty. When top people leave departments, they are replaced with first-year Ph.D.s, and the University suffers a loss of prestige. Fogelman stated that this could translate into future drops in national rankings and a loss of graduate students and grant money. "There is a perception that if not for tenure, we could get rid of deadwood," said Fogelman, "but if we get rid of tenure, in five to ten years, we will have nothing but deadwood here."

Regent Neel stated that the committee needs to send a signal that the review process is not a witch hunt to clear out "deadwood."

Regent Spence said that higher education is in a pressure cooker, and that while the decisions are difficult, she is happy that they are reviewing the tenure issue with the faculty as the leadership, because it is the only opportunity to be proactive. Spence noted that faculty needs to send a strong message of support for some the necessary changes because if the Regents don't initiate the changes, outside influences will and it will be detrimental to everyone.

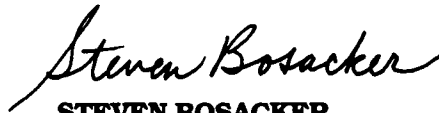
Keffeler agreed and added there are both financial as well and credibility issues regarding efforts to restructure amid financial problems, and urged cooperation and communication among everyone involved. The purpose of the tenure review initiative is to identify ways for the University to be more competitive, and faculty must be

supportive of the University's mission. The issue is not of deadwood, but rather how to shape the institution.

Spence reported that the Board of Regents office sent out a Request for Proposal (RFP) to 11 consulting firms asking for their proposals on advising the Regents and faculty on the tenure issue. Two proposals were received this week and copies are available for review at the Regents' office.

Professor Naomi Scheman, chair of the Senate Equal Employment Opportunity for Women Committee, reminded the committee that issues related to diversity need to be considered in the tenure discussion. They include: 1) that changes in the nature of faculty appointments not have a disproportionate impact on members of protected classes; 2) that hard decisions about resource allocation keep diversity-related consideration in the foreground; and, 3) that the deep roots of the crisis of confidence nationally in research universities be recognized as related to issues of diversity.

The meeting adjourned at 11:47 a.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Educational Planning and Policy Committee**

**April 11, 1996**

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, April 11, 1996 at 1:45 p.m. in Room 238, Morrill Hall.

Regents present: Stanley Sahlstrom, presiding; Jean Keffeler, William Hogan, and H. Bryan Neel.

Staff present: Chancellor David Johnson; Provost W. Phillips Shively; Vice President McKinley Boston; Executive Director Steven Bosacker; and Associate Vice Presidents Nancy Barcelo, and Robert Kvavik.

Student Representatives present: Rich Pederson and Jul Lea Schwantz.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Vice President Kvavik reviewed the Senior Vice President's Monthly Report, which was included in the docket materials, and noted the following items:

- Program-related items:
  - Elimination of the program option Pre-Mineral Geo Engineering in the College of Science and Engineering at the University of Minnesota Duluth; and,
  - Name change of the Master of Arts and Ph.D. degree programs in Education/Emphasis in Vocational Education to Education/Emphasis in Work, Community, and Family Education.
- National reports
  - North Central Association for the Accreditation of Colleges and Schools upcoming site visit (May 13-15, 1996).

A motion was made and seconded and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

**ACADEMIC REPORT SERIES: INSTITUTE OF TECHNOLOGY**

Provost W. Phillips Shively introduced Dean H. Ted Davis to present the strategic directions and initiatives proposed and implemented by the University of Minnesota Institute of Technology.

Davis outlined the mission and goals of the Institute of Technology (IT). IT consists of 7,255 students, faculty, and staff. The business of IT is teaching and scholarship. The goals of IT are to achieve and maintain excellence in teaching and research. Acquiring and nurturing excellent faculty and staff are essential steps towards achieving the goals of the institute. Interaction with the community through consultation and sharing expertise also enables IT to serve the community and sharpen its focus. IT's annual operating budget totals \$145 million with 23% coming from the State of Minnesota, 15% from tuition, 54% from research grants, and 8% from gifts and other sources.

Davis reported on the national ratings of graduate programs in IT, the success of the IT instructional computing laboratories, and the importance of research centers to IT's mission. The most recent center is the Laboratory for Computational Science and Engineering. This center's mission is to develop new technologies for computer simulation and data visualization.

Davis shared his strategy for overcoming declining budgets due to declining support from the state legislature. Resource centered management should bring in added income. Enrollment is scheduled to increase which in turn will increase the tuition stream. IT will very aggressively seek new research funding and acquire new centers. IT is also creating new professional masters degrees. IT will also aggressively market summer programs to increase income.

Regent Neel inquired into the FDA approval process for drugs and devices. He was concerned about the long lag period for approvals. Davis agreed that it is a problem and stated that there has been progress and the FDA is moving in the right direction to solve these problems.

Regent Hogan asked Dean Davis to share his picture of IT in five years. He also inquired about how the diversity goals would be met, especially with respect to the faculty. Davis responded that all of the programs he outlined in the report are designed to stabilize the constant chipping away of IT. The five year goal would be to serve the small business community as well as IT has been able to serve big business. With regard to faculty, one reason we have problems attracting a diverse faculty is because of the Minnesota climate. Minnesota does not have as diverse a population as other states. But, IT is working hard recruiting throughout the United States.

Regent Sahlstrom requested a tour of the Laboratory for Computational Science and Engineering. Provost Shively agreed to arrange the tour.

### **SEMESTER SYSTEM UPDATE**

Vice President Kvavik introduced Peter Zetterberg to present the update on semester conversion. Zetterberg reported that this is the first in a series of status reports regarding the Semester Conversion Project. The project is organized in six parts: 1) mobilization/organization/base information; 2) timelines, guidelines, and objectives; 3) academic program conversion; 4) student information/advising; 5) student systems redesign project; and 6) other policies and procedures. Because of the large number of degree programs offered and the size of the curriculum, the semester conversion effort is a large undertaking for the University. There are approximately 21,225 current courses on all campuses that must be converted. They are offered under 495 different course designators by 195 academic units.

Each campus and college has been supplied with information about its current degree programs and currently authorized courses. The degree programs must be converted to their semester-based equivalents and the number of courses in the curriculum of each campus and college must be reduced by approximately one-third.

The academic program conversion is the heart of the project and requires the most work. It involves the conversion to a semester-based academic calendar of the University's 647 degree programs and the conversion of the curriculum for each program. The liberal education requirements for each campus must also be revised, along with any college requirements. Since programs depend on other programs for some course work, the process used for the degree program conversion effort must enable coordinating programs to know what each other is doing. The job of converting the degree programs and courses to their semester-based equivalents will be done by the University's faculty members. This work has already begun in most departments and will be completed by October 31, 1997.

Keeping students informed is an important part of the project. It involves the development of a student information and advising plan; training for advisers; the development and production of transition advising materials for students, both print and electronic; and the production of new bulletins.


Regent Hogan asked if the University will realize the outcome and advantages of changing to this system. Zetterberg indicated that changing the academic calendar allows the University to have more in common with other institutions. More than 70% of institutions nationwide use semester calendars and that number increases every year. We hope to increase the kind of cooperating arrangements we have with other institutions. Semester conversion will also lead to critical examinations of our curriculum and degree programs.

Regent Neel inquired whether the sufficient infrastructure and tools are in place to conduct this transition smoothly? Zetterberg replied that there are parts of the student systems that are going to have to be ready on time to support what we want to do with advising. The key is the training we need to provide to the people who do the advising. There are approximately 4500 people that need to be trained.

Neel wondered if it is necessary to have large classes such as psychology 1001. Class size and availability are really key issues. Zetterberg responded large classes aren't necessarily bad. As part of the undergraduate initiative we have invested in those kinds of classes. In general biology, the investment involved the equipping of classrooms with computer equipment that would allow simulations. Course availability is much improved. This year we have budgeted money to add extra sections. This is an area that is much improved over the last five years.

Student Representative Pedersen stated that one of the problems for students has been the difficulty in transferring between campuses. He asked if this would change and become easier with the new system. Kvavik replied that the University is putting in place an automated transfer system called "Speedie". This is a high priority on the agenda. Zetterberg added this is probably the hardest part of the shift. An important part of this project will be to work with all the public campuses and make sure we preserve the Minnesota Transfer Curriculum.

The meeting adjourned at 3:37 p.m.

  
**STEVEN BOSACKER**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**April 12, 1996**

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, April 12, 1996, at 8:00 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Reagan, presiding; Wendell Anderson, Julie Bleyhl, William Hogan, Jean Keffeler, Hyon Kim, H. Bryan Neel, Stanley Sahlstrom, and Patricia Spence.

Staff present: President Nils Hasselmo; Chancellors David Johnson, Kathryn Martin, and Donald Sargeant; Provosts C. Eugene Allen, William Brody and W. Phillips Shively; Senior Vice President JoAnne Jackson; General Counsel Mark Rotenberg; Vice Presidents McKinley Boston and Mark Brenner; Executive Director Steven Bosacker; and Associate Vice Presidents Roger Paschke and Richard Pfitzenreuter.

Student Representative present: Chuck Roehrdanz.

**ALL-UNIVERSITY HONORS COMMITTEE RECOMMENDATIONS**

A motion was made and seconded and the committee voted unanimously to recommend approval of the following resolution:

RESOLVED, that on the recommendation of the President, the report of the All-University Honors Committee is hereby approved.

**UNIVERSITY PLAN 1996-97**

Prior to the presentation on the University Plan for 1996-97, Chair Reagan addressed the issue of the proposed phase out of General College recommended as part of the University Plan. Reagan stated that the issue of how the University of Minnesota and other post-secondary systems best serve the underprepared students who want a higher education is a crucial one for the future of Minnesota. The University of Minnesota and the other educational systems in the state, both secondary and post-secondary, need to work together to develop the best approach possible. How well the University is meeting the needs of underprepared students is a very fair area for inquiry. An objective and uncompromising evaluation of General College as well as all of the programs at the University needs to be made as the University faces tough questions on defining its mission and determining how best to meet that mission. The recent process of evaluating General College was flawed. The inquiry was not broad enough and did not include enough of the people who would be affected by the decision.

Reagan moved the following resolution:

BE IT RESOLVED, that the Board of Regents directs the administration to stop the current process directed toward the "proposed phase out of General College" and restart an inquiry of how best to serve the needs of underprepared students in collaboration with all affected communities and other educational systems, both secondary and post-secondary.

The resolution was seconded.

President Hasselmo stated that he would interpret the resolution to indicate that the Board endorses placing the issue of General College on the agenda for review and evaluation during the next two months.

Regent Anderson responded that if the resolution is passed, discussions on the issue of closing General College will be stopped at this time.

Regent Hogan expressed concern that relationships with the communities have been damaged significantly because of exclusion in the process. As evaluations of the University's programs move forward in the future, a fresh approach needs to be developed that will include input from faculty, staff, students, and members of the community.

Regent Sahlstrom stated that he had anticipated that discussion on the proposed closure of General College would occur during the next several months with input from various constituencies before a final decision would be made. Because a full discussion has not occurred, he feels that the Board has not received adequate information on the issue from all parties and he does not support the resolution to stop the discussion at this time.

Regent Kim stated that she too is troubled by the process and the damage that it has done with respect to the University's relationship with the community, especially as it relates to the issues of access and diversity.

Regent Keffeler addressed the need for open-minded and objective evaluation of all the programs at the University. She stated that she views the resolution as a means of stating that there are ways of engaging in discussion on these issues that are respectful of the students and communities that the University serves and that reinforces the values of the institution.

Student Representative Roehrdanz stated that the student representatives to the Board reviewed and support the resolution.

Regent Neel stated that it is a critical time for the University. There are a number of major problems that need to be resolved in the next year. He is supportive of open and candid discussions so that the decisions that need to be made are based on rational analyses.

President Hasselmo stated that he will work with the Board to establish the best possible process to deal with the issues and establish a process to move forward.

The committee voted by a majority of 9 to 1 to recommend approval of the resolution with Regent Sahlstrom voting against the resolution.

President Hasselmo introduced the discussion on the 1996-97 University Plan. The University Plan is intended to 1) guide annual budgetary decisions and 2) set planning parameters for the campuses, provostal areas, colleges, and administrative units for their planning in the upcoming year. It is an annual presentation and update of U2000. Today's presentation will review some of the proposed academic redesign efforts, new investments, and structural realignments which are incorporated into the 1996-97 University Plan. The systemwide and campus academic plans, the administrative process redesign initiatives, the University's financial plan, and the University's capital plan make up the U2000 Agenda for Change and are now combined into an integrated process reflected in the 1996-97 University Plan.

Associate Vice President Kvavik provided information on the 1996-97 University Plan. The document contains seven parts: 1) a mission statement and organization; 2) an internal and external environmental assessment; 3) a University 2000 vision statement; 4) a number of planning assumptions; 5) a financial framework;



6) a series of strategic issues and initiatives; and 7) an evaluation process. Kvavik reviewed the purposes served by the annual University Plan and highlighted information relating to enhancements of the University 2000 vision.

Senior Vice President Jackson addressed the section in the plan relating to developing an institutional financial framework. She indicated that the President and the Board has endorsed the use of the Integrated Framework of Internal Control to manage the University in the future. Part of managing under the guidelines contained in the integrated framework is to assess the operating and financial risks that face the University. Any future plan for the University of Minnesota cannot be endorsed unless there is a clear understanding of the problems, risks, and economic issues that must be considered as decisions are required.

Associate Vice President Pfutzenreuter reviewed strategic issues, trends, and observations of the University's financial planning framework for the next three years. Issues include: decreasing state support for public higher education; increasing tuition levels; increasing pressure on academic entrepreneurial activities to generate new revenue; increasing compensation costs; a critical need for technology investments; and a critical need for facility renewal investments. There is a need to increase strategic investments in academic programs and there are needs for the future in the area of administrative and academic systems. There continues to be serious concerns related to the loss of income for the Academic Health Center; significant legal liabilities; and nearly exhausted central reserves. Pfutzenreuter talked about the trends in the revenues that support education in general at the University. He emphasized the declining percent of state support, which has dropped 9.7 percent since 1990, indicating that it is anticipated that the trend may well continue. Tuition, when considered as a percent of resources in general, has remained relatively steady over the last five years. Federal, private and other resources have only slightly increased over the last five years. He reviewed four proposed options relating to the financial planning framework needs assessment for the purpose of discussing priorities and where future investments might be made. He indicated that it is clear the University needs to establish its priorities as funding will not be available for everything.

Pfutzenreuter stressed that no single strategy will provide the sole solution. A strategy that relies only on "cutting our way out" will also not work. A number of working assumptions and principles relating to the financial planning framework are included in the University Plan. Financial incentives must be aligned with the financial framework to maximize individual commitment to the broad institutional financial goals. New investments must have identifiable deliverables, be consistent with the U2000 goals, and demonstrate return on investment. The University needs to assess the critical size of programs, services, and courses, and consolidate, centralize, and eliminate as appropriate. Realistic strategies and specific targets must be established for efficiency and productivity enhancements for collegiate and administrative units. A solution to the facility renewal backlog must include the decommissioning of current facilities. And, the institutional financial strategy must respond as completely as possible to human resource issues.

Regent Keffeler complemented the administration on the plan, indicating that it reflects the urgency of the University's financial situation. She stated that she would like to hear the views, in a fiduciary manner, of the University's chief financial officer and treasurer relating to the responsiveness of the proposed FY97 budget in its financial structure to what has been posed as the overall financial situation of the University. Keffeler clarified that she is asking for views on whether or not the proposed FY97 is a financially prudent budget given the overall framework that has been provided in the University Plan. Is the rate of expenditure reduction consistent with what prudent financial management would require? Are the expectations in terms of revenue enhancements consistent? Is the debt level prudent? Senior Vice President Jackson responded that it is extremely important that the Board understand these issues and she will be happy to provide her views.

Regent Hogan stated that he believes as the integrated framework unfolds, it will be responsive to Regent Keffeler's questions. It will show the operational risks lined up with the financial plan.

Regent Anderson stressed the need for a combined effort with the community colleges and privates colleges for developing a revenue enhancing program that could be presented to the legislature that would help all of higher education. President Hasselmo added that all avenues need to be explored as potential revenue sources for the University.

Regent Spence asked if there is a process in place for decommissioning facilities. Jackson responded that a facilities assessment is currently underway and a report will be given to the Board when the assessment is complete.

In response to a question from Regent Kim, Jackson indicated that the financial problems at the University will only be solved with a cultural and process change. The full integration of the decision-making process between the financial and operational segments of the University to provide a strategic viewpoint is the avenue for providing such change.

#### **UNIVERSITY BUDGET, FY97**

President Hasselmo introduced the discussion on the University Budget for FY97. It represents a continuation of the investment plans that were outlined in the original Biennial Budget Partnership Proposal for the second year of the biennium. Because the processes for promotion and tenure and merit evaluation have not been completed, elements of the compensation portion of the budget are not specific at this time. It is anticipated that the information will be available for the meetings in May.

Associate Vice President Pfutzenreuter reviewed the details of the proposed budget. The financial goals of this budget provide for an avoidance of a significant FY98 structural imbalance; additional need-based financial aid; and compensation increases based upon the principles of maximum flexibility, merit, market, equity and good faith bargaining. The budget reflects, in the context of the partnership proposal, an investment of \$45.7 million and \$9 million in central administrative reallocations. The Operations & Maintenance expenditure plan proposed is approximately \$633 million, which includes a \$6.7 million balance that was forwarded from FY96. It includes a 7.5% increase in tuition for regular day school, consistent with the resource allocation guidelines and financial plan. The plan also includes unit-specific proposals where there are either special rate adjustments or special volume changes of which the revenue for those changes has been provided to the units. Two policy changes relating to tuition are included: 1) changing the undergraduate free tuition band from 16-20 credits to 17-20 credits and 2) increasing the base tuition from \$30 per quarter to \$60 per quarter. Pfutzenreuter reviewed the tuition plan in detail and also noted how it relates to the additional \$1.442 million in financial aid.

Regent Keffeler noted that in response to a question she posed earlier, the administration has indicated that a loss of \$2.5 million in tuition revenue would result if tuition increases were limited to 5% in the regular day school for the Twin Cities and Duluth. Keffeler asked the administration to provide further information, before the Board is asked to approve the budget, that would reflect how that revenue loss would be accommodated if tuition were limited to 5%. Pfutzenreuter responded that he would do so.

Pfutzenreuter continued by reviewing information on the state specials plan, the indirect cost recovery fund, the central reserves fund, other current nonsponsored funds, and the non-current fund. He reviewed the proposed University and student service fees and the guidelines established for the compensation plan and programmatic needs.

Regent Keffeler asked that detailed information be provided on the provostal level regarding how the University plans to finance the increased expenditures that are proposed in the budget.

Regent Kim raised concerns regarding the rising cost of tuition as it relates to financial aid. Associate Vice President Kvavik responded that a plan has been developed projecting future financial needs in terms of need-based aid and programmatic aid. It is anticipated that this plan will serve as a basis in preparing future budgets.

Regent Neel expressed concerns regarding the continuing pattern of increasing total expenditures in the University's budget. Jackson referenced the University Plan indicating that one of the financial principles that needs to be in place at the University is that every investment must earn a return. If every investment generates a return, it will either generate a reduction in expenditures or an increase in revenues to support it. When this type of change is implemented, it will provide the control over expenditures that will alleviate the concerns expressed by Regent Neel. From a fiscal integrity standpoint, Jackson reported that this budget has risks attached to it. There are assumptions that certain actions will take place. To reduce some of the risks, a set of fiscal reports are being developed for monthly reporting to the President to indicate if the budget is on target.

Regent Spence expressed concern about the increasing use of fees, especially because financial aid is not available to cover the cost of fees. She requested that the use of fees be reviewed as they relate to tuition and financial aid projections for the next ten years. Pfutzenreuter clarified that the state grant program will disallow course fees, however, the financial aid programs do accommodate program or collegiate-level fees if they are applied uniformly for all students.

Regent Keffeler noted that the Capital Budget Plan provides an assessment of how the budget relates to the critical measures. She asked that the same be provided for the operating budget so that the impact of the Board's financial decisions as they relate to the critical measures will be known at the time the budget is approved. Kvavik responded that an evaluation report on progress of all the critical measures is slated for review in the fall. President Hasselmo indicated that the sequencing of the evaluation reports will be reviewed to determine if the most recent evaluation of progress towards the benchmarks are available at the time that critical decisions need to be made.

#### **ANNUAL CAPITAL BUDGET, FIVE-YEAR CAPITAL IMPROVEMENT PLAN**

Senior Vice President Jackson and Associate Vice Presidents Kvavik, Markham, and Paschke presented information on the Annual Capital Budget and the Five-Year Capital Improvement Plan.

Markham reported that the capital budget reflects expenditures in three major categories: 1) renewal; 2) adaptation; and 3) new construction and acquisition. The FY97 capital budget currently reflects a total of 165 projects valued at \$260 million. She emphasized that before final action is requested on the budget, a serious look will be taken to assure that every project has confirmed funding.

Markham also provided information on the proposed budget as it relates to the facilities infrastructure critical measure, noting dollars that are committed toward meeting the goals of U2000 vs. the actual dollars needed. She reviewed a comparison of the University's request to the legislature to the final bonding bill noting that the University received only 50% of its request for health and life safety projects and 60% of the facility renewal request. The bonding bill will also require \$20.4 million in internal University matching funds and will have to be addressed through reallocations.

Paschke discussed the debt service capacity. He reported that the debt service costs on the University of Minnesota outstanding bonds is about 4.2% which is among the lowest debt service costs of any institution in the country. However, the University, as of June 30, 1996 will be at its debt capacity limits with the bonding for the steam plant. There are no statutory limits on the amount of debt that the Board of Regents can issue. The capacity is determined by what level of credit worthiness the University wants to maintain. It is currently a AA-rated institution. The Fairview transaction will help to relieve some of the debt capacity. It is estimated that if the Fairview transaction is finalized, \$60 million will be freed up in debt capacity for whatever priorities the Board of Regents wishes to set for the dollars. However, there would have to be revenue sources to pay that level of debt off and anything that the state would require in terms of one-third debt service would impact the level as well. He reported that further details on the University's debt capacity will be presented at a later date. In response to a question from Regent Neel, Paschke stated that he is very comfortable that the University is solid on its bond rating both for long- and short-term bonds.

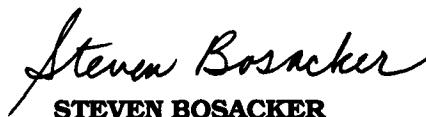
Markham provided additional observations on the Capital Improvement Program. The capital needs of the University drastically exceed the available funding. Real priorities need to be set. The FY97 capital budget reflects increased priority given to enhancement and renewal of existing facilities, consistent with the capital principles that were adopted by the Board of Regents. The University needs to invest \$120 million per year in renewal to meet the critical measure for reducing deferred renewal to \$750 million. Jackson added that the administration will be focusing on two areas: 1) renewal and 2) decommissioning buildings. The decommissioning of buildings is very important as the University cannot afford to maintain the current level of buildings it has in the condition they are in. Recommendations for decommissioning will be brought to the Board in the future.

Regent Keffeler stated that she would like to hear the views, in a fiduciary manner, of the University's chief financial officer and treasurer regarding whether or not the proposed FY97 capital budget represents a prudent step for the University given the overall financial situation of the University for the foreseeable future.

Regent Sahlstrom asked if the decommissioning is being viewed universitywide. Jackson responded that it is being discussed as a universitywide issue. The areas of decommissioning, facilities planning, capital planning, and master planning will be reviewed together as future plans for the University are developed.

Regent Spence stressed the need for the Board to make renewal its priority and to limit the number of new buildings and other projects that come forward.

The meeting adjourned at 11:23 a.m.

  
**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**April 12, 1996**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, April 12, 1996, at 11:30 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Wendell Anderson, Julie Bleyhl, Jean Keffeler, Hyon Kim, H. Bryan Neel, Thomas Reagan, Patricia Spence and Stanley Sahlstrom. President Hasselmo presided.

**APPROVAL OF MINUTES**

A motion was made and seconded and the Board of Regents voted unanimously to approve the minutes of the following meetings:

Litigation Review Committee - March 6, 1996  
Audit Committee - March 7, 1996  
Facilities Committee - March 7, 1996  
Financial Operations Committee - March 7, 1996  
Faculty, Staff & Student Affairs Committee - March 7, 1996  
Educational Planning & Policy Committee - March 7, 1996  
Committee of the Whole - March 8, 1996  
Board of Regents - March 8, 1996  
Board of Regents - March 8, 1996

**REPORT OF THE PRESIDENT**

President Hasselmo presented his monthly report, which pertained to the following: the U2000 agenda for change and the University Plan, 1996-97; the bonding bill from the 1996 Legislative session; the President's visit to Wabasha and Lake City, Minnesota; UMD rankings from the *U.S. News & World Report*; Graduate and Professional Student Appreciation Week; the appointment of a new Provost of the Academic Health Center; a visit by the North Central Association Accreditation evaluation team; and the dedication of the Cancer Center.

A copy of the President's Report is on file in the Regents' Office.

**REPORT OF THE CHAIR**

Chair Reagan reported that eight members of the Board of Regents recently attended the national conference of the Association of Governing Boards of Colleges and Universities. He called on a number of Regents who reported briefly on the sessions they attended.

Reagan reported that the Board will hold an open forum on April 25, 1996 for the purpose of receiving input on the FY97 Budget and for the development of a "Statement of Desired Leadership Characteristics" with regard to the presidential search. Reagan reported that similar meetings regarding the development of the statement will be held on the coordinate campuses during the next six weeks.

## RECEIVE AND FILE REPORTS

President Hasselmo noted there were no receive and file reports this month.

## GIFTS

Robert Hanle, Vice President of the University Foundation, presented a monthly list of gifts to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation as listed in the docket material and on file in the Regents' Office.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the receipt of gifts as presented.

## REPORT OF THE COMMITTEE OF THE WHOLE April 10, 1996

Chair Reagan, Chair of the committee, reported that the committee met to receive an update on the proposed University-Fairview affiliation. No actions were taken at the meeting.

## REPORT OF THE COMMITTEE OF THE WHOLE April 12, 1996

Regent Reagan, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of a resolution relating to the All-University Honors Committee Report, as follows:

RESOLVED, that on the recommendation of the President, the report of the All-University Honors Committee is hereby approved.

- b) Approval of a resolution relating to the proposed closure of General College, as follows:

BE IT RESOLVED, that the Board of Regents directs the administration to stop the current process directed toward the "proposed phase out of General College" and restart an inquiry of how best to serve the needs of underprepared students in collaboration with all affected communities and other educational systems, both secondary and post-secondary.

The Board of Regents voted unanimously to approve the recommendations of the Committee of the Whole.

Reagan reported that the committee also reviewed the University Plan for 1996-97; the FY97 University Budget; and the FY97 Capital Budget.

## REPORT OF THE FACULTY, STAFF AND STUDENT AFFAIRS COMMITTEE

Regent Keffeler, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Senior Vice President's Monthly Faculty, Staff, and Student Affairs Report as presented to the committee and contained in the docket material and including the addition of the appointment of Edith Leysameyer as Dean of the School of Public Health.
- b) Approval of a resolution relating to an addendum to the Unit 2 Collective Bargaining agreement, as follows:

WHEREAS, the parties have met and negotiated and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit (a complete copy of which is available in the Board of Regents' Office); and

WHEREAS, the IBEW Local 292 membership has ratified acceptance of the agreement; and

WHEREAS, according to the Board of Regents' Policy on Board Operations and Agenda Guidelines, regental approval of labor agreements is required;

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the President, the Senior Vice President for Academic Affairs, and the Senior Vice President for Finance and Operations, the Board of Regents approves this labor agreement as outlined in the docket for April 11, 1996.

The Board of Regents voted unanimously to approve the recommendation of the Faculty, Staff and Student Affairs Committee.

Keffeler reported that the committee also had a significant discussion on the status and progress of proposed Tenure Code revisions and reviewed a report from the Working Group on Human Resources on staffing.

President Hasselmo reported that Provost William Brody has accepted an appointment as president of Johns Hopkins University. He congratulated Brody on his appointment and wished him well in his new endeavors.

Hasselmo stated that after broad consultation he has decided to forego the normal search process to fill the position of Provost of the Academic Health Center. He presented a recommendation for the appointment of Frank Cerra as Provost of the Academic Health Center effective April 15, 1996. A motion was made and seconded. Chair Reagan stated that the University is in a period of transition. In light of this, he believes that it is in the best interest of the University for the Board to approve the appointment of Dr. Cerra as Provost of the Academic Health Center. Because of President Hasselmo's pending retirement in the next year, a new administration will be appointed and that administration will have the opportunity to consider the structure and team in place and make recommendations.

The Board of Regents voted unanimously to approve the appointment of Dr. Frank Cerra as Provost of the Academic Health Center.

#### **REPORT OF THE FACILITIES COMMITTEE**

Regent Anderson, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Senior Vice President's Monthly Facilities Report as presented to the committee and contained in the docket material.

- b) Approval of a resolution relating to amendments to the FY96 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY96 Capital Budget is hereby amended to incorporate the following projects:

- A. Cancer Center, Scope/Budget Increase  
Twin Cities Campus  
Original estimated project cost: \$20,400,000  
Increase in project cost: \$604,400  
Total estimated cost: \$21,004,400  
Funding for increase: Cancer Center Operating Budget  
Estimated completion date: July 1996
- B. Basic Sciences and Bio-Medical Engineering Building  
Scope/Budget Increase  
Twin Cities Campus  
Original estimated project cost: \$67,369,874  
Increase in project cost: \$1,000,000  
Total estimated cost: \$68,369,874  
Funding for increase: Medical School Reserves  
Estimated completion date: June 1996
- C. Outdoor Athletic Complex  
Scope/Budget Increase  
Crookston Campus  
Original estimated project cost: \$630,000  
Increase in project cost: \$220,000  
Total estimated cost: \$850,000  
Funding for increase: M & O Funds and and internal term loan  
Estimated completion date: August 1996
- D. Bailey, Frontier, and Territorial Residence Halls  
Ethernet Connections  
Twin Cities Campus  
Estimated cost of the project: \$1,725,600  
Funding: Housing Services - Twin Cities Campus  
Estimated completion date: September 1996

- c) Approval of a resolution relating to an amendment to the FY96 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY96 Capital Budget is hereby amended to incorporate the following project:

- A. Moos Tower B-117/135 Renovation  
Twin Cities Campus  
Estimated cost of the project: \$266,393  
Funding: Facilities Management Department Funds  
Estimated completion date: June 1996

- d) Approval of a resolution relating to the sale of land in Falcon Heights, as follows:



RESOLVED, that on the recommendation of the President and Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the sale of Unit 304 located at 1666 Coffman Street, Falcon Heights, Minnesota, to William S. Dancer, for the sum of \$54,000.

- e) Approval of a resolution relating to the Gateway/Alumni Center, as follows:

WHEREAS, the Board of Regents has reviewed the Oak and Washington Precinct Plan Concept, which is part of the draft Master Plan, and approves of the Precinct concept; and

WHEREAS, the Board of Regents supports the development of the University Gateway/Alumni Center to create a true gateway to the Twin Cities Campus, and as the primary location for the University of Minnesota Foundation, the Minnesota Medical Foundation, and the University Alumni Association; and

WHEREAS, the Board of Regents supports the construction of additional space as part of the Gateway/Alumni Center for other appropriate departments or units of the University, and

WHEREAS, the Board of Regents, consistent with the Oak and Washington Precinct Plan Concept which is part of the draft Master Plan, supports the construction of space adjacent to the Gateway/Alumni Center at the Oak and Washington Precinct for 1) primarily academic, visiting faculty housing of a short-term nature, and 2) retail-related space that complements existing retail space in Stadium Village; and

WHEREAS, the Board of Regents recognizes that University internal funds, University bond funds or other debt, and other public funds are not available to support the construction and operation of the Gateway/Alumni Center, the academic housing, and the retail space in the precinct;

NOW, THEREFORE, BE IT RESOLVED, THAT:

1. The Board of Regents approves the plan in concept for development of the Oak and Washington Precinct with regard to construction of the Gateway/Alumni Center, as defined, and adjacent space primarily for academic housing and retail purposes.
2. Contingent upon (i) full financing of the Gateway/Alumni Center and Expanded Gateway through gifts and/or the issuance of debt by the Foundation, Medical Foundation, and the Alumni Association, (ii) there being no impact on the University's debt capacity, balance sheet, financial condition, or credit rating, and (iii) the University retaining title to the land under any circumstances, the appropriate land area at the Oak and Washington Precinct shall for a nominal amount be committed for construction of the Gateway/Alumni Center. Such construction shall be completed according to all applicable University standards, including that full financing must be identified and in place prior to the start of construction.

3. The Board of Regents approves the issuance of a Request for Proposal (RFP) to determine the level of interest by external parties in the construction of additional space adjacent to the Gateway/Alumni Center at the Oak and Washington Precinct for 1) primarily academic, visiting faculty housing of a short-term nature, and 2) retail-related space that complements existing retail space in Stadium Village.
4. Contingent upon a review and acceptance by the Regents of the results of the RFP that must include (i) full financing of the construction and operation of space for academic housing and retail uses by external parties acceptable to the University, (ii) there being no impact on the University's debt capacity, balance sheet, financial condition, or credit rating, and (iii) the University retaining title to the land under any circumstances, the appropriate land area at the Oak and Washington Precinct shall be committed for construction of academic housing primarily for visiting faculty, and for construction of retail space.
5. The site plan and the schematic designs for the Gateway/Alumni Center, and the space for the academic housing and retail areas must be approved by the Regents.
6. Consistent with the goal of the Regents to facilitate skyway and/or tunnel connections to University related buildings, the University (i) shall assume responsibility for the connection of the Washington Avenue Parking Ramp into the Gateway/Alumni Center and the academic housing and retail areas, and (ii) shall work with the property owners and tenants involved with this project on financing of the necessary building connections.
7. The appropriate administrative officers are directed to conduct an economic feasibility evaluation of the intended development of the academic housing and retail areas as a result of the RFP process. The results of this evaluation shall be reported to the Regents prior to final commitments of the property for these purposes.
8. Contingent upon review and acceptance of the final form for financing the Gateway/Alumni Center, the appropriate administrative officers are authorized to enter into a contractual arrangement with the University Foundation, Medical Foundation, and Alumni Association for (i) long-term lease of the land, and (ii) lease of the University-related space in the Gateway/Alumni Center.

- f) Approval of a resolution relating to the Quarterly Capital Improvement Plan Report, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the Board of Regents approve the third Quarterly Report on the FY96 Capital Budget as presented in the docket material.

The Board of Regents voted unanimously to approve the recommendations of the Facilities Committee.

Anderson reported that the committee also reviewed a proposed amendment to the FY96 Capital Budget for the fourth floor renovation of the Children's Rehabilitation Building; reviewed the status of the Showboat renovation plans; reviewed a proposed sale of land in Rosemount; and reviewed Crookston campus and Professional Studies facilities and capital needs.

The committee also attended a groundbreaking for the Sanford site housing project and participated in a tour of Professional Studies facilities.

#### **REPORT OF THE FINANCIAL OPERATIONS COMMITTEE**

Regent Bleyhl, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Senior Vice President's Monthly Financial Operations Report as presented to the committee and contained in the docket material.
- b) Approval of a resolution relating to the purchase of goods/services over \$250,000, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate staff are authorized to award pending purchases/contracts over \$250,000 to the following:

- Coopers & Lybrand for \$500,000, for continued support of business process redesign for the Student 2000 Project for Academic Affairs.
- David A. Jordani & Associates for \$592,800 to provide project management, business analysis, and technical analysis on the Space Database Project for Facilities Management.
- Finnigan-MAT for \$1,020,920 for three mass spectrometers for the Geology & Geophysics Department.
- Fore Systems for asynchronous transfer mode (ATM) switches, interface cards and related equipment for University Networking Services as needed for the period from 2/15/96 to 6/30/97 at an estimated \$1,700,000.
- Thor Construction, M. A. Mortenson, and Lund-Martin for small construction/remodeling/emergency repair projects as called for by Facilities Management from April 10, 1996 to April 9, 1997, estimated at \$9,000,000.
- Viking Press for \$257,620 for printing of 1996-97 Extension Classes Bulletin for the department of Continuing Education & Extension/UC-Communications Services.

- c) Approval of a resolution relating to the contract with CSC Index, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate staff are authorized to award pending purchases/contracts over \$250,000 to the following:

- CSC Index for providing assistance to the Academic Health Center for Phase II reengineering design and implementation planning for approximately \$1,740,000.
- d) Approval of the contract with the Minnesota Supercomputer Center, Inc. as presented to the committee.

Regent Bleyhl referred to the proposed contract with CSC Index for providing assistance to the Academic Health Center for Phase II of the reengineering design and implementation planning process. Concerns have been raised with regard to the inclusiveness and exclusiveness of those involved in the process. Bleyhl believes those concerns can be addressed.

She has not heard that individuals are opposed to change, but want to be a part of the process and this can be achieved. It is the intent of the committee to move forward with the process. It is anticipated that this process will not only be utilized for reengineering of the Academic Health Center, but may be transferred to other colleges so it is important that the process be endorsed by all. The University also retains the authority to call the contract.

The Board of Regents voted unanimously to approve the recommendations of the Financial Operations Committee.

Bleyhl reported that the committee also reviewed information on an administrative fee on University endowments.

#### **REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE**

Regent Sahlstrom, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Senior Vice President's Monthly Educational Planning and Policy Report as presented in the docket material.

The Board of Regents voted unanimously to approve the recommendations of the Educational Planning and Policy Committee.

Sahlstrom reported that the committee also reviewed information on the Institute of Technology as part of the Academic Report Series and received an update on the conversion to the semester system.

#### **REPORT OF THE AUDIT COMMITTEE**

President Hasselmo stated that the Audit Committee did not meet this month.

#### **REPORT OF LITIGATION REVIEW COMMITTEE**


Regent Spence, reporting for the Chair of the committee, read a statement prepared by Regent Peterson relating to the tax settlement with the IRS involving ALG. The University and the Internal Revenue Service have agreed to a \$1,454,009 payment of taxes owed on the sale of ALG. The IRS examined twenty-two years of the MALG Program and determined that a portion of the profit on the sale of the drug was taxable. The initial IRS position was that the University owed over \$11 million in income taxes and interest. After long, hard negotiations, the figure was reduced to \$1.4 million.

Regent Spence read a second statement prepared by Regent Peterson addressing the fees that the University paid to outside auditors and law firms that assisted in the ALG investigation and related legal matters. The litigation review committee met on

April 9, 1996 with a panel of outside legal experts to receive input on whether the fees were necessary and whether the University got its money's worth. It was the consensus of the Litigation Review Committee that the fees and expenses were appropriate to protect the University's integrity, minimize legal and tax exposure, and preserve the University's status as a great academic research center.

A copy of the entire statements of Regent Peterson are contained in the April 1996 docket material on file in the Board of Regents' Office.

The meeting adjourned at 12:25 p.m.



**STEVEN BOSACKER**  
**Executive Director &**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**April 25, 1996**

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, April 25, 1996, at 10:04 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Thomas Reagan, presiding; Julie Bleyhl, Jean Keffeler, Stanley Sahlstrom, and Patricia Spence. Regent Hyon Kim participated via telephone.

Staff present: President Nils Hasselmo; Chancellors Kathryn Martin and Donald Sargeant; Provosts C. Eugene Allen, Frank Cerra, and W. Phillips Shively; Senior Vice Presidents Ettore Infante and JoAnne Jackson; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice President Richard Pfutzenreuter. Chancellor David Johnson participated via telephone.

Student Representative present: Charles Roehrdanz.

**UNIVERSITY BUDGET, FY97**

President Hasselmo reminded the committee that due to time constraints, budget presentations from the chancellors and provosts were postponed from the review of the fiscal year 1997 budget at the April 1996 Committee of the Whole meeting.

Hasselmo introduced Senior Vice President Jackson and Associate Vice President Pfutzenreuter, who gave a brief recap of the April budget presentation. Pfutzenreuter reminded the committee of the four major goals of the fiscal year 1997 budget plan: 1) continuation of the programmatic investments and financial plans defined in the Partnership Proposal; 2) avoidance of a significant fiscal year 1998 structural imbalance through the prudent use of one-time state resources; 3) provision of additional need-based financial aid to mitigate the impact of planned increases in tuition revenue; and, 4) provision for compensation increases based upon the principles of maximum flexibility, merit, market, equity and good faith bargaining.

**ACADEMIC HEALTH CENTER**

Provost Cerra joined Jackson to discuss the Academic Health Center (AHC). Jackson stated that the one-time funding of \$1.7 million received by the AHC is being used for transitional issues in the various colleges including: the funding of the nurse practitioner program; an increase in faculty salaries at UMD; start-up funds for the new deans of Pharmacy and Public Health; and the recruitment of a new dean for the School of Dentistry.

Jackson stated that the most significant thing happening at the AHC is the reengineering project which identifies the basic changes needed in education, research and management.

Cerra described the AHC budget presentation as a three-year transitional plan and model that will address two general areas: 1) structural imbalances within the units so that a definitive plan can be worked into the budgeting cycles and become more effective; and, 2) the development of a coordinated financial plan for the future that

accounts for the programmatic and financial needs of the AHC, while encompassing the reengineering effort and other variables including the proposed Fairview merger.

Jackson noted that there are three phases to the reengineering project. Phase I was the determination of what needed to be done by thoroughly analyzing the education, research and management areas of the AHC. Phase I was completed in February 1996. A dollar amount of \$4.8 million has been identified to complete Phase II of the project, which will consist of the reorganization of the AHC's seven colleges into three new operating units: education, research, and clinical/outreach services. Phase II is expected to take six months. Phase III is the actual implementation of many of these changes, and is expected to take 12-18 months.

Jackson reminded the committee that during the last legislative funding session, \$6.5 million was designated for the AHC in the bonding bill. The supplemental funding of \$8.6 million will be released in two pieces: \$6.6 million has been designated for curriculum redesign and rural health, and \$2 million designated for information technology. 90% of this funding will be released based upon performance criteria regarding tenure issues that the legislature laid out in its response to the AHC's legislative request.

In response to a question from Regent Bleyhl, Cerra said that the \$4.8 million for Phase II is inclusive of the \$1.7 million that the Regents approved at the April 1996 Regents' meeting for the CSC Index.

In response to a question from Regent Keffeler, Cerra stated that the AHC's share of the \$25 million necessary to fund the 3% increases in compensation would be approximately \$6.6 million. Cerra stated that the AHC's reallocation plans will include a significant amount of retrenchment or use of reserves, and will vary from school to school.

Keffeler asked what the timetable will be, how program plans fit in with the budget currently under consideration by the Board, and if the Board will have the ability to see the changes being proposed before approval of the budget.

Hasselmo explained that approval of the budget by the Board is approval of an overall institutional budget with allocations to major operating units of the University. It includes the approval of guidelines for compensation increases. The guideline for faculty and academic staff is 3%, which Hasselmo has asked the chancellors and provosts to try to accomplish. That plan would include merit increases, increases for promotions and retention cases. The instruction to chancellors and provosts also includes providing for both the one-time and recurring funding of the commitments being made, and plans are in place to accommodate those budgetary needs.

Keffeler stated she would be interested in seeing the plans for accommodating the budgetary needs and suggested that there should be some guidelines about the kind of programmatic changes that the Board thinks should be delegated to the discretion of the administration and the kinds of programmatic changes that require adoption and approval by the Board.

Hasselmo explained that he is asking chancellors and provosts to manage within parameters of the budget and to make adjustments necessary to manage, but they do not entail major programmatic changes for 1996-97.

Jackson suggested that there needs to be a clarification of the difference between a significant programmatic change and budget managerial modifications that are delegated not only to provosts, but to deans as well, i.e., if a dean of a college wanted to drop a particular course. However, if a dean wished to drop a complete program, this would come before the Board of Regents for approval. Jackson noted that the big

programmatic changes for the AHC have been brought before the Board -- the reengineering process and the proposed Fairview merger.

### **ARTS, SCIENCES AND ENGINEERING**

Provost Shively presented the 1996-97 budget plan for Arts, Sciences and Engineering (AS&E). Shively introduced Associate Provost Susan Grotevant, and Vice Provost Norma Allewell. Shively explained that in preparing the budget, AS&E's theme and motto was, "Excellence in education and sound financial practices are not separable." Shively said that it is impossible to maintain excellence in education without sound financial practices, and that AS&E cannot maintain a sound financial base, either in the support of the people of the state or from enrollment and support of students, unless they are doing their very best for students.

Shively stated that he found his budget preparations went better this year than ever before due to the implementation of the Integrated Framework of Internal Control (IFIC). The close partnership between his office and the line of responsibility -- to deans and department heads -- as well as with Finance and Operations and the Auditor's office -- provided a far clearer understanding of the revenue implications of all the choices made.

To identify structural and financial realignments that will be planned for next year, Shively asked each college to produce 2.5% annual productivity increases, and will continue to request this from each college for the next five years. AS&E is not finding the 2.5% that it needs by telling colleges to find the money wherever they can, as quickly as they can, which in the past has meant cutting open faculty lines and cutting supply budgets. Instead, by identifying productivity increases, either in revenue or efficiency, AS&E is developing their budget rather than cutting it.

Shively stated that, through analysis, they have found that a dollar invested in College of Liberal Arts (CLA) faculty yields over a dollar in added tuition income, and that a dollar invested in CLA teaching assistants yields almost two dollars in added tuition income. Within bounds, they can increase enrollment in CLA, and the tuition will pay for the added capacity needed to deal with increased enrollment. Next year CLA will be instituting modest increases in enrollment which will help with the structural financial problems.

AS&E is also currently working on a series of departmental and graduate program mergers and clusterings in the Institute of Technology, College of Liberal Arts, and the College of Biological Sciences. These mergers are at various stages of preparation and the results will be reported by September 15, 1996.

Shively said that because of faculty compensation issues, he anticipates a severe shortage of good, new faculty five to ten years from now. In staying within the president's 3% guideline, Shively is trying to put as many dollars as possible into recurring salary increases, likely averaging 2% across the four colleges with slight variations between them.

Other new investments planned for AS&E are doubling the size of Residential College and increasing support for diversity initiatives.

Shively stated that the College of Biological Sciences (CBS) is being analyzed by a committee appointed last fall to determine the need for reorganization. The council of CBS deans has been asked to devise a set of proposals to address the problems. The report on the studies are due June 15, 1996.

In response to a question from Regent Sahlstrom, Shively stated that the reorganization of CBS would ultimately save resources through buyouts and retirements.



In response to a question from Regent Kim, Shively said that to better utilize technology, he has been working with the Office of Information Technology to generate home pages for courses. The Semester Transition Committee is trying to match their calendar and class schedule with the University of Wisconsin - Madison, so that they can share courses via interactive television.

### **PROFESSIONAL STUDIES UNITS**

Provost Allen presented the budget plan for Professional Studies by detailing how several of the colleges are investing in the future, reducing costs and increasing efficiency.

Allen stated that in 1995-96, with enhanced termination and phased retirement programs, the College of Agricultural, Food, and Environmental Sciences downsized its faculty by 10%. Although this did incur a debt of \$2 million to be paid over the next two years, the college is now positioned with more flexibility to deal with opportunities and issues such as faculty salaries.

Through SIP (Strategic Initiative Plan) funding, the College of Architecture and Landscape Architecture has invested \$600,000 in computers which will provide state-of-the-art research and education to students and external partners.

The Carlson School of Management has completed its goal of creating a nationally recognized MBA program with one of the most innovative curriculums in the country.

The College of Education and Human Development has excelled in spite of more than \$3 million in retrenchments over the past five years, due to wise restructuring of departments, programs and administrative costs. With additional resource flexibility over the next several years, the college will continue to reallocate resources and strengthen core programs as it seeks to further reduce the size of its faculty complement.

Allen stated that he has identified technology, lifelong learning and diversity as the three main areas of new investments for the Professional Studies Unit.

Approximately \$300,000 will go to the Earle Brown Center to upgrade its facilities for a satellite uplink and two-way audio and video capabilities to make it a technology-oriented conference center.

Several realignments are currently being examined: 1) Colleges of Human Ecology & Education and Human Development; 2) Minnesota Extension Service and Continuing Education and Extension/University College; 3) Colleges of Natural Resources and Agricultural, Food & Environmental Sciences; 4) Humphrey Institute; 5) Livestock Programs; and, 6) administrative services within units.

Regarding salaries and fringe benefits, 3% of the Professional Studies provostal unit amounts to \$4.3 million. Allen said he is working to give 2% non-recurring plus recurring promotions and retentions which will average between 2 and 2.5% across all units. The deans have met with many faculty members explaining what effect the salary increases will have on programs. In one unit, the faculty has waived their salary increases and the non-recurring money will go into a fund for faculty development programs.

## **UNIVERSITY OF MINNESOTA, DULUTH**

Chancellor Martin and Greg Fox, Vice Chancellor for Finance and Operations, provided budget information for UMD. Martin said that UMD is working very closely with the concept of the Integrated Framework of Internal Control (IFIC).

New investments being planned include strengthening core liberal arts and selected professional programs; improving campus infrastructure including a new library; establishing new practitioner-oriented masters programs; increasing emphasis on outreach/regional partnerships; focusing on environmental and water resources programs; and increasing development efforts.

Martin explained that there are several structural realignments currently in progress including the reorganization of student affairs and auxiliary services; the continuing integration of the College of Education and Extension/University College into the campus framework; and completing long-range planning analysis of programs and their administration. Martin said they are currently looking at areas where they can combine smaller units by attempting to identify the critical mass of a department for the maintenance of that infrastructure.

Martin said that through reallocation, UMD will be investing in strategic hires, explaining that she is not automatically replacing faculty in the areas in which someone resigns or retires. All positions go centrally into a pool at the University, and the vice chancellor for academic administration, working with the deans, determines the strategic areas where lines will go if they are fortunate enough to fill those positions.

Regent Keffeler asked if strategic hires are allowed in the provostal units as well. Provost Shively joined the discussion to explain that while they don't hire position-by-position, he is able to move money around in that way. The college deans recapture all the positions and decide whether or not to use them in their colleges. Shively said he is taking some position money from specific colleges this year, but it is not done from a central pool.

Martin presented a slide showing a 2-2.5% decrease in the percent of UMD operations and maintenance (O&M) budget for salaries and fringe benefits. While it is not an enormous decrease in the percent of UMD's budget dedicated to salaries and fringe, Martin explained that any decrease is important to long-range planning.

In conclusion, Martin stated that there are three points that are very important to the future of UMD:

1. UMD needs to have the continued base adjustment initiated this year for the next five or six years to get their base back in line in terms of instructional cost per student.
2. The library issue is critical. UMD has reinitiated the health and safety review. There are enormous air quality problems, structural problems, and problems with mold growing.
3. As a result of the last budget allocations from the legislature, the Dental Hygiene area of UMD was included for remodeling. This is a critical need for supporting the masters degree program in biochemistry.

## **UNIVERSITY OF MINNESOTA, CROOKSTON**

Chancellor Sargeant presented the committee with the budget plan for the Crookston campus. Sargeant stated that the Crookston plan was based upon five major strategic goals: 1) build exemplary polytechnic undergraduate programs; 2) increase

connectedness among faculty, students and employers; 3) develop collaborative relationships with other academic institutions and with business and industry; 4) provide students with technology experiences that enhance their ability to adjust to change for a career in the information age workplace; and, 5) deliver outcomes sought by students, employers, and the public within the institution's financial and quality benchmarks.

UMC has added new programs and increased enrollment. The Crookston campus, in terms of value added with the polytechnic programs, will have doubled in the decade.

Sargeant stated that UMC had an overall budget base increase of \$465,000 and \$290,000 in reallocation/retrenchment funds by eliminating some positions, for a total of \$755,000 to invest in faculty compensation; research and technology transfer; undergraduate education staffing; equipment and technology; outreach and access; and user friendliness.

Sargeant explained that UMC has embraced the use of technology. \$100,000 was designated for notebook computers. Knowing that the money could be put to other uses, Sargeant said that they understood that this would be an investment that will change what and how they teach.

#### **UNIVERSITY OF MINNESOTA, MORRIS**

Chancellor Johnson provided a presentation on the plan for the Morris campus. Johnson told the committee that 83.2% of UMM's students come from the state of Minnesota. 63.4% of these Minnesotans are from outside the 7-county Twin Cities metropolitan area. Johnson said he firmly believes that a part of the success of the Morris campus is that they recruit students from small high schools where they have had leadership roles. The Morris campus has consistently attracted one of the most academically able student bodies within the University. The 1995 median high school rank percentile of entering freshmen is 88. Regarding minority enrollment, Johnson stated that UMM maintains the highest percentage of minority students of any University campus, 13.5% of total enrollment.

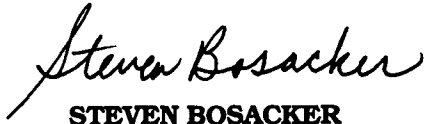
Johnson stated that UMM is committed to students who might be overlooked if high school rank were the only considered factor. UMM is focusing on five groups which, he feels, summarizes the commitment of a land-grant and teaching institution: 1) non-traditional students; 2) citizens in the prairie cluster counties; 3) developing the tradition of having alumni families; 4) finding athletes who will come to UMM without scholarships; and, 5) continuing efforts to minority students.

UMM has the highest percentage (83.6%) of students enrolled for more than 15 credits. Johnson said he feels it is a real statement about the commitment of these full-time study students.

Johnson stated that studies show that the only way UMM will succeed is by increasing tuition by approximately 3% above the other University units. Johnson said the Morris goal is to increase the student body to 2000 from the present 1920. Johnson explained that if UMM is going to have tuition increases beyond the other units, there must be something to show for it. UMM has created an initiative called, "The Morris Junior Year." The strategy of the initiative is to retain more sophomores by offering additional incentives and to recruit more new juniors. If they can increase the junior class by 60 students, it will be an increase of 15%. With this increase in tuition, UMM intends to increase the number of collaborative research partnerships; develop courses taught in the summer for students between their junior and senior year (which would be prerequisite to admission after the B.A. degree to professional programs on the Twin Cities campus); increase international experiences for Morris students; and create more administrative internships.

In response to a question from Regent Bleyhl, Johnson said that it is not cost-effective to increase the number of freshman due to the lack of residential space and other quality of life factors. Johnson said the more fertile field for increase is to expand the number of juniors by improving retention.

The meeting adjourned at 12:10 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Open Forum**

**April 25, 1996**

A Board of Regents' Open Forum on the Fiscal Year 1997 Budget was held on Thursday, April 25, 1996 at 2:00 p.m. in Cowles Auditorium of the Hubert H. Humphrey Center.

Regents Present: Thomas Reagan (presiding), Wendell Anderson, Julie Bleyhl, Hyon Kim, Jean Keffeler, William Peterson, Jessica Phillips, Stanley Sahlstrom, and Patricia Spence.

Staff present: President Nils Hasselmo, Senior Vice President Ettore Infante, and Executive Director Steven Bosacker.

Regent Reagan welcomed the public to the Regents' Open Forum regarding the FY97 Budget. He asked Ms. Kay Fuecker to explain the procedures to be followed. The presenters were as follows.

**Joe Tennyson**

Mr. Tennyson, a member of the Alumni Association National Board of Directors, spoke in support of the University, its administration, and Board of Regents. He emphasized the importance of strong policy objectives, including academic freedom, constitutional autonomy, strong undergraduate teaching and learning, diversity, and increased access for low-income families. Lastly, he stated that the Alumni Association recommends: 1) The University must ask and expect more of students and provide the advising, instruction, and academic support to help all students to be successful; 2) The University, as the state's flagship institution, should set clear standards for the kind of coursework that prepares students for post-secondary education.

**Sue Chu**

Ms. Chu, representing the Graduate Student Association of the Department of Design, Housing and Apparel of the College of Human Ecology, expressed her organization's concerns about the proposed merger of the College of Human Ecology and the College of Education and Human Development. Ms. Chu reviewed the unique qualities of the department, (e.g., internationally renowned faculty, mentoring relationships, internships, and the Goldstein Gallery), as well as the fact that the College of Human Ecology is one of the few Ph.D. granting programs in the United States. She stressed that their organization strongly supports the continued separate identity of the College of Human Ecology.

**Becky L. Yust, Ph.D.**

Dr. Yust, Head, Department of Housing, Design & Apparel in the College of Human Ecology, expressed the concern and dismay of the department by the process of the proposed merger. She reviewed the principles developed by the University to address change in 1987 under "Preparing for the Twenty-First Century:" administrative costs;

standards for selection and promotion of faculty; compatibility of departmental missions; accreditation requirements; and program priority and how the College of Human Ecology addresses them. Dr. Yust stated that the department faculty, students and staff oppose the merger.

**Jean Bauer, Ph.D.**

Dr. Bauer represented the College of Human Ecology Policy and Planning Committee. She expressed two specific concerns: decision-making processes and equity across the University. Dr. Bauer emphasized that while there has been no clear statement about the problem that precipitated the merger discussion, the expected outcomes, or what is specifically to be fixed by the merger, the College of Human Ecology has had an excellent record of adapting to changes to support the University's goals. She also expressed concern with equity – compatibility of missions, proposed savings, economies of scale, criteria used in merge decision, and philosophy. Lastly, Dr. Bauer pointed out that their ultimate goal is to serve students, but that has not been addressed in the merger discussions.

**Joanne Eicher, Regents' Professor**

Dr. Eicher, Regents' Professor in the Department of Design, Housing & Apparel, emphasized that the College of Human Ecology is a critical part of a land-grant university system and speaks to the everyday needs of people. She discussed the college in terms of "economics of identity" as a unit within a university that students, alumni and the public identify as meaningful and important.

**Jodi Klammer**

Ms. Klammer, President of the Student American Society of Interior Designers and student in the College of Human Ecology, stressed the student view of the merger, emphasizing that students do not want to lose their "home." There is concern that the current design programs would lose identity in a merger which in turn would affect the futures of students in the program. Ms. Klammer also noted that the University is the only program in the area that supports design, all the others are housed in departments and colleges that are not as related or supportive.

**Galen O'Connor**

Ms. O'Connor, an AFSCME employee, emphasized the use of human resources (faculty, staff, and students) in solving the University's problems. She also discussed the grants management system and the procedures being developed to control the University's purchases and expenditures, as well as inexpensive ways of using the current system. Finally, she voiced concern for honest communication, throughout the University, for the good of the University.

**Kathy James**

Kathy James, President of the Graduate and Professional Student Association, reviewed the current state of discussions about tuition and fees at the University of Minnesota. She noted the recent negotiations with the College of Pharmacy on tuition and the successful results for all concerned. GAPSA believes that with work and discussion the current system will continue to work.

**Kathy Kleckner**

Kathy Kleckner, AFSCME employee, stressed her union's view that the recommended budget documents represent a continuing corporate, not public, agenda for the University which includes "outsourcing," "RRC," continued administrative waste, restructuring, staff reductions, increased workloads, and failure to deal with the salary issue. She emphasized her belief that RRCs will tear the University apart and promote needless competition. The University should serve as a model for the state of Minnesota.

**Ruth Bettendorf**

Ruth Bettendorf, President of AFSCME Local 1164, stressed employee job security and that the employees of the University have given much to the University's reputation and struggle to be a world-class institution. She was concerned about the amount of money required for the affiliation and re-engineering processes. She reminded the Regents that employees are as much an asset as buildings and equipment.

Regent Reagan thanked the presenters and public for their participation in this process.

The meeting adjourned at 2:55 p.m.



**STEVEN BOSACKER**  
Executive Director and  
Corporate Secretary