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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

MINUTES

BOARD OF REGENTS' MEETING

AND

REGENTS' COMMITTEE MEETINGS

May 8-10, 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

May 8-10, 1996

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Litigation Review Committee

May 8, 1996

A meeting of the Litigation Review Committee of the Board of Regents was held on Wednesday, May 8, 1996, at 1:33 p.m. in Room 325, Morrill Hall.

Regents present: William Peterson, presiding; Thomas Reagan, and Patricia Spence.

Staff present: President Hasselmo; Provost Frank Cerra; Senior Vice Presidents Ettore Infante and JoAnne Jackson; Vice President Mark Brenner, General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice President Roger Paschke.

Others present: Mark Bohnhorst, William Donohue, and Jan Symczyk.


**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 the General Counsel 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, May 8, 1996, in the 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 1:35 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

May 8, 1996

A meeting of the Board of Regents was held on Wednesday, May 8, 1996, at 3:20 p.m. in the Regents' Room, 238 Morrill Hall.

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

Staff present: Provost Frank Cerra; Senior Vice Presidents Ettore Infante and JoAnne Jackson; Vice President Mark Brenner; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice President Carol Carrier.

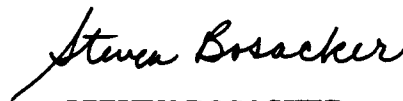
Others present: Terry Bock, Mario Bognanno, Mark Bohnhorst, Mark Cox, William Donohue, Keith Dunder, Marcia Fluor, Ryan Johnson, Maureen Lally, Jeanette Loudon, Peter Mitsch, Peter Rapp, Nancy Schafer, Dennis Skovsted, Jan Symczyk, and Roby Thompson.

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, May 8, 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 3:25 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

May 9, 1996

A meeting of the Audit Committee of the Board of Regents was held on Thursday, May 9, 1996, at 8:10 a.m. in Room 238, Morrill Hall.

Regents present: William Hogan, presiding; Julie Bleyhl, Hyon Kim, Warren Larson, and H. Bryan Neel.

Staff present: President Nils Hasselmo; 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 Roger Paschke, Richard Pfitzenreuter, and Anton Potami.

Student Representatives present: Eric Gustafson and Runninghorse Livingston.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

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

Jackson introduced Senior Vice President Infante, who gave an update on the Grants Management Systems (GAMS). Infante reported that the University has been heavily involved in negotiations with the National Institutes of Health (NIH) on a compliance agreement. While progress is being made, it is slower than hoped. In looking at technology systems that support the operations of the institution, the University had entered into an agreement with a consortium of three other universities and IBM Corporation to deal with GAMS issues. After considerable testing, it has been concluded that the systems were not compatible to the overall systems of the University. Infante stated that, regrettably, the University has decided to disengage themselves from the consortium and look for other opportunities.

Jackson added that there currently are no alternatives to GAMS because the increased necessity for controls over grants management projects coming to all universities is new. The University of Minnesota is changing things at the same time that many universities are changing and are creating a demand for software to help manage these projects.

In response to a question from Regent Larson, Infante stated that the University has formed a team that is attempting to create software, working with the Office of Information Technology, the Office of the Controller and representatives of all the provostal areas.

Larson expressed concern about the vulnerability of the controls during transition. Director of Audits Klatt explained that the University does not currently have a system in place. The systems that are being designed will be improvements

which will provide information and transactional capabilities that are not currently available.

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

IMPLEMENTATION OF INTEGRATED FRAMEWORK OF INTERNAL CONTROL

President Hasselmo presented discussion on the implementation process of the Integrated Framework of Internal Control (IFIC). Hasselmo stated that the IFIC is already proving itself week by week, if not day by day, and noted the spontaneous responses from the provosts about the IFIC when they presented their budget goals at the April 25, 1996 Regents' meeting.

Hasselmo noted several steps already taken in the implementation process, including: the new provostal structure, which is proving itself as an important change in defining authority and accountability; the extension of the audit department's role to areas other than financial auditing; and the identification of long-term goals within the framework of U2000. Hasselmo said that all changes must lead to a cultural adaptation. The framework is one for technical change as well as changing the management culture of the University of Minnesota.

The University Plan carries a financial framework as well as a programmatic framework. With this document, the ability exists to assess alternatives and directions for risk assessment. The executive committee is now involved in fiduciary responsibility and the discussion of risks.

Senior Vice President Jackson stated that one important theme that came up in discussions with provosts was the need to develop ways to help the culture change and adapt to the IFIC. It is important that the cultural change be facilitated so that financial managers as well as the other managers in the institution can fully accept their fiduciary responsibility.

Another theme was the need to establish a University performance reporting system, rather than a financial reporting system, which will bring together both the financial and programmatic measures to see that they are in sync. Jackson stated that this concept requires managers to mentor personnel. To change a culture, you need to mentor people to help them utilize the information that is out there and develop techniques that will assist them in doing their job.

Jackson provided a handout explaining definitions of University review criteria used in a strategic framework for decision-making in evaluating proposals as they come forward. Jackson explained the seven areas of criteria: 1) quality, referring to the level of excellence aspired to and currently provided by academic programs and service units; 2) centrality for the academic disciplines, evaluated in terms of its contribution to the mission of the University; 3) centrality for the state, the degree to which programs do or could appropriately and effectively respond to economic and social needs and objectives of the state; 4) comparative advantage, the unique characteristics that make a program particularly appropriate to the University; 5) efficiency, concerning the use of resources and whether they achieve desired outcomes in a cost-effective manner; 6) effectiveness, concerning the degree to which agreed upon and desired results are achieved; and, 7) demand, measured in the number of applications, quality of acceptances, services performed in support of other programs, degrees awarded, instruction of students or research undertaken or the solution of pressing problems of society.

Director of Audits Klatt stated that both the performance reporting system and the proposal evaluation process are very tangible applications of the IFIC. By establishing structure and discipline in these processes, the control environment element is solidified by setting a standard which helps to reinforce the values of the institution. In discussions with the executive council over the past year concerning the IFIC, the area that consistently came up where people felt the University could improve was the area of risk assessment. The proposal evaluation process will help ensure not only that risk assessment occurs, but that it covers all types of risks -- not just financial. What is the operational impact of the decision? Is there a compliance risk? Is there academic programming risk? The process will provide an opportunity to keep groups, not normally in the loop, aware of decisions that may impact how they provide their service.

Jackson noted that the Board has a very important role and should ensure that the proposals and analysis brought before them are what the Regents want so that their decisions are made with clarity and confidence. Possible enhancements are being considered for the docket sheets including the use of executive summaries, risk/opportunity assessments, and sponsor identification.

Jackson invited Mark Chronister of Coopers & Lybrand, to share his comments on the progress being made in implementing the IFIC. Chronister praised the University for involving the Board of Regents. Because the underlying premise of the IFIC is that control is everyone's job, starting with the Regents provides direction for the rest of the University. Chronister said that things are moving along at a very good pace, and that the University of Minnesota is on the cutting edge, leading the way for other institutions.

Hasselmo noted that the University review criteria are 15 years old. Underneath all of the changes going on at the institution, it has been the enduring criteria used in decision-making. Hasselmo stated that the fact that most people were unaware of the existence of the criteria structure is a fundamental problem, and the IFIC will make it explicit across future administrative and Board changes. Hasselmo stressed that as the University moves into a new administration, it is important not to lose the framework, as it is absolutely essential to continuity.

Regent Bleyhl noted that with the implementation of the IFIC, it is important that Regents not step out of their role as Board members and into the role of micromanagers. Bleyhl reminded the committee that they must consider the information given to them within the realm of policymaking.

Regent Hogan stated that if the Board received program summaries based upon the IFIC, looking at the risks associated and controls needed, they would feel confident that they are making informed decisions.

Regent Larson said that he often finds himself facing decisions without fully understanding the ripple effect of his decision, and he is hopeful that the IFIC will help all Regents to have a full understanding of the implications of their decision-making.

Hogan told the committee that in a letter dated May 7, 1996, Regent Keffeler requested that the Audit Committee consider approving the following amendment that she would be offering to the budget resolution on Friday, May 10, 1996 at the Committee of the Whole:

BE IT RESOLVED that the strategic investments and structural realignments scheduled to be brought for consideration and approval by the Board of Regents in July, be documented within the protocol of the Integrated Framework, i.e. that expenses, revenues, impact upon the University criteria for investment or reduction, and risk assessment be

documented in a manner appropriate for policy deliberation by the Board of Regents.

Regent Bleyhl made a motion to approve the resolution. Regent Kim seconded.

Hasselmo noted that it might be appropriate to take out the words "in July" in order to make the resolution a more general reinforcement of the IFIC, to be used in all future deliberations. The committee agreed and voted unanimously to approve the amended resolution.

Highlights of IFIC Discussion (May 8, 1996)

- IFIC is already proving itself
- Need to develop ways to help the culture change and adapt to the IFIC
- The underlying premise of the IFIC is that control is everyone's job
- The University of Minnesota is on the cutting edge, leading the way for other institutions
- As the University moves into a new administration, it is important not to lose the framework
- The IFIC will help all Regents to have a full understanding of the implications of their decision-making

DIRECTOR OF AUDITS QUARTERLY REPORT

Director of Audits Klatt presented her quarterly report to update the committee on internal audit activities and results for the quarter ending March 31, 1996. A detailed description of these audits can be found in the docket materials.

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

ANNUAL INTERNAL AUDIT PLAN

Director of Audits Klatt presented the proposed audit plan for FY97. The plan utilizes four basic principles: 1) continuing risk-based audit approach; 2) adhering to audit frequencies; 3) focusing on high-risk activities; and, 4) leveraging involvement on control-related projects. Klatt explained that 18 different risk factors have been developed and 204 auditable units within the University were rated on each risk factor.

Based on the risk ratings, all 204 units were placed into one of four groupings, ranging from the highest risk to the lowest. The goal is to have high risk units examined every three years and low risk units every 10 years.

In response to a question from Regent Hogan, Klatt stated that examples of high risk audits that were completed this year include the Department of Medicine, Office of Student Financial Aid, and the College of Biological Sciences.

The proposed plan will be brought to the July Audit Committee meeting for approval.

EXTERNAL AUDIT PLAN

Mark Chronister of Coopers & Lybrand presented the External Audit Plan for Fiscal Year 1996. Chronister provided a handout and gave a summary of Coopers & Lybrand's audit services to the University for FY96 and noted that the focus for the coming year will be on the University Hospital and Clinic to help in facilitating the possible merger.

Potential audit issues for FY96 will focus on three areas: 1) unbilled receivables; 2) restricted fund deficits; and, 3) litigation (referring to all issues surrounding MALG).

Chronister said he will be back before the committee at the July 1996 meeting with an update on the audit.

RFP FOR EXTERNAL AUDIT CONTRACT

Rob Super, acting controller, told the committee that the current contract for external audit services will expire at the end of the auditing period that Coopers and Lybrand is doing for FY96. It is now necessary to begin the RFP process of selecting an audit firm for the next two to five years. Coopers & Lybrand won the last five-year contract, which was then extended an additional two years.

Super explained that the process they are proposing to follow is comparable to the last time. They intend to mail the RFP out to seven audit firms, and will publish the RFP in the *Minnesota State Register*. The RFP will request that all proposals be submitted in early July. A selection committee will go through the proposals and narrow the list to three firms which will be invited to give oral presentations to the selection committee. The selection committee will evaluate the proposals and make a recommendation to the Audit Committee in September 1996. Final selection would be made by the Regents at the November 1996 Audit Committee meeting.

Senior Vice President Jackson stated that a decision needs to be made on whether or not to allow the existing auditors to submit an RFP, noting that in the past, the University has been concerned that auditors be switched every so many years. In response to a question from Regent Hogan, Super and Jackson said that they would find out how the University has handled this situation in prior years and would get back to the committee. Because the RFPs were scheduled to go out in the next ten days, Hogan suggested that if Jackson and Super can provide the information to the committee members before the Board meeting the following day, they would make their decision before then.

CUFS REVIEW

Associate Vice President Pfitzenreuter explained that a financial management system strategy project has been undertaken to evaluate and recommend a short-term (two year) and long-term (five to seven year) strategy for the University's financial management system.

The top functional requirements being examined are: 1) maintaining system stability; 2) maintaining CUFS current functionality; 3) supporting dates of the next century; 4) increasing security controls; 5) creating a more user-friendly system; and, 6) adding capability for use on the worldwide web.

There is a large concern about another major change for the University with other major projects currently in process, such as the grants management project, human resources review, student systems reform, and the implementation of

responsibility center management. Pfutzenreuter stated that to overlay a major systems change in the financial system on top of all of these projects is financially too costly, and may be too much change for the institution to absorb. With that in mind, a short-term alternative of modifying CUFS to get past the year 2000, improving the security, and adding functionality improvements seems to be the best alternative. The long-term strategy, however, will be to assess a new financial system for the University to be in place sometime after the year 2000.

In response to a question from Regent Hogan, the estimated cost of modifying the existing system past the year 2000 would be \$1 - \$2 million. An upgrade to an entirely new financial system would be much more. The last time a new system was acquired, the cost was \$18 - \$20 million. Senior Vice President Jackson added that you cannot account for the loss of productivity which will occur when switching to a new financial system, which in some areas could be equal to the out-of-pocket costs.

Pfutzenreuter stated that he will come back to the July 1996 committee meeting with better cost estimates and a recommendation on how to proceed.

The meeting adjourned at 11:00 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

May 9, 1996

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, May 9, 1996, at 3:15 p.m. in Room 300, Morrill Hall.

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

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

Student Representatives present: Eric Gustafson and Mark Erickson

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Jackson presented the Senior Vice President's Monthly Report for May 1996.

Jackson noted that the Facilities Management group has been recognized again by the Minnesota Safety Council for its performance in the area of safety.

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

MAINTENANCE & RENEWAL RELATED TO HOUSING

Vice President Boston and Mary Ann Ryan, Director of Housing, presented information on the maintenance and renewal requirements related to housing on the Twin Cities campus.

Housing on the Twin Cities campus is a self-supporting, auxiliary operation. The largest source of revenue is the student room rate, which contributes \$3 million dollars annually toward depreciation and funds maintenance and renewal of housing. The eight residence halls on the Twin Cities campus were built between 27 and 86 years ago with the oldest being built in 1910. These older facilities require attention and modernization of fire, life, safety and other code standards. A total of \$24.5 million has been spent on maintenance and renewal for the residence halls in the years 1992-1996 and \$37 million has been identified as needed from 1997 through 2001. Currently, there is only \$27 million available for the next five years. There is a need to carefully prioritize the projects. Projects currently prioritized are not cosmetic in nature, but rather are systems enhancements to keep the integrity of the buildings or enhance the quality of life for students on campus. Comparing the spending level over the past five years with a depreciation of \$12.8 million over the same period, the need to equalize

spending and depreciation is clear. Comprehensive facility assessment, prioritization of projects, combining projects for efficiencies, tight control of project scopes, and new funding sources are all areas that will be explored.

**SCHEMATIC PLANS, SCOPE/BUDGET INCREASE
FY96 CAPITAL BUDGET**

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

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

- A. Centennial Showboat Renovation, St. Paul, Minnesota
Original estimated project cost: \$1,300,000
Increase in project cost: \$900,000
Total estimated project cost: \$2,200,000
Funding for entire project: Private Funding (Gifts)
Estimated completion date: May 1997

John Mecum, Miller-Dunwiddie, Inc. Architects, reviewed the schematic plan and details of the proposed project.

In response to questions from Regent Peterson, Director Linda McCracken-Hunt explained that although the money for the project is being raised through private gifts, approval is needed from the Board to lend University funds to the project while private money is being raised.

The committee voted unanimously to recommend approve of the proposed 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. Children's Rehabilitation Building, 4th Floor Renovation
Twin Cities Campus
Estimated cost of the project: \$456,000
Funding: ICR Funds - Discretionary
Estimated completion date: August 1996

The committee voted unanimously to recommend approval of the resolution.

REAL ESTATE TRANSACTIONS

Sale of Outlots B and C, Rosemount, Dakota County

A motion was made and seconded and the committee voted unanimously to recommend approval of a resolution authorizing the appropriate administrative officers to execute the appropriate documents providing for the sale of Outlots B and C in Rosemount to Basic Builders, Inc. for the sum of \$435,000.

REAL ESTATE TRANSACTIONS

Ten-Year Lease with Crookston School District for Shared Use of Athletic Facilities on the Crookston Campus

The committee reviewed a proposed resolution that would authorize the execution of a ten-year lease with the Crookston School District for the shared use of athletic facilities on the University of Minnesota, Crookston (UMC) campus.

UMC has been working with the Crookston School District to plan the joint use and upgrading of the outdoor athletic facilities with the intent to form partnerships with the new high school being constructed on adjacent land. This is another step in the implementation of several Crookston campus partnerships which have involved the sharing of programs, services and facilities.

The lease for the subject property will commence upon completion of the outdoor athletic complex on the Crookston campus, projected for August 1996, and continue for ten years with two ten-year renewal options to continue the lease thereafter. The Crookston School District will pay \$350,000 for the use of the athletic facilities plus its share of operating costs.

MORRIS CAMPUS FACILITIES AND CAPITAL NEEDS

Lowell Rasmussen, Director of Plant Services at the University of Minnesota, Morris (UMM), presented information on UMM's facilities and capital needs.

The Morris campus is taking a different perspective of the capital planning process. Milestones include comprehensive master planning and classroom study and focused studies and assessments of various facilities. The campus has less than 12% of the total square feet contained in the pre-1960 older academic buildings and spends less than 18% of the O&M budget on these buildings around the mall. The older buildings should be renewed and maintained as the renewal costs are significantly less than new construction costs. The campus needs \$35 million for the Science Building and less than \$6 million for short-term renewal funding. The campus has reduced over \$30 million in new space requests.

The Morris campus 1996 action plan includes: \$2.7 million for planning and design drawings for the Science Building project, \$2.3 million for renewal work in the Humanities Fine Arts Center, \$500,000 for Higher Education Asset Preservation and Replacement (HEAPR) activities and \$100,000 for old Humanities Building classroom improvements.

Regent Bleyhl stated that the Morris campus is a community within itself and expressed her appreciation that in planning the campus it was kept inclusive rather than spreading out.

Associate Vice President Markham acknowledged her appreciation of the work Rasmussen performs on the Morris campus.

The meeting adjourned at 3:55 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Financial Operations Committee

May 9, 1996

A meeting of the Financial Operations Committee of the Board of Regents was held on Thursday, May 9, 1996, at 1:15 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; Executive Director Steven Bosacker; and Associate Vice Presidents Gerald Fischer and Roger Paschke.

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:

- Adden Furniture for \$628,672 for dorm furniture for Housing Services.
- Adia Personnel Services for an estimated \$1.8 million to furnish and manage a temporary worker program for Human Resources for the period of July 1, 1996 through June 30, 1997.
- Professional Food Service Management for \$6,000,000 for a five-year contract to provide food and dining services to University of Minnesota Morris Food Services.

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

UNIVERSITY ENDOWMENT SPENDING POLICY

Associate Vice President Paschke explained that the office of Finance and Operations has been reviewing the University's endowment fund spending policy for the past year. Based on this review, it has been concluded that if longer term (three, four and five year) returns drop below 9.5% (net of investment expenses), the endowment real value will begin to erode. To fulfill the University's fiduciary responsibility, the following adjustment to the endowment fund spending policy is proposed:

RESOLVED, that to the extent that the University's endowment fund return at the end of any calendar quarter is below 9.5% for the corresponding three, four, or five year trailing period, the spending policy rate will be reduced by a total of .50% to be a level equal to 5.0% (from 5.50%) of average market value. This change will be implemented by a .25% reduction as of the beginning of each of the subsequent two fiscal years.

The resolution will be brought to the June 1996 meeting for approval by the committee. If approved, this policy would become effective July 1, 1997.

ADMINISTRATIVE FEE ON UNIVERSITY ENDOWMENTS

Senior Vice President Jackson and Associate Vice Presidents Paschke and Fischer presented a resolution related to administrative fees on University endowments which was reviewed by the committee at the April 1996 meeting. Paschke noted that the resolution had been slightly modified, but felt that the modifications were self-explanatory.

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

QUARTERLY MANAGEMENT REPORT

Senior Vice President Jackson presented the Quarterly Management Report as of March 31, 1996, as indicated in the docket material, noting that there were currently no critical issues to be raised with the committee.

The meeting adjourned at 1:45 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

Year 1995-96

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff and Student Affairs Committee

May 9, 1996

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, May 9, 1996, at 3:15 p.m. in Room 238, Morrill Hall.

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

Staff present: President Nils Hasselmo; Chancellor Donald Sargeant; Provosts Gene Allen, Frank Cerra and W. Phillips Shively; Executive Director Steven Bosacker; and Associate Vice President Carol Carrier.

Student Representative present: Richard Pederson.

Regent Keffeler noted the resignation of Senior Vice President Infante, telling Infante that she will miss his brain, his heart and his integrity, in reverse order. Keffeler thanked Infante for his contributions to the University and stated that working with him will be one of the treasures of her service on the Board.

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:

- The appointment of Dr. Kamil Ugurbil as holder of the Margaret F. and Harold O. Peterson Chair in Neuroradiology.
- Sheila Ards, assistant professor, Humphrey Institute, has been elected president-elect to the National Conference of Black Political Scientists.

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

PROMOTION AND TENURE RECOMMENDATIONS

Senior Vice President Infante introduced the promotion and tenure recommendations, explaining the process used to determine the recommendations.

Infante recommended approval of the following resolution:

RESOLVED, that on the recommendations of the Provost of the Academic Health Center; Provost for Arts, Sciences, and Engineering; Provost for Professional Studies; Chancellor of the University of Minnesota, Crookston; and Chancellor of the University of Minnesota, Morris, the promotion and/or tenure recommendations on pages 1-9 of the attachment, presented to the Board of Regents on May 9 and 10, 1996, are hereby approved,

effective with the beginning terms of appointment in 1996-97.

RESOLVED, that on the recommendation of the Chancellor of the University of Minnesota, Duluth, in accord with the Agreement between the Regents of the University of Minnesota and the University Education Association, the UMD promotion and/or tenure recommendations on page 10 of the attachment, presented to the Board of Regents on May 9 and 10, 1996, are hereby approved, effective with the beginning terms of appointment in 1996-97.

Regents Kim and Spence expressed concern about the drop in number for faculty of color. Infante noted that the University is not doing well in the area of retention of faculty of color.

Regent Keffeler asked for a comparison of percentages of those persons from the majority class vs. minority class who have been granted tenure.

Regent Kim suggested that it might be helpful to have a comparison with other Big 10 institutions regarding faculty of color and gender issues.

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

PROPOSED CHANGES IN RECIPROCITY: LAW AND PHARMACY

Senior Vice President Infante presented a proposed modification of the existing University of Minnesota tuition reciprocity agreement with the University of Wisconsin at the professional level for law and pharmacy.

Currently, Wisconsin students in the two schools pay the tuition they would pay in their home state, which is 20 to 25 percent less than what Minnesota residents pay. Infante explained that under the proposal, Wisconsin students entering the pharmacy program this fall will pay the same rates that Minnesota students pay. Students entering the law school would begin paying Minnesota rates in the 1997-98 school year. Wisconsin students who are currently enrolled in either program would continue to pay their home state's tuition.

Regent Anderson joined the discussion noting that reciprocity in higher education came about because of tax reciprocity. Anderson explained that 25 years ago, Minnesota repealed tax reciprocity for Wisconsin residents working in Minnesota when the Wisconsin government refused reciprocity in higher education. After this, the two states started a new reciprocity program that would benefit both the state governments and the students.

Infante explained that states are supposed to reimburse higher education institutions for all losses incurred as a result of reciprocity each year. However, the University of Minnesota gets only about 50% of its losses reimbursed.

In response to a question from Regent Keffeler, Provost Allen stated that the law and pharmacy programs lose around \$300,000 per year because of the reciprocity agreement.

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

**WORKING GROUP ON HUMAN RESOURCES, REPORT II:
EDUCATION, TRAINING & DEVELOPMENT**

Senior Vice President Infante introduced Chuck Denny, Chair of the Working Group on Human Resource Policies, and Associate Vice President Carrier to present the second subcommittee report of the Working Group, focusing on the area of education, training and development. Denny introduced Nancy Burke, Senior Consultant for Lee Hecht Harrison and chair of the education, training and development subcommittee, to lead the presentation.

Denny reminded the committee that the Working Group had been given a charge by the president to examine and report to the committee on four human resource areas: 1) staffing and recruitment, on which they have previously reported; 2) today's presentation on education, training and development (ETD); 3) compensation, which will be presented in June 1996; and, 4) dispute resolution, which will be presented in July 1996. After reintegrating the four principles in July, the Working Group will deliver the finished product to the committee in September 1996.

Burke explained that with the portion of the budget the University devotes to salaries and people-related expenses, it is important that the University is sure that the assets are as effective and productive as possible.

Burke noted that the University currently has a number of good basic ETD building blocks in place, such as supervisory skills, diversity awareness and training, orientation programs, performance management programs, and career development programs.

Carrier stated that after extensive review of the human resource policies and practices in the area of ETD, the Working Group has developed the following recommendations:

- Develop functional competency sets for all supervisory and administrative responsibilities;
- Provide orientation of all new faculty, staff and administrators;
- Develop a strong well-functioning performance management system;
- Provide career development opportunities for employees;
- Develop a more comprehensive and better supported infrastructure to deliver education, training, and development;
- Provide resources to support implementation.

Carrier stated that it is essential that the University establish priorities in the ETD area, noting that the University is currently spending \$2.5 million a year on ETD efforts that are not well-coordinated.

In response to a question from Regent Kim, Carrier said that technology is a huge issue. Getting current faculty members prepared to use new technologies in their teaching, as well as packaging courses and curriculums for other markets, is vital. One new initiative is the Digital Media Center, a support service for faculty who want to explore new technological options for their classroom.

Regent Sahlstrom suggested that orientations should include a history of the University and its contributions to the state so that all employees know about the tremendous character of the institution.

Denny agreed, stating that as they work to create a framework for their final report, thought will be given to a preamble which states that a great land-grant institution is critical to the future of this state. He fears that the public has failed to understand the importance or the nature of a land-grant institution and the uniqueness of its personnel characteristics, the preeminence of the faculty, the basic givens of academic freedom, and collegial governance. All of these factors must be understood before you can begin to shape any personnel and policy principles.

OTHER BUSINESS

1. Regent Keffeler stated that since the topic of tenure was not on the formal agenda, she would like to give an update of recent discussions. The Faculty Senate has assigned the responsibility for working with the Administration and the Board in considering possible tenure code changes to a group including Professors Dan Feeney, Ed Fogelman and Mary Dempsey. Keffeler stated that she and Regent Spence recently met with Professors Feeney and Fogelman to discuss the time frame of the Faculty Senate's deliberations on revisions to the tenure code.

Keffeler reported that the Board of Regents has entered into a contract with Professor Richard Chait of the Higher Education Governance and Leadership Center at the University of Maryland, to help develop a model for the kind of information that would be beneficial to the tenure discussions so that by early fall, the committee can be assured that they have all the information they need to make an informed decision. Keffeler invited the faculty and faculty representatives to let the committee know if there is additional information that they think should be collected, and noted that if the Board desires change that goes beyond what the faculty recommends, they will submit those changes for the review and comment of the faculty prior to requesting action from the committee and, ultimately, the Board.

2. Keffeler stated that in the FY97 budget recommendations, part of the tuition increase would go to financial aid and noted that it appears that the University is inching into supporting low-income students through higher tuition for middle-income students. Before continuing to reflect this in financial recommendations, Keffeler suggested that the committee should have a discussion on this from a policy perspective and requested that Infante report to the committee in writing within the next two weeks about the approach and time frame for bringing policy recommendations to the committee for consideration.
3. In response to Regent Keffeler's concerns about the faculty compensation issue embedded in the FY97 budget, Regent Spence suggested that the committee request more thorough information in the budget presentation as it relates to the funding of the additional 3% as well as the criteria used for the compensation as it relates to faculty.

The meeting adjourned at 4:55 p.m.

Steven Bosacker

STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning and Policy Committee

May 9, 1996

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, May 9, 1996 at 1:15 p.m. in Room 238, Morrill Hall.

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

Staff present: Provosts C. Eugene Allen and W. Phillips Shively; Senior Vice President Ettore Infante; and Executive Director Steven Bosacker.

Student Representatives present: Richard Pederson.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

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

- A North Central Association for the Accreditation of Colleges and Schools accreditation team will be on campus for three days next week for the all-campus accreditation.
- The College of Education and Human Development recently received the Board of Examiner's Report from the National Council for the Accreditation of Teacher Education.
- A visit from the directors of the Warsaw School of Economics Day MBA Program to the Carlson School of Management.
- Name change of the Institute for Advanced Studies in Biological Process Technology to the Biological Process Technology Institute.
- Name change of the Department of Forest Products to the Department of Wood and Paper Science.
- Adoption of the amended Regents' Policy on Tuition as presented to the committee in the docket materials.

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

UNIVERSITY ACADEMIC PROFILE: PROFESSIONAL STUDIES CLUSTER

Senior Vice President Infante introduced Provost Allen to present a special report on the academic profile of the Professional Studies provostal unit. The Professional Studies cluster of units was initiated with the appointment of Provost Allen in February 1995. The cluster of units includes:

- Carlson School of Management
- College of Agricultural, Food, and Environmental Sciences
- College of Architecture and Landscape Architecture
- College of Education and Human Development
- College of Human Ecology
- College of Natural Resources
- Hubert H. Humphrey Institute of Public Affairs
- Law School
- Minnesota Agricultural Experiment Station
- Minnesota Extension Service

While the ten units differ significantly in size, they have a number of similarities. Baccalaureate and post-baccalaureate educational programs of the units are oriented toward the respective professions where problem-solving draws upon a liberal education and technical knowledge specific to a profession. The programs in all of the units are oriented to the marketplace. There is a lower ratio of undergraduate students to postgraduate degree seekers or lifelong learners in these units compared to many other parts of the University. The units have extensive outreach programs and are served by many advisory boards or committees. They also have significant international programs and projects in many countries of the world. And lastly, the units are highly ranked among their peers. The rankings help to illustrate the overall strengths of the units since all are in the top 3 to 15 among public universities in the United States.

Across the units there are four programmatic themes that link the units to each other: 1) children, youth and families; 2) economic competitiveness; 3) environment; and 4) interdisciplinary policy initiatives.

Allen cited a number of common concerns and issues that relate to many or all of the units. How well the concerns and issues are addressed will be significant in determining the future of the Professional Studies units and their ability to serve their respective constituencies in the tradition of the University's land-grant mission as defined for the future.

Regent Sahlstrom inquired about the new provostal system allowance for greater interdisciplinary activity. Allen explained that a number of things are going on that cover cross-sections of the University. He shared an example of the law school working with the Consortium on Children, Youth and Family through a clinic that works with children and family issues. The interdisciplinary part and learning about each other has been very significant to Professional Studies.

Sahlstrom followed with a question concerning the experiment stations. He asked for information on the movement to change research stations to research and education stations. Allen replied that the agricultural experiment stations have been misnamed for years. They have been research and education centers. Professional Studies plans to locate additional educators at the experiment stations and centralize some of the operations there. The second goal is to change the public opinion that this is not just an agricultural experiment station but another door to education at the University of Minnesota.

Regent Keffeler expressed her desire to form a connection between Provost Allen's presentation and the University plan. None of the material from the budget presentation of March has any reference to new investments or structural realignments that are discussed in the University Plan.

The discussion that followed examined the proposed budget with regard to proposed changes in the provostal clusters, in particular the proposed merger of the College of Human Ecology and the College of Education and Human Development. Allen noted that he would be receiving a preliminary report the evening of May 9 on the issues and concerns of the merger.

Keffeler asked Allen to focus on the potential benefits and savings that are involved in a merger of the two colleges noted above. Allen noted that he anticipates having more realistic figures by the end of the summer. He will then be able to give a more detailed response to all the issues that must be addressed under such a proposal; and added that the proposed Professional Studies merger is not going to impact this year's budget. Keffeler stressed that she has a very grave concern that the programmatic plans and financial plans are not responsive to the realities of our financial situation.

Regent Phillips asked if the merger of Human Ecology and Education would be before the Board in the budget discussion to take place in Committee of the Whole. Allen responded that it would not. Phillips followed with concerns that the financial repercussions of the merger would be before the Board if we approve this budget? Allen again responded that it would not.

Sahlstrom wondered if there were any specific plans for the Humphrey Institute. Allen explained that he is looking into a couple of possibilities which would strengthen the school. One would be to create an independent school of public affairs. The other would combine the Humphrey Institute with a larger unit. He has asked the Humphrey Institute to supply him with information regarding this issue.

ACADEMIC REPORT SERIES: LAW SCHOOL

Senior Vice President Infante introduced Thomas Sullivan, Dean of the Law School to present a report on the Law School.

Sullivan shared the historical strengths of the law school, noting that the University of Minnesota law school is nationally ranked within the top five public university law schools and within the top twenty of all law schools, private and public. The U of M Law School was one of the first law schools to admit women in 1890. Today, 44% of the student body are women and 34% of the faculty are women. The U of M Law School was one of the first law schools to start clinical education in 1913. The law library is regularly ranked within the six on quality of materials and service. It is a state resource with 800,000 volumes, serving over 200,000 patrons each year. Sullivan noted that the Law School is a leader in use of technology and computers in legal research and instruction. Finally, the U of M Law School is nationally recognized for its international law faculty.

Sullivan outlined the curriculum and degree offerings and instructional focus of the Law School. He also gave a brief overview of the \$13 million budget of the Law School. The law school has a very impressive student body placing 95% of the graduates in various law-related careers. The faculty of the Law School recently ranked within the top twelve law schools by articles published in leading law reviews; only four other public law schools are within the top twelve. The U of M Law School has three nationally recognized research centers: Human Rights Center, Institute on Race and Poverty, and Center for Legal Studies. Finally, Sullivan cited the Law School's commitment to clinical education and public service.

Regent Kim inquired about the relationship between the Law School and Associate Vice President Don Riley in the Office of Information Technology. Sullivan replied that one of his priorities is the greater use of technology and computers in learning and distance education.

Regent Sahlstrom asked if the Law School is providing distance education training to attorneys through continuing education and professional improvement. Sullivan responded that the Law School conducts two very extensive programs on continuing legal education. The goal is to use distance learning as a means to deliver these programs.

**TOUR: IT LABORATORY FOR COMPUTATIONAL
SCIENCE & ENGINEERING**

Senior Vice President Infante introduced Associate Dean Pat Kumar from the Institute of Technology to lead the tour to the laboratory for computational science and engineering in the electrical engineering and computer science building.

The meeting adjourned at 11:20 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

May 10, 1996

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, May 10, 1996, at 9:30 a.m. in the Regents' Room, 238 Morrill Hall.

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

Staff present: President Nils Hasselmo; Chancellor Donald Sargeant; Provosts C. Eugene Allen, Frank Cerra, and W. Phillips Shively; Senior Vice Presidents Ettore Infante and 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.

NEW BUSINESS

Regent Neel reported on the performance evaluation of Executive Director Steven Bosacker. He thanked everyone involved in the review process and indicated that review was positive. A written report will be on file in the the Regents' Office. On behalf of the Board, he thanked Mr. Bosacker for his outstanding work.

UNIVERSITY PLAN

A resolution recommending approval of the 1996-97 University Plan was moved and seconded.

President Hasselmo provided introductory remarks. The approval of the 1996-97 University Plan, the FY97 Budget and the Capital Budget are extremely important items that are before the committee as they represent the next major step in the implementation of U2000. Significant progress has been made with the U2000 agenda. By the end of the biennium, approximately \$200 million of the University's budget will either have been cut because of reduction in state funding or reinvested in high priorities. In this biennium alone, \$62 million will be reinvested in high priorities. He stressed that difficult choices are being made and that progress on the U2000 agenda is proceeding. He urged the Board to approve the University Plan.

Associate Vice President Kvavik addressed the University Plan indicating that it is intended to serve as a guide for annual budgetary decisions and for setting planning parameters for the campuses, provostal areas, colleges, and administrative units in their planning efforts for the coming year. The plan, as presented in the docket materials, incorporates changes resulting from the discussion at the Committee of the Whole meeting on April 12, 1996.

Regent Spence indicated that there are a number of programmatic changes in the plan that will come back to the Board for review at a later date. She requested that any

major changes (i.e. merging of colleges and changes in major programs) be reviewed by the Committee of the Whole so the entire Board will have an understanding of the rationale for the proposals. Hasselmo responded that approval of major programmatic changes is clearly the responsibility of the Board of Regents and it is his intent that the entire Board review any major changes proposed. A comprehensive status report on reengineering and reorganization efforts will be presented in July.

In answer to a question, Senior Vice President Jackson described how the integrated framework of internal control, discussed at the Audit Committee meeting this month, will serve as a means of reviewing and evaluating proposals and deciding at what levels decisions will be made.

The committee then voted unanimously to recommend approval of the resolution approving the 1996-97 University Plan.

UNIVERSITY BUDGET, FY97

Chair Reagan introduced the resolution relating to approval of the FY97 operating budget.

Regent Keffeler moved that consideration of the FY97 budget be deferred until the July meeting of the Board of Regents, and that the administration be instructed to bring before the Board in July a budget that limits increases in undergraduate tuition on the Twin Cities and Duluth campuses to 5% and that fully documents the strategic investments and reallocations that will be required to finance the recommended budget.

Keffeler indicated that the motion is not intended to defer discussion on the budget, but rather to defer action until July. The Board would be in a better position to approve the budget if it has information relating to the strategic investments and reallocations so there is an understanding of the consequences of their decisions. The motion was seconded by Regent Anderson. Anderson indicated that he would also like additional time to discuss and focus on the important issues before taking action on the budget.

President Hasselmo urged the Board not to postpone adoption of the budget at this time. This is the second year of the biennium and this budget in many ways represents implementation of the biennial request adopted by the Board three years ago. Discussion of the FY97 budget began a number of months ago and the parameters have been discussed. The University begins its operating year on July 1 and to postpone adoption of the budget will raise havoc with the operation of the University.

A number of committee members expressed concern with the 7.5 % increase in tuition. President Hasselmo responded that the tuition proposal has been part of the discussion on the budget for the past five months. The increase is "deplorable," however, with the reduction in state investments and inflation, the quality of the educational experience at the University is at issue.

Regent Neel spoke against delaying action on the budget. The issue of raising tuition is a major problem, however, the status of the University is at hand. He feels the Board has been given the information needed to make a decision at this time.

Student Representative Roehrdanz stated that the student constituencies are in support of the Keffeler motion.

Associate Vice President Pfutzenreuter noted for the record that the budget process provides for units to prepare their revenue plans based on the numbers, from tuition and state monies, that the Board of Regents approves prior to the beginning of the fiscal year. Absent those budget numbers, units do not have the authority to spend.

It would not be financially responsible to allow budgets to be built based on an unknown revenue stream.

Neel called the question on the Keffeler motion. Reagan asked for a vote to end the debate on the Keffeler motion. The Board of Regents voted by a majority of 10 to 1 to end the debate on the Keffeler motion. Keffeler voted no.

Keffeler clarified that she will support the Board's decision if Board members elect to proceed with the budget at this time. However, there are options. It is possible to authorize continuation of existing spending levels until a new budget is adopted so there should be no reason that deferring action until July should create havoc in the administrative processes. Good financial information has been provided on the proposed budget, but very little information has been presented relating to the financing of a number of programmatic issues. It would be prudent to wait until all of the information is provided to vote on the issue.

A roll call vote was taken on the Keffeler motion as follows:

Regent Anderson	For the motion
Regent Bleyhl	Against the motion
Regent Keffeler	For the motion
Regent Kim	For the motion
Regent Larson	Against the motion
Regent Neel	Against the motion
Regent Peterson	Against the motion
Regent Phillips	For the motion
Regent Sahlstrom	Against the motion
Regent Spence	Against the motion
Regent Reagan	For the motion

Executive Director Bosacker reported that the Keffeler motion failed by a vote of 5 votes for the motion and 6 votes against the motion.

Neel moved to recommend approval of the University Budget for FY97. The motion was seconded.

Pfutzenreuter presented a summary of the recommended budget plan for FY97. He reiterated that the budget plan reflects financial goals that provide for continuation of the programmatic investments and financial plans defined in the Partnership Proposal; avoids a significant FY98 structural imbalance through the prudent use of one-time state resources; provides for additional need-based financial aid to mitigate the impact of planned increases in tuition revenue; and provides for compensation increases based on the principles of maximum flexibility, merit, market, equity and good faith bargaining. A summary of modifications since the April meeting was reviewed and Pfutzenreuter provided explanations for the changes. Information was also provided in response to the Board's request for an outline of the impact that a 5% tuition revenue increase would have versus the proposed 7.5% increase.

Keffeler asked about the present plans to achieve the reductions necessary to finance the 3% salary increase in units authorizing the increases and the basis that would govern whether and under what conditions salaries would be granted for faculty. Pfutzenreuter responded that the compensation increase, assuming a 3% average change with the associated cost of fringe benefits, totals \$26 million. Approximately \$20 million will have to be accommodated through internal reallocations.

Regarding salaries for faculty, Hasselmo responded that the University has traditionally set across-the-board percentages for increases for all categories of the University community. Over the last few years, there has been a move toward a differentiated approach of salary-setting for faculty and academic staff. This year an overall guideline has been set with a maximum of 3% for faculty and academic staff.

Deviations from the guideline have to be presented and approved for special exemption. There are some units that will exceed the 3%. Senior Vice President Jackson added that it is important to note that the compensation pools for the provostal and senior vice president units are to stay within a general guideline of 3%, which is within their agreed budget. Anything outside of that commitment has to be reviewed and approved by the President. At this time, there is nothing of a programmatic nature that would indicate a need to come back to the Board of Regents.

Kim reiterated her concerns about the 7.5% tuition increase proposed in the budget and moved to amend the budget proposed by the administration to limit the tuition increase for undergraduates on the Twin Cities and Duluth campuses of the University of Minnesota to 5%. The motion was seconded.

Anderson spoke in favor of Kim's motion noting that the increase in tuition for students at the University from 1982 to 1992 totals 352%. It is time to send a message to the legislators that the Regents do not want to put this additional burden on the students.

Regents Spence and Larson expressed support for the administration's 7.5% tuition increase. While the increase was characterized as "deplorable," it is vital that the University maintain its quality. The percentage increase cited by Anderson signifies a trend, and that trend should be the focus of discussion in trying to solve the problem of climbing tuition rates. Larson also applauded the efforts of students in their endeavor to keep tuition rates down.

The committee voted on Kim's amendment and the amendment failed by a majority vote.

The committee voted by a majority of 10 to 1 to recommend approval of the resolution approving the FY97 operating budget with Regent Keffeler voting against the resolution.

ANNUAL CAPITAL BUDGET, FIVE-YEAR CAPITAL IMPROVEMENT PLAN

A motion was made and seconded to recommend approval of a resolution approving the FY97 Capital Budget and the FY 1997-2002 Capital Improvement Program as presented to the committee. Associate Vice President Markham reviewed adjustments to the budget that have been made since the Board met in April. She reported that it has been confirmed that all funding is incorporated in the budget for all projects that are reflected in the capital budget. Two new projects have been added and four projects have been deferred from the original budget. The action requested is to confirm the previously authorized capital projects, adopt the FY97 Capital Budget and accept the FY 1997-2002 Capital Improvement Program.

The committee voted unanimously to recommend approval of the resolution.

SUMMARY OF EXPENDITURES

A motion was made and seconded and the committee voted unanimously to recommend approval of a resolution approving the Summary of Expenditures for the period July 1, 1995 to March 31, 1996 for the Board of Regents' Office, the Office of the President, and Eastcliff Maintenance as presented in the docket material.

QUARTERLY FACULTY CONSULTATIVE COMMITTEE REPORT

Carl Adams, Chair of the Faculty Consultative Committee, presented the quarterly Faculty Consultative Committee report. The report included general

comments on faculty views regarding their current sense of challenge; noted some significant actions of the University and Faculty Senates; reported on the upcoming action agenda; and included comments on the issue of working conditions. The complete report is included in the docket material.

Adams said that while his report may appear to highlight the major problems facing the University, there are a number of areas that should be noted where significant improvements and progress has been made.

With regard to the action agenda, the University is at substantial risk. There is a perceived erosion in the nature and prestige of the institution. There is a need to identify growth potential and feature it. Adams urged the Board to develop a sharp and succinct vision for the future of the University of Minnesota.

Adams addressed the working environment at the University. He highlighted recent published data on the University's competitive position with respect to faculty salaries and national rank. It is clear that faculty compensation at the University of Minnesota needs to be addressed. The University cannot be competitive if it does not have competitive salaries. He urged that the Board of Regents not approve a budget if it is inconsistent with the resolution of the faculty compensation issue.

Adams stated that tenure is a significant part of the working condition. Significant improvements are under review. It is clear that a number of external factions are anxious to be a part of changing the tenure code at the University of Minnesota and there will be enormous external pressure to delay tenure change. He urged the Board to recognize that a delay will only serve to invite a malady of activity and will make it more difficult to come to a reasonable solution.

Adams concluded by asking Board members to actively engage in challenging the pervasive mood that is surrounding the University at this time. He asked that the Regents personally challenge any statements that they know to be unfair or untrue. As critical issues arise, it is vitally important that accurate and fair statements be made about the University.

Regent Neel expressed concern regarding public relations and communication at the University. He indicated there is a need for change and improvement in this area.

President Hasselmo stated that Carl Adams has served the University with rare distinction as a true faculty leader.

The meeting adjourned at 11:41 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

May 10, 1996

A meeting of the Board of Regents of the University of Minnesota was held on Friday, May 10, 1996, at 11:50 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Julie Bleyhl, Jean Keffeler, H. Bryan Neel, Jessica Phillips, Thomas Reagan, Patricia Spence and Stanley Sahlstrom. President Hasselmo presiding.

Staff present: Chancellor Donald Sargeant; Provost W. Phillips Shively; Senior Vice President Ettore Infante; Vice President Mark Brenner, General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Gerald Fischer and Roger Paschke.

APPROVAL OF MINUTES

Chair Reagan noted two corrections in the minutes of the Facilities Committee from April 11, 1996. A copy of the corrected minutes were presented to the committee and are on file in the Regents' Office.

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

Litigation Review Committee - April 9, 1996
Board of Regents' Meeting - April 10, 1996
Committee of the Whole - April 10, 1996
Facilities Committee - April 11, 1996
Financial Operations Committee - April 11, 1996
Faculty, Staff & Student Affairs Committee - April 11, 1996
Educational Planning & Policy Committee - April 11, 1996
Committee of the Whole - April 12, 1996
Board of Regents - April 12, 1996
Committee of the Whole - April 25, 1996
Board of Regents' Open Forum - April 25, 1996

REPORT OF THE PRESIDENT

President Hasselmo presented his monthly report, which pertained to the following: the FY97 University budget; a Twin Cities campus site visit by the North Central Association of Colleges and Schools; the President's visit to Grand Rapids; and information relating to the Integrated Framework.

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

President Hasselmo introduced Frank Cerra, newly-appointed provost for the Academic Health Center and Vince Magnuson, newly-appointed Academic Vice Chancellor at the University of Minnesota, Duluth.

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 Grants and Contracts Report.

GIFTS

Associate Vice President Fischer, 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 voted unanimously to recommend:

- a) Approval of a resolution relating to the University Plan, 1996-97, as follows:

WHEREAS, an annual *University Plan* is needed to update the University 2000 plan, including changes in the environment and in planning parameters for campuses, provostal areas, colleges, and support units for the coming year; and

WHEREAS, the plan is essential for setting forth institutional initiatives and guiding annual budgetary decisions to insure the quality and effectiveness of the University's programs; and

WHEREAS, the plan also serves as a statement of intended actions against which to measure the impact of future improvement efforts;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the 1996-97 *University Plan* as a guide to institutional, campus, and provostal improvement efforts for the coming year.

BE IT ALSO RESOLVED, that the Board of Regents reaffirms the University's mission and vision statements; accepts the updated environmental assessment, planning assumptions, and financial framework; recognizes the efforts being made to focus the University's programs and structure in line with the mission, vision, and issues raised; and directs the administration to continue exploration of these issues, with the understanding that any significant changes which might come out of this process will come before the board for review and approval at a later time.

- b) 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 March 31, 1996 for the Board of Regents' Office, the Office of the President, and Eastcliff Maintenance are hereby approved.

- c) Approval of a resolution relating to the Annual Capital Budget and Five-Year Capital Improvement Plan, as follows:

WHEREAS, in September 1992, the Board of Regents directed the administration to submit a Capital Improvement Program annually to the Board and to establish an annual capital budget, and

WHEREAS, in January 1993, the Board adopted principles to guide the formulation of the capital budget and capital improvement program, and

WHEREAS, the Board recognizes the urgency of sustaining and improving the University's facilities in support of teaching, research, and outreach, most notably as relates to the need to address the outstanding deferred renewal of existing facilities, and

WHEREAS, the University of Minnesota has a process for reviewing and prioritizing capital needs, the Capital Investment Advisory Committee, which has consulted with all the University campuses to gather information regarding the most urgent needs and held hearings in developing a request for the State of Minnesota,

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approve the FY97 Capital Budget; accept the FY 1997-2002 Capital Improvement Program, and directs the administration to continue to develop and refine the program; and reaffirms its prior year capital expenditure authorization.

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

Reagan reported that the committee voted by a majority vote to recommend:

- a) Approval of a resolution relating to the University Budget for FY97, as follows:

WHEREAS, the University of Minnesota as the state's public, land grant university is charged with the responsibility to pursue knowledge and to help apply that knowledge through research and discovery, teaching and learning, and outreach and public service; and

WHEREAS, the University of Minnesota is committed to achieving standards of national and international excellence and to realize goals set forth in University 2000; and

WHEREAS, the State of Minnesota, through its legislative and executive branches, has appropriated funds to the University of Minnesota for the pursuit of its mission and in support of the U2000 goals and objectives; and

WHEREAS, the University of Minnesota faculty, staff and students are a valued human resources and have contributed to major reallocations of resources and effort in support of the University's mission and University 2000, through their actions, support and tuition; and

WHEREAS, the University of Minnesota must continue to make needed programmatic investments to ensure accomplishment of U2000 goals and objectives; and

NOW, THEREFORE, BE IT RESOLVED that to achieve these goals, the Board of Regents approves the University of Minnesota Fiscal Year 1997 Operating Budget as follows:

The annual revenue and expenditure plan for current, non-sponsored funds and projected expenditures for sponsored funds for fiscal year 1997.

The Fiscal Year 1997 Operating Budget approved by the Board of Regents includes the following attachments which are included in the President's Recommended Fiscal Year 1997 Operating Budget:

Attachment 5 -- Fund Forecast - Centrally Allocated Accounts

Attachment 7 -- University of Minnesota System 1996 - 1997 Tuition Schedule

Attachment 15 -- Student Services Fees

Attachment 19 -- Resource and Expenditure Budget Plan (University Fiscal Pages)

The Budget Plan for fiscal year 1997 also includes: 1) strategic investments outlined in Attachments 1 and 2; 2) special fees; 3) compensation plan, and 4) the expenditure of \$42,214,703 in fiscal year 1997 to reflect the one-time nature of state appropriations.

BE IT FURTHER RESOLVED that the Board of Regents approves the University of Minnesota Hospital and Clinics' baseline budget projection, assuming no transaction with Fairview, an as interim plan to be amended by the Board as part of any definitive action regarding the future of the Hospital and Clinics.

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

Reagan reported that the committee also received the quarterly Faculty Consultative Committee report.

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.
- b) Approval of a resolution relating to promotion and tenure recommendations, as follows:

RESOLVED, that on the recommendations of the Provost of the Academic Health Center; Provost for Arts, Sciences, and Engineering; Provost for Professional Studies; Chancellor of the University of Minnesota, Crookston; and Chancellor of the University of Minnesota, Morris, the promotion and/or tenure recommendations contained in the docket material and presented to the Board of Regents on May 9 and 10, 1996, are hereby approved, effective with the beginning terms of appointment in 1996-97.

RESOLVED, that on the recommendation of the Chancellor of the University of Minnesota, Duluth in accord with the Agreement between the Regents of the University of Minnesota and the University Education Association, the UMD promotion and/or tenure recommendations contained in the docket material and presented to the Board of Regents on May 9 and 10, 1996, are hereby approved, effective with the beginning terms of appointment in 1996-97.

Regent Keffeler noted that the committee requested information to inform the committee regarding the experience of faculty of color in proceeding through the various stages of tenure review. This information will be reviewed in the committee over the next few months.

- c) Approval of a resolution relating to proposed changes in reciprocity for Law and Pharmacy programs, as follows:

WHEREAS, the University of Minnesota recognizes the critical important of sustaining reciprocity agreements with the State of Wisconsin for students at the undergraduate level; and

WHEREAS, the tuition differential under the current Wisconsin reciprocity agreement for the University of Minnesota professional programs in Pharmacy is substantial; and

WHEREAS, this college is currently obliged to take students from Wisconsin in a student demand market that affords ample demand at full resident or even nonresident rates; and

WHEREAS, the current terms of that agreement result in a serious and unreimbursed loss of tuition revenues for the University of Minnesota professional program in Pharmacy; and

WHEREAS, the effect is to force other students in these programs to pay higher tuition in order to underwrite the lower tuition paid by Wisconsin residents at the University of Minnesota in this program; and

WHEREAS, the State of Wisconsin has previously withdrawn from interstate tuition reciprocity professional programs in Medicine, Dentistry and Veterinary Medicine;

AND WHEREAS, the State of Wisconsin Higher Education Aid Board, the Joint Finance Committee of the Wisconsin Legislature, and the Minnesota Higher Education Services Office have negotiated appropriate and reasonable agreements;

NOW, THEREFORE, BE IT RESOLVED, that beginning fall term 1996, the Board of Regents modify its existing adherence to the Wisconsin reciprocity agreement by charging Minnesota residents tuition to the entering professional class in the College of Pharmacy; and

BE IT FURTHER RESOLVED, that beginning fall term of 1997 the Board of Regents modify its existing adherence to the Wisconsin reciprocity agreement by charging Minnesota resident tuition to the professional classes in the Law School including the students who entered in fall of 1996; and

BE IT FURTHER RESOLVED, that Wisconsin students registered in the academic year 1995-96, in these programs continue to receive the reciprocal tuition arrangement in effect at the time of their initial enrollment; and

BE IT YET RESOLVED, that this modification of the reciprocity agreement with the State of Wisconsin will not affect reciprocity agreements in place at the undergraduate level.

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

Keffeler reported that the committee reviewed Report II: Education, Training & Development from the Working Group on Human Resources.

REPORT OF THE FACILITIES COMMITTEE

Regent Phillips, reporting for the 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 plan to the FY96 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and

Operations, project plans are approved and the appropriate administrative officers are authorized to proceed with the design and construction of the following project:

- A. Centennial Showboat Renovation
St. Paul, Minnesota
Estimated project cost: \$2,200,000
Funding: Private Funding (Gifts)
Estimated completion date: May 1997

- 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. Children's Rehabilitation Building 4th Floor Renovation
Twin Cities Campus
Estimated cost of the project: \$456,000
Funding: ICR Funds - Discretionary
Estimated completion date: August 1996

- d) Approval of a resolution relating to the sale of land in Dakota County, 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 Outlots B and C in Rosemount to Basic Builders, Inc. for the sum of \$435,000.

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

Phillips reported that the committee also reviewed information on maintenance and renewal information related to housing; reviewed information on a proposed lease with the Crookston School District for shared use of athletic facilities at the Crookston campus; and reviewed information on Morris campus facilities and capital needs.

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:

- Adden Furniture for \$628,672 for dorm furniture for Housing Services.
- Adia Personnel Services for an estimated \$1.8 million to furnish and manage a temporary worker program for Human Resources for the period of July 1, 1996 through June 30, 1997.
- Professional Food Service Management for \$6,000,000 for a five-year contract to provide food and dining services to University of Minnesota Morris Food Services.

- c) Approval of a resolution relating to an administrative fee on University endowments, as follows:

WHEREAS, the Board of Regents recognizes the importance of contributing to the support of future development and capital campaign activities conducted by the University of Minnesota Foundation on behalf of the University of Minnesota; and

WHEREAS, the implementation of an administrative fee charged to the University's endowment fund over and above investment management related expenses is an appropriate means to provide proportionate reimbursement for University expenses related to administration, accounting, and other costs associated with overall endowment administration, and thereby free-up other fund sources for support of development by the University Foundation; and

WHEREAS, a recently completed legal review has concluded that an administrative fee may be charged to the University's endowment fund, excluding Permanent University Fund (PUF) endowments and those individual endowments that expressly prohibit such a fee;

NOW, THEREFORE, BE IT RESOLVED THAT:

- 1) The Board of Regents approves the implementation of an administrative fee charged to the University's endowments to total no more than .75% annually of the average market value of the endowments to which such fee may be appropriately charged.
- 2) The administrative fee shall be implemented as follows on the basis of average endowment market value:
 - .25% annually beginning July 1, 1996 for Fiscal Year 1997;
 - .50% annually beginning July 1, 1997 for Fiscal Year 1998;
 - .75% annually beginning July 1, 1998 for Fiscal Year 1999 and continuing through Fiscal Year 2003, ending June 30, 2003.
- 3) The Board of Regents shall review the use of the administrative fee in the final fiscal year in relation to the proportionate reimbursement of University expenses for administration, accounting, and other associated costs to determine if the fee should be continued.
- 4) At the appropriate time and in advance of the capital campaign, the priorities for the capital campaign including scholarships as one of the major themes shall be brought to the Regents for review and approval.

- 5) The Board of Regents directs that the administration prior to June 30, 1996 (i) review the University's endowment fund spending policy in light of projected future endowment fund investment returns and the application of the administrative fee, and (ii) report the results of the review and any recommendations regarding changes in the spending rate that seem necessary.

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

Bleyhl reported that the committee also reviewed proposed changes to the University's endowment spending policy and reviewed the Quarterly Management Report.

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 Tuition as follows:

TUITION

SECTION I. INTRODUCTION.

Subd. 1. Public Interest Purpose. The University of Minnesota is a publicly-supported institution of higher learning whose programs benefit both individual students and the state and nation. This twofold benefit is reflected in a vast array of social, economic, cultural, and civic enhancements that flow from an educated and well-trained citizenry, whose appreciation for the University's unique contributions to Minnesota's system of higher education is evidenced by a willingness to provide individual tuition, state subsidization, and private support. Through this valuable partnership, students are able to pursue their specific educational aspirations, while the state concomitantly promotes the broader public interest.

Subd. 2. Shared Responsibility. Tuition assessments within the University of Minnesota as a public institution must reflect the shared responsibility, benefits, and needs of the state and of the individual student. The tuition rate structure must provide appropriate incentives for access, retention, and choice; must promote timely progress toward degree completion; and, must be responsive to federal and state financial aid policies. Tuition rates and related fees must reflect the costs and the competitive environment of individual programs, the personal benefits to individual students, and social needs. Tuition assessments and tuition rates necessarily reflect the level of state appropriations for the University's instructional programs. Authority for establishing the basic principles for assessing, collecting, and managing tuition at levels that ensure the educational quality and integrity of the University's instructional mission resides with the Board of Regents.

SECTION II. TUITION PRINCIPLES.

Subd. 1. Delegation of Authority. The Board of Regents delegates to the president of the University of Minnesota the authority to implement

tuition policy and assess tuition. The president will annually review instructional cost studies that take into account the University's unique mission and the nature and level of its programming and services. The information in these studies will be viewed in the context of available state funding and student financial aid, keeping in mind that student financial aid subsidizes the cost of the individual student's education and does not provide public higher education institutions with additional financial support. The president will then specify the expected level of revenue from each University campus and will solicit for consideration specific tuition-rate proposals for each campus from the provosts of the Twin Cities campus and from the chancellors of the Duluth, Morris, and Crookston campuses. A student tuition advisory committee will be maintained on each campus and consulted to assist in the development of these proposals.

The president will then recommend tuition rates and provide an estimate of tuition revenue in the yearly budget plan that is presented to the Board of Regents. The presentation will include final recommendations for tuition rates for all levels of students and, where applicable, detailed information regarding tuition practices such as banding, or variations in lower- and upper-division rates. The president will also include any proposed administrative, academic or course fees, and tuition refund schedules. The president's recommendations will be subject to review and approval by the Board of Regents.

Subd. 2. Tuition Assessment. All students receiving instruction will be assessed tuition. This includes formal as well as less formal modes of instruction, and thesis advising. Tuition for credit instruction will be assessed for each campus by charging a base tuition for all students registering for a term (i.e., a quarter, a semester, or a summer session) and by assessing tuition on a per-credit basis above the base rate, up to whatever band is being used for the particular campus or student level. A tuition "band" is a range of credit loads for which the total tuition is the same without regard to the number of credits taken within the range. As a general rule, tuition rates and fees should recognize the difference in cost between full-time and part-time students.

Subd. 3. Undergraduate Student Tuition Rates. The resident tuition rate for undergraduate students may vary by campus. The tuition rate for lower-division students must be less than or equal to the tuition rate for upper-division students. Variations in upper-division tuition rates on any campus should be eliminated by 1998-99 and each campus's tuition plan for that year should utilize a single upper-division rate. Effective with the 1994-95 academic year, the annual tuition plans for undergraduate students on each campus must include a guaranteed tuition plan option for entering freshmen students. Costs associated with guaranteed tuition plans must be fully borne by students participating in the plan and participation in such plans may be limited. The Board of Regents encourages the exploration of tuition plan options.

Subd. 4. Graduate Student Tuition Rates. The resident tuition rates for students registered in the Graduate School may vary by program and should be established on a cost-related basis, with cost being the average fully-allocated cost of graduate programs, and with market as a limiting factor to tuition rate increases. The University's objective should be to establish graduate tuition rates, graduate assistant wage rates, and tuition waiver and remission policies that enable the University to remain competitive in recruiting the best graduate students, in order to maintain high quality graduate programs and to benefit from the important contributions such students make to the University's instructional and research programs.

Subd. 5. Professional Student Tuition Rates. The resident tuition rates for professional students should vary by program and should be established on a cost-related basis, with market as a limiting factor to tuition rate increases. For the professional schools of Medicine, Dentistry, Veterinary Medicine, Pharmacy, and Law, the institutions to be compared in establishing market should be determined by the president, on the recommendations of the provost for the academic health center and the provost for professional studies, within their respective areas of oversight.

Subd. 6. Departmental Master's Degree Student Tuition Rates. The resident tuition rates for departmental master's students may vary by program. Resident departmental master's tuition rates should be established at a level greater than the corresponding undergraduate rate.

Subd. 7. Tuition Rates for Non-Admitted Students in CEE and in Summer Session and for Adult Special Students. The president will make final recommendations regarding tuition rates for non-admitted students in the University's division of Continuing Education and Extension (CEE) and in Summer Session, and for students designated as "adult specials" in the day school, recognizing that differences exist between degree-seeking and non-degree-seeking students.

Subd. 8. Residency. The Board of Regents has the authority to establish residency policy for University purposes, consistent with state law. Interpretive conventions of resident tuition status must have the approval of the president and are subject to review by the Board of Regents. Students will be provided due process to present their arguments for possible classification as resident for University purposes. Non-resident, non-reciprocity student tuition rates for undergraduate, graduate, professional, and departmental master's degree students will be set to recover, on the average, the full cost used in establishing the corresponding resident tuition rate.

Subd. 9. Tuition Waivers and Remissions. Tuition may be waived or remitted selectively in order to accommodate state law, to provide financial discounts to students the University is seeking to attract, to offer University employees a benefit, to promote cooperation with other higher education institutions, to support the international exchange of students, and to serve humanitarian purposes. The cost of all tuition-waiver programs not financed by legislative appropriation will be recovered by the tuition revenue generated from students who are not receiving them. As a general rule, a tuition-waiver program should be offered only if the University intends to provide it to all students meeting the program's criteria, regardless of their financial circumstances. The cost of a tuition remission program will be recovered from the unit(s) offering this benefit.

The president will make final recommendations regarding the terms and conditions under which tuition waivers and tuition remission benefits are provided. The University will state publicly the exceptions it will approve and provide such information to students who might qualify for them.

The president may recommend that all tuition be waived for students in a limited number of categories, and will make final recommendations regarding the conditions under which the non-resident portion of tuition is waived for non-resident students. In general, waivers of the non-resident portion of tuition for individual students will be for fixed periods of time.

Tuition waivers and tuition remission benefits will be reported as student aid expenditures in University financial records and reports.

Subd. 10. Reciprocity and Exchanges. Subject to approval by the Board of Regents, the University may participate in reciprocity and exchange agreements between Minnesota and other states and the Canadian provinces. These agreements will specify the extent to which tuition will be waived. Consistent with Minnesota Statutes (Chap. 136A.08), the president will recommend to the Board of Regents for their approval any additions of and modifications in reciprocity agreements.

The Board of Regents affirms that admissions to programs are delegated to the faculties of the University and that agreements related to admissions are not, therefore, properly within the purview of others. The regents further affirm that their participation in reciprocity agreements involving the remission of non-resident tuition must be premised on the understanding that adequate funding-reimbursement procedures to the University will be developed through the Governor's Office and the Minnesota State Legislature.

The University may also enter into consortium agreements with other institutions and other academic programs under which student exchanges and visiting student/scholar programs will operate. The president is delegated authority to approve such programs on recommendation of the appropriate academic officer.

Subd. 11. Administrative and Academic or Course Fees. The president may recommend to the Board of Regents that administrative fees that affect large classes of students (e.g., an admissions application fee) may be assessed to those who directly benefit from the services for which the fees are being paid. The president may also recommend to the Board of Regents that academic or course fees be assessed for special equipment, supplies, and services that are used in a course, program, or college academic activity. They may also be assessed when academic departments purchase materials that will be used in developing products that the students will retain or consume (e.g., in studio art classes); when they purchase from non-University vendors services or products that are subsequently provided to students as a requirement of a course (e.g., airplane rentals); or, when academic departments provide individual lessons to students (e.g., flight training or music lessons). Academic and course fees should be assessed only in specifically justified situations and should not be substituted for general budget support. The appropriate campus student tuition advisory committee shall be consulted to assist in the development of fee proposals.

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 the professional studies cluster as part of the University academic profile; reviewed information on the Law School as part of the Academic Report Series; and went on a tour of the Institute of Technology Laboratory for Computational Science and Engineering.

REPORT OF THE AUDIT COMMITTEE

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

- a) Approval of the Senior Vice President's Monthly Report as presented to the committee and included in the docket material.

- b) Approval of the Director of Audits Quarterly Report as presented to the committee and included in the docket material.
- c) Approval of the request for proposal for selecting the University's external auditor as presented to the committee and included in the docket material.

The Board of Regents voted unanimously approve the recommendations of the Audit Committee.

Bleyhl reported that the committee also engaged in a discussion relating to the implementation of the Integrated Framework of Internal Control; reviewed the annual internal audit plan; discussed the FY96 external audit plan; and reviewed information on the status of CUFS.

REPORT OF LITIGATION REVIEW COMMITTEE

Regent Spence, reporting for the chair of the committee, reported that the committee met in non-public session on May 8 and May 9 to discuss hospital marketing issues and attorney-client privileged matters.

The meeting adjourned at 12:25 p.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

MINUTES

BOARD OF REGENTS' MEETING

AND

REGENTS' COMMITTEE MEETINGS

June 13-14, 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

June 13-14, 1996

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Year 1995-96

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Litigation Review Committee

June 10, 1996

A meeting of the Litigation Review Committee of the Board of Regents was held on Monday, June 10, 1996, at 3:00 p.m. in Room 325, Morrill Hall.

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

Staff present: Provost Frank Cerra; Vice President Mark Brenner, General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice President Roger Paschke.

Others present: Mark Bohnhorst, William Donohue, and Jan Symczyk.

**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 the General Counsel 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 Monday, June 10, 1996, 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 3:10 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

June 13, 1996

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, June 13, 1996, at 8:00 a.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 Donald Sargeant; Vice President McKinley Boston; Associate Vice Presidents Bob Kvavik, Sue Markham and Roger Paschke; and Executive Director Steven Bosacker.

Student Representatives present: Mark Erickson and Eric Gustafson.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Associate Vice President Paschke presented the Senior Vice President's Monthly Report for June 1996. The following items were highlighted for the committee.

1. Paschke introduced Paul Tschida, Assistant Vice President for the Department of Health and Safety, to provide information on the proposed sale to Hubbard Broadcasting of six acres of property on the Minneapolis and St. Paul city line adjacent to Hubbard Broadcasting Company offices. The property was purchased for future parking spaces, but, due to a lack of need and soil contamination, the property was never developed. The intention is to retain part of the property to build a parking ramp within five years. Negotiations with the cities and Hubbard Broadcasting are ongoing for purchase and cleanup of the property.

In response to a question from Regent Peterson, Tschida explained that the University is planning to sell a little over two acres. In addition, the parties are looking at using tax increment financing to clean up the entire site. Tschida also explained that Hubbard Broadcasting would like to use the property for office and studio space.

Regent Anderson noted a possible conflict of interest due to an association with Stanley Hubbard and asked Regent Phillips to chair the meeting when this issue comes to the committee again.

2. Paschke said that the process of establishing a search committee to identify qualified candidates to fill the position of Associate Vice President for Facilities Management is being developed.

3. Paschke noted that Facilities Management recently received the Governors' Outstanding Achievement award for their injury prevention efforts during 1995.

Anderson introduced a resolution relating to construction of student housing. The resolution requests that the administration pursue the development of new student housing by soliciting proposals from external parties to build on University-owned property. Acceptance of any proposal will be contingent on the following criteria: 1. there is full financing of the construction of student housing by external parties that is acceptable to the University; 2. there is no impact on the University's debt capacity, balance sheet, financial condition, or credit rating; and 3. the University, under any circumstances, retains title to the land upon which the housing would be constructed.

In response to questions regarding timing from Anderson, Paschke explained that the approach would be to finalize the additional market information regarding the type and quality of housing and the number of students. The next step would be to engage private parties to find out how quickly this can be done. If the private sector is willing to take the risk to build these facilities, it shouldn't take much time to move forward. Vice President Boston explained that, while numerous committees aren't needed, a working group does need to be formed to evaluate the implications to plans for the Coffman Union precinct. Boston added that they hope to get the request for proposals out by early August.

In response to a question from Reagan, Boston explained the timing for the proposed student housing plans. Student housing at the East River Road parking ramp is probably three years away and a facility at the Mineral Resources Research Center will take approximately one and a half years. Boston further explained that the design of the buildings would be a flexible design allowing for other uses.

Anderson suggested that Boston and Campbell present draft language of the request for proposals and respond to further questions at the July meeting prior to taking action on the proposed resolution.

Anderson recognized Associate Vice President Markham for the work she accomplished during her tenure at the University. Markham spoke briefly to the committee and introduced Bob Schenkel, who will be serving as the Acting Associate Vice President for Facilities Management until the search is completed.

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

REAL ESTATE TRANSACTION
Lease with Crookston School District

A motion was made and seconded to recommend approval of the following resolution relating to a ten-year lease with the Crookston School District for shared use of athletic facilities on the Crookston campus:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute a ten-year lease with the Crookston School District for the shared use of Athletic Facilities on the Crookston campus consisting of the football field and track.

Sue Weinberg, real estate coordinator, responding to a question Regent Peterson had asked last month, explained that the estimated annual operating costs is \$10,000.

The committee voted unanimously to recommend approval of the resolution.

REAL ESTATE TRANSACTION
Sale of Property at 1919 University Avenue

A motion was made and seconded to recommend approval of the following resolution relating to the sale of property at 1919 University Avenue:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the sale of 1919 University Avenue, St. Paul, Minnesota, to Metroplains Development, Inc., for the sum of \$850,000.

Sue Weinberg, real estate coordinator, reported that the property consists of a 145,000 square feet, five-story office building situated on approximately 4.058 acres of real property. The University purchased the property in 1979 for use as its Administrative Services Center. The property was vacated in 1992 when the units housed in the building were relocated closer to the campus.

The committee voted unanimously to recommend approval of the resolution.

SCHEMATIC PLANS, SCOPE/BUDGET INCREASE
FY97 CAPITAL BUDGET

The committee reviewed information for an increase in the budget for the project relating to the construction of the Center for Magnetic Resonance Research. The cost of the land; extension of utilities to the project site; telecommunication networking; increasing the project gross square footage; shutting down, moving, and powering up the magnets; magnetic shielding; animal laboratory and housing area; and furnishings were cited as the elements that account for the scope and budget increase. The revised cost of the project is estimated to be \$8,000,000, an increase of \$4,500,000. Funding for the increase will come from a National Science Foundation grant and an internal loan. Approval of this increase is contingent upon completion of a funding plan that adequately outlines the implications of the chosen funding sources. The estimated completion date is May 1997. The item will be on the agenda for approval in July.

INDOOR TENNIS AND HOCKEY FACILITY

Regent Anderson explained that this agenda item was here at his request to ensure that those involved in the development of the new indoor tennis and hockey facility are consulting the facility users, like the coaches.

Vice President Boston introduced Mark Dienhart, Director of Men's Intercollegiate Athletics, Chris Voelz, Director of Women's Intercollegiate Athletics, Doug Woog, Hockey Coach and David Geatz, Tennis Coach. Boston expressed his enthusiasm for this project, which would include a facility for the new women's ice hockey program.

Dienhart explained that, prior to taking this project to the Legislature, staff worked with architects on concepts for the facility. The construction costs ranged from \$7.5 million to \$14.5 million. Program staff are working with coaches and members of the hockey and tennis community to determine what is needed to make this a first-rate facility. In addition to the \$7 million secured from the Legislature, staff is looking at fund raising alternatives. Staff is confident that a concept can be developed that will fit within the proposed budget. The tennis program is especially in need of an on-campus indoor facility, as they have won the Big 10 championship four out of the last five years

and the midwest regional championship this year. In addition, the ice hockey program has reached the Final Four two of the last three years. This facility will be a benefit to both men's and women's athletic programs.

Voelz expressed her excitement to be able to expand the women's athletic program and to offer more opportunities for women in a first class manner. This facility means several things for the program: it provides a revenue stream through the rental of ice and court time; it provides a venue for the growth in girls hockey; it will bring the hockey program quickly into a nationally competitive scene; it will provide the opportunity to perform a public service through public clinics; and it will provide additional practice opportunities. The women's tennis program recently placed the highest they have in a decade in the Big 10. This facility will make a monumental difference for women's athletics for both the ice hockey and tennis teams.

Regents Reagan and Anderson urged the athletic departments to actively pursue bringing high school tournaments back to the University campus. These tournaments provide recruitment opportunities and positive exposure for the University. Boston stated his agreement and explained that staff is committed to this pursuit.

Several members urged that strong consideration be given to making the size of the facility large enough to expand the rink to Olympic size if needed in the future.

Anderson asked that consideration be given to include cross-country skiing in the University of Minnesota women's athletic programs. Anderson also requested that a modest plan be developed for upgrading the baseball facilities. Dienhart assured Anderson that upgrading the baseball facilities was next on the list of priorities.

Bleyhl urged that consideration of student housing designated specifically for athletes be reviewed. Dienhart replied that they are already in the process of exploring the development of residential housing and parking for student athletes.

ACADEMIC AFFAIRS FACILITIES AND CAPITAL NEEDS

Associate Vice President Kvavik and Harvey Turner, Director of Facilities Management - Planning and Programming, presented information on facilities and capital needs for Academic Affairs.

Kvavik stated that academic affairs employs about 23% of the total University space — most of that is in the student area. The first priority of academic affairs is the renovation of Walter Library. The capital improvement program includes facilities for Continuing Education & Extension, Information Technology, University libraries, Research, and Student Development and Athletics.

Kvavik focused on two key facility needs: student services center and classroom renewal. Fraser Hall houses five student service units: financial aid, registrar, minority affairs, CLA advising/OSLO, and student accounts receivable. Fraser Hall is inadequate and in very poor physical condition. There is inefficient arrangement of space, numerous code deficiencies, and marginal access for the physically disabled. The building has inadequate electrical capacity and inadequate privacy for advising and counseling. Any improvements will trigger corrections of code deficiencies and will require large capital expenditures. Kvavik added that it is probably a building that should come down.

A future student services center is proposed as part of U2000. It will focus on user-friendly, automated student services and consolidated front office functions. In redeveloping the space for student services, the concept would be more of a "backroom

operation" with a "one-stop shopping center" where students with complex problems can go for assistance from specialists.

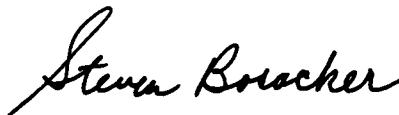
Kvavik explained that Williamson Hall also houses five student service units: admissions, registrar, bursar, bookstore, and student affairs publications. In contrast to our admissions office, which is somewhat "like going into a hole," most Universities traditionally house the admissions office in an old, very appealing collegiate-style building. While renovation on Williamson is being done to improve the admissions space, the long-term solution may be the new Gateway Center.

Kvavik discussed classroom renewal. Two-thirds of existing classrooms on campus failed a 119 point quality check — a standard that was approved by the Board of Regents. It is a U2000 critical measure and benchmark goal to have 100% of the classrooms pass these standards. It is important to note that, while classrooms represent only 5% of the space, about 50% of the student's time is spent in these facilities. Updating the classrooms is about a \$20 million project — \$6.2 million of that was received from the Legislature last session. Six prototype classrooms will be renovated this summer and approximately 100 classrooms (1/3 of the total inventory) will be renewed during 1996-1997.

In response to a question from Regent Anderson, Turner stated that Jones, Nicholson, and Fraser Halls are likely candidates for demolition. He added that staff will work through the state historical society in the process of decommissioning these buildings.

Following adjournment, the committee toured the following Academic Affairs facilities: Fraser Hall, Williamson Hall, and the Civil and Mineral Engineering Building.

The meeting adjourned at 9:25 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Financial Operations Committee

June 13, 1996

A meeting of the Financial Operations Committee of the Board of Regents was held on Thursday, June 13, 1996, at 10:15 a.m. in Room 238, Morrill Hall.

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

Staff present: Executive Director Steven Bosacker; and Associate Vice Presidents Gerald Fischer, 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. 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:

- Boise Cascade Office products for \$512,137 for laser printer toner cartridges for the period 7/1/96 to 5/31/97 for University Stores' distribution to University departments.
- Hennepin County for \$500,000 for solid waste disposal for the period from 7/1/96 to 6/30/97 for the Waste Management Division of Facilities Management.
- Hollstadt & Associates for \$556,600 for project management services for the Grants Management Project through December, 1996.

- Varian NMR's for \$2,465,000 for a Nuclear Magnetic Resonance spectrometer for the Department of Biochemistry.

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

In response to a question from Regent Reagan regarding the projected savings of closing University Flight Services, Triplett introduced Assistant Vice President Theresa Robinson, who explained that the closing will result in enormous long-term savings when the time would have come to replace airplanes.

Regent Bleyhl requested that the committee receive a future report on the projected savings of closing University Flight Services.

UNIVERSITY ENDOWMENT SPENDING POLICY

Associate Vice President Paschke presented a resolution related to the University endowment spending policy which was reviewed by the committee at the May 1996 meeting:

RESOLVED, that to the extent that the University's endowment fund return at the end of any calendar quarter is below 9.5% for the corresponding three- four- or five-year trailing period, the spending policy rate will be reduced by a total of .50% to be a level equal to 5.0% (from 5.50%) of average market value. This change will be implemented by a .25% reduction as of the beginning of each of the subsequent fiscal and calendar years. This policy change will become effective on July 1, 1997.

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:

January, February, March 1996

- A total of 87,014 transactions were processed for a value of \$77,364,634.
- Of the total, 28 were justified sole source awards totaling \$1,324,091.
- There were five Regents' policy violations.
- Eleven change orders exceeded \$100,000.
- Thirteen purchase awards were made that were over \$100,000 and under \$250,000.

Triplett and Kathleen Stoner, the University Travel Services Coordinator, presented a report on University travel as requested by the committee at the February 1996 meeting.

Triplett stated that the University annually spends approximately \$18 million on faculty and staff travel, 46% of which is spent on airfare. A breakdown of airfare

dollars shows that 83 percent of the University's air travel budget, almost \$6.9 million, is spent with Northwest Airlines.

Triplett said that the most effective way the University can control travel costs is through policies. University travel policies require that travel be approved by a supervisor or manager; first-class travel is not permitted; and frequent flyer benefits that accumulate to individual travelers on University business travel will be used to the University's benefit.

In response to a question from Regent Reagan, Triplett explained that the frequent flyer policy became Minnesota law in 1993. The University encourages travelers to get a separate frequent flyer membership on behalf of the University.

Regent Bleyhl suggested that the University have one frequent flyer account where all miles are automatically credited. Triplett explained that the University has tried to negotiate with Northwest Airlines to do this, and Northwest has refused.

Regent Anderson assured Triplett that the Regents would support further negotiations with Northwest Airlines to settle the problem. Triplett agreed to report back to the committee at the next meeting to give an update on the frequent flyer issue.

Stoner stated that approximately 80% of University travelers are booking airfares with the University's preferred agencies. The University has negotiated contracts with the preferred agencies which, in turn, provide discounts and guarantee that the price paid for airfare is the lowest available.

Regent Spence suggested that the University mandate that all University business travel be done with the preferred agencies. Bleyhl agreed and asked Triplett to confer with the General Counsel's office to see if there are any legal issues with restricting use to preferred providers and get back to the committee at the next meeting.

QUARTERLY REPORT OF ASSET AND DEBT MANAGEMENT

Associate Vice President Paschke presented a review of the Quarterly Report on Asset and Debt Management for the first quarter of 1996, which was included in the docket materials.

INVESTMENT MANAGER REVIEW: SCUDDER, STEVENS AND CLARK

Senior Vice President Jackson introduced Victoria Hergert of Scudder, Stevens and Clark, an investment manager for the University, to apprise the committee of the firm's management of \$27 million of equity investments in emerging market countries for the University's endowment funds. A copy of the Scudder portfolio is available for review at the Regents' office.

The meeting adjourned at 12:15 p.m.

Steven Bosacker

STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff and Student Affairs Committee

June 13, 1996

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, June 13, 1996, at 8:00 a.m. in Room 300, Morrill Hall.

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

Staff present: President Nils Hasselmo; Chancellor Donald Sargeant; Provosts Gene Allen and W. Phillips Shively; Vice President Mark Brenner, Executive Director Steven Bosacker; and Associate Vice Presidents Nancy Barcelo, Carol Carrier, Gerald Fischer, and Richard Pfutzenreuter.

Student Representatives present: Willow Najjar 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, and noted the following:

- The appointment of Marvin Marshak as Senior Vice President for Academic Affairs, effective July 1, 1996;
- The appointment of Thomas R. Fisher as Dean of the College of Architecture and Landscape Architecture, effective July 1, 1996.
- The appointment of Alfred F. Michael as Interim Dean of the Medical School, effective June 15, 1996.
- Adoption of the amended Regents' Policy on Student Unions.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report, including the appointments of Marvin Marshak as Senior Vice President for Academic Affairs; Thomas R. Fisher as Dean of the College of Architecture and Landscape Architecture; and Alfred F. Michael as Interim Dean of the Medical School, and adoption of the amended Regents' Policy on Student Unions.

**WORKING GROUP ON HUMAN RESOURCES, REPORT III:
COMPENSATION**

Senior Vice President Infante introduced Chuck Denny, Chair of the Working Group on Human Resource Policies, and Associate Vice President Carrier to present the third subcommittee report of the Working Group, focusing on the area of compensation. Denny introduced Richard Lidstad, Vice President of Human Resources for 3M and chair of the compensation subcommittee, to lead the presentation. Lidstad

acknowledged the work of John Erickson, Director of Employee Relations and Compensation, and Professor Dan Feeny on the committee.

Denny reminded the committee that the Working Group had been given a charge by the president to examine and report to the committee on four human resource areas: 1) staffing and recruitment, and 2) education, training and development, both of which they have previously reported; 3) today's presentation on compensation; and, 4) dispute resolution, which will be presented in July 1996.

Lidstad explained that the subcommittee found it to be impossible to limit its focus to strictly compensation matters. For compensation to achieve its goals of attracting, retaining and motivating, it must interact with other human systems such as staffing, performance and development. In addition, the University/employee relationship should support, and be supported by, the compensation system.

The subcommittee's recommendations include development of statements of strategic intent and desired University culture, leading to a set of human resource principles -- a clearly articulated set of beliefs that people can rely on for guidance and support. A new annual performance appraisal and feedback system for all employees is essential, as is a clear hiring philosophy and policy. Reductions or additions to staff must follow a defined practice and policy and all of the above needs to be clearly communicated. Mandatory training for all those with supervisory responsibility is badly needed. In the area of compensation, a commitment must be made to the twin principles of market competitiveness and internal equity via market surveys and a process for determining relative job worth. Competitive compensation precludes the use of annual budgets to determine pay increases. Budgets should determine who is paid, but not how much.

Lidstad explained that some of the barriers and challenges which will likely hinder effective action on the recommendations are: 1) climate, with an urgent need for cost reductions and lack of trust among employee groups; 2) resistance to change; 3) lack of employee/employer communication; and, 4) lack of staff resources needed for development of new systems.

In response to a question from Regent Kim, Lidstad stated that he believes that tenure must be systemwide. Comparing the University to 3M, Lidstad stated that if one organization is downsizing and another organization is hiring -- if you are allowing people to leave the company involuntarily while hiring elsewhere -- you are sending the wrong message to your employees. If the job security issue is not Universitywide, there will be problems of disconnect. While retraining issues may be difficult, for the sake of principle, you must try.

President Hasselmo commended the Denny Committee for the richness of the agenda that they have brought forward. Noting that he had great expectations, Hasselmo said that the task force has far exceeded his hopes.

REGENTS' POLICY: SICK AND DISABILITY LEAVES

Senior Vice President Infante presented proposed changes to the Board of Regents' policy on sick and disability leaves. Infante introduced Associate Vice President Carrier, who explained that the fundamental change being made to the existing policy is the allocation of the cost of implementation of the policy. Central Administration will pay the full cost of the portion of academic employee's sick or disability leave costs not covered by insurance beginning with the fourth month of leave. Departments or colleges will no longer be charged half. Funding will be covered through the Fringe Benefit Recovery Pool, and is not expected to exceed \$200,000 per year.

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

COLLECTIVE BARGAINING AGREEMENT WITH LAW ENFORCEMENT LABOR SERVICES, INC. FOR UNIT 1, POLICE EMPLOYEES

Senior Vice President Infante introduced Associate Vice President Carrier, who presented the collective bargaining agreement with Law Enforcement Labor Services, Inc. for Unit 1, Police Employees, as contained in the docket materials.

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

PROCESS FOR DETERMINING APPROACH TO TUITION/AID LEVELS

Senior Vice President Infante reminded the committee that this discussion was requested at the May 1996 committee meeting as a prelude to the formulation of a policy on tuition levels as they relate to available student financial aid.

Infante focused on a suggested process and timetable for the Board to undertake discussions and review that will lead to the formulation of an institutional policy on tuition levels as they relate to the level of funding available for student aid for undergraduates, graduates and professional school students at the University.

Infante stated that in higher education, cost has always been a shared responsibility. The shared responsibility concept has been under increasing public policy debate, with serious concerns about access, quality, and costs. There are also disagreements on means (vouchers, high tuition/high aid) and benefits (financial rewards), as well as the recent notable increases in tuition and fees.

Infante suggested that it would be desirable for the committee to review the available data and benchmark against three other Big 10 institutions (Iowa, Michigan and Wisconsin) as well as private state institutions. For benchmarking purposes, the four key issues for undergraduate tuition are: 1) total net tuition revenues, 2) the level of internal University resources to be devoted to financial aid, and their distribution between merit scholarships and need-based financial aid; 3) the interplay, if any, between tuition levels and financial aid; and, 4) the effect of the two interrelated above policies on access, and on the competitiveness of the University.

Regarding graduate students, there are very serious issues centered on the cost of graduate education, the appropriate size and distribution of the graduate student population, the source of funds, and the means to allocate this support and benefits. Infante suggested that a review of the data be presented to the committee with special emphasis on comparison with national research universities. The two key issues in this area are competitiveness for the University as a national research university, and appropriate balance of investments and means to support high quality programs.

Infante suggested the following timeline for the committee's consideration:

July 1996

- Presentation of data, benchmarks, and major trends at the graduate, undergraduate and professional level.
- Discussion of key issues and possible alternative strategies.
- Review of tuition and fees policies, as well as financial aid activities.

September 1996

- Presentation of strategic decisions regarding tuition, fees, and financial aid.
- Analysis of the budgeting implications of the proposed strategies and their consequences on the competitiveness of the University. This discussion should take place in the context of the biennial budget and long-term planning.
- A resolution by the committee on a policy direction that administration should set.

October 1996

- Final decision of a strategic and budgetary policy within the context of the biennial budget request.

Regent Sahlstrom stated that he hopes that the one overriding factor of these discussions will be that any student in the State of Minnesota, who has the qualifications for acceptance, can come to the University of Minnesota regardless of their economic or social conditions.

Regent Kim expressed concern about the widening gap between "haves" and "have-nots" with regard to accessing higher education and stated that if the Board doesn't consider a policy of high aid, the University will have a big problem as middle class students are squeezed out of higher education.

Regent Hogan agreed, noting that Regent Sahlstrom poses a very difficult challenge to the University and that financial aid will not be enough unless other ways, outside the public sector, are found to finance the institution.

Student Representative Najjar stated that there seems to be a belief among Regents that quality education and access are mutually exclusive. Najjar stated that both concepts can be present in unison. Najjar suggested that when the University evaluates the aid policy, the evaluation should take place in the context of the special characteristics the University has as a land-grant institution.

Regent Neel agreed, noting that land-grant institutions were founded to solve problems. Neel stated that the University of Minnesota is here to solve not just agricultural, technological and medical questions, but also questions of public policy.

Student Representative Schwantz requested that the Board remember to include the students in the process of examining the financial aid and tuition issues.

Before adjourning the meeting, Regent Spence thanked Senior Vice President Infante for his leadership on behalf of the committee.

The meeting adjourned at 10:00 a.m.

Steven Bosacker

STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning and Policy Committee

June 13, 1996

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, June 13, 1996 at 10:15 a.m. in Room 238, Morrill Hall.

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

Staff present: Chancellor Donald Sargeant; Provost Gene Allen; Senior Vice President Ettore Infante; Vice President Mark Brenner; Associate Vice President Donald Riley; and Executive Director Steven Bosacker.

Student Representatives present: Rich Pederson and Eric Gustafson.

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:

- The College of Pharmacy has been notified that its professional degree program will be evaluated by the American Council on Pharmaceutical Education (ACPE) for purposes of accreditation in November 1996;
- The Clinical Psychology doctoral program in the Department of Psychology has been awarded continued accreditation by the American Psychological Association Committee on Accreditation;
- A name change of the Department of Independent Study in Continuing Education and Extension/University College to the Department of Independent and Distant Learning, effective July 1, 1996;
- Transfer of the Master of Business Administration degree program from the Graduate School to the Carlson School of Management;
- Discontinuation of the undesignated Master of Science degree in Materials Science and Engineering;
- A partnership agreement has been signed between the University of Minnesota, Crookston and Zhengzhou Electric Power College in China;
- Appointment of Leonard Hoeft, Helen Hartfiel, and Mary Agens McQuinn to the Minnesota Landscape Arboretum Foundation; and

- Appointment of Barbara Frey, Luella Goldberg, Bruce MacLaury, and Elva Walker Spillane, to the Hubert H. Humphrey Institute Advisory Committee.

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: COLLEGE OF NATURAL RESOURCES

Dean Al Sullivan presented information on the College of Natural Resources (CNR) as part of the Academic Report Series.

The College of Natural Resources is a leader in University of Minnesota efforts to address environmental and natural resource concerns. The college is consistently ranked among the top three colleges of natural resources in the U.S. Nearly 78% of the graduates who enter the workforce are employed in jobs related to their major. The college consists of the Departments of Fisheries and Wildlife; Forest Products; and Forest Resources. It also includes the Cloquet Forestry Center and the James Ford Bell Museum of Natural History. The mission of the college is to foster a quality environment by contributing to the management, protection, and sustainable use of natural resources through teaching, research and outreach.

The college has developed a vision which includes the University's efforts to address natural resources and related environmental concerns; offering first-rate teaching, research and outreach; and establishing the college more firmly among state, national and world leaders. The college also wants to provide a welcoming environment and supportive culture.

Seven strategic goals have been established for the CNR intended to guide the college toward the 21st century. Sullivan reviewed each goal and provided a brief statement on progress for each.

Regent Hogan requested that the college's report on diversity by Rainbow Resources be sent to the committee. He also requested that there be a discussion about the report at a following date. Regent Sahlstrom added that the summary of the strategic plan be sent to all members of the committee. Sullivan agreed to both requests.

COOPERATIVE PROGRAMS IN ROCHESTER; DRAFT REPORT OF EXTERNAL CONSULTANTS

Senior Vice President Infante presented the discussion on cooperative programs in Rochester. He introduced Dr. Frank Knox, the chair of the local advisory committee for the combined University of Minnesota and Minnesota State Colleges and Universities (MnSCU) activities associated with this report. Knox is also the chair the advisory board of the Greater Rochester Area University Center (GRAUC). Infante indicated that this presentation is one in a series of discussions being held with the Board of Regents on the University of Minnesota's involvement in an higher-education needs assessment that is being conducted collaboratively by the University of Minnesota and the MnSCU, in concert with two special consultants and various representatives of the Rochester community. A copy of the report entitled "A Study of Higher Education Needs and Governance in Rochester, Minnesota" was distributed and focuses on the strategic directions and initiatives being considered for the greater Rochester area.

Infante reviewed the background and purpose of the report. The University of Minnesota plays a significant role in Rochester. Rochester is one of the three major communities in Minnesota. It is served by four private and four public higher education institutions. The University of Minnesota has been involved in Rochester since the 1930s and the University Rochester Center was established in 1966. There was a special legislative appropriation in 1988 that stimulated significant changes in programs. In 1992, the Center was moved to the University Center Campus. The fundamental policy of the last few years has brought greater coordination between the eight higher educational institutions in Rochester.

Infante outlined the major findings of the report. The report highlights the strengths and weaknesses of higher education in the community of Rochester. The community is strong in its resolve to expand higher education opportunities, to eliminate barriers that hinder students from transferring credits, and remove administrative obstacles. It wants to be able to assure existing and new employers that Rochester offers sufficient higher education opportunities to meet work force needs and contribute to an enhanced quality of life.

Students attending college in Rochester appear satisfied with the education they receive but are unhappy with administrative and academic barriers that arise from the division of responsibilities among the autonomous institutions that operate on the Rochester campus.

The employers in Rochester view higher education as critical to the further economic development of the region. They worry that today's students are not prepared adequately to meet the challenges of tomorrow in such key core competencies as critical thinking, communications, basic business competencies, computer and technological literacy and work ethic.

Local community interest is high for a four-year college in Rochester that emphasizes liberal learning, teaches communication and computer literacy, and provides for strong transition to the world of work. Local elected officials are concerned about the area's future development especially in the computer and health fields which are major industries for the community. The staffs of the Minnesota State Colleges and Universities and the University of Minnesota are concerned that the state enjoys a plethora of higher education institutions lacking adequate resources to sustain them.

A major finding in the report indicates that the one of the key problems of higher education in Rochester is governance. There are eight separate institutions, four private and four public. The community does not feel that it has a leader, individual or organization, that is responsible and accountable to the community and it's needs.

Infante briefly reviewed the recommendations on how to address the problems of the Rochester area. Five possible alternatives were considered; they are: regional consolidation, new four-year college with an emphasis in health sciences, branch of the University of Minnesota, local consolidation into a state university, and Rochester Institute of Colleges and Universities (RICU). The report recommends RICU with significant local leadership (one individual) with a strong relationship to both the University of Minnesota and MnSCU which would give a higher level of independence and autonomy.

Infante noted that the report will be distributed widely in the next week and discussed by various areas.

Dr. Knox addressed the committee. He acknowledged the accomplishments to this point and stressed the importance of this project in the community. He thanked Vice President Infante and Denis Cabral for their work.

Regent Hogan was supportive of the concept, but shared his concerns about the cost. He asked how this project was going to be funded, particularly in light of other demands for resources from the state. Infante responded that one of the principles and criteria which the consultants paid attention to were finances. This project is designed to better utilize current resources.

Hogan followed with an inquiry about the possible reorganization of the current relationship creating an organization on its own. Infante acknowledged that this is a complicated proposal. The proposal does call for its own leadership structure that is responsible to the community. The proposal is also designed to use new technologies that relies on other resources available in various places from the state universities to Stanford or MIT.

Regent Neel pointed out that he has kept his eye on Rochester. Neel speculated that it must be the only city of its size that doesn't have a four year educational opportunity. He asked the Board to carefully but promptly analyze the report and continue the cooperative efforts between, the GRAUC, MnSCU and the University of Minnesota.

PROCESS FOR DETERMINING PROGRAMMATIC REALIGNMENT IN PROFESSIONAL STUDIES - STATUS AND PROGRESS REPORT

Provost Allen presented the process for determining programmatic realignment in Professional Studies with particular focus on the merger of the College of Human Ecology and the College of Education and Human Development. He introduced Jan Hogan, Head of the Department of Family Social Science and Rich Weinberg, the Director of the Institute of Child Development. Allen noted that he had appointed them to chair the efforts to develop a process to examine the proposed merger.

Allen established the two key issues in this effort -- improving program quality and creating administrative efficiencies, with a constant focus on quality.

Because of the work of Hogan and Weinberg and others in Professional Studies, Allen has determined that his initial proposal to make recommendations to the Board by July with regard to a merger is not possible. This process will take more time. There has been a considerable amount of communication led by Hogan and Weinberg with all stakeholders. He outlined the process which will lead to recommendations next fall. Allen will chair an intercollegiate counsel which will set a fall agenda for an intensive period of additional discussions with "affinity groups." The affinity groups will be made up of various constituencies across all colleges affected by the proposed merger.

Allen hopes to focus on mission and identity to build the final recommendation. The primary focus will be on quality programs keeping in mind that we have to learn what to change and what to retain.

Regent Hogan commented that it appears this process needs to take place with the university overall. It is important to look at the connections between colleges and programs and frame the issues first. He urged the administration to get this message to all provostal units.

Dr. Weinberg commented that this plan has achieved national attention as a means to deal with the crisis in higher education. One of the most critical lines in the report outlined the impetus of needed universitywide assessment of current working relationships and organizational structures.

Sahlstrom recognized the work of Senior Vice President Infante and Student Representative Rich Pederson.

The meeting adjourned at 12:12 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

June 13, 1996

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, June 13, 1996, at 2:15 p.m. in the Regents' Room, 238 Morrill Hall.

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

Staff present: President Nils Hasselmo; Chancellor Donald Sargeant; Provosts C. Eugene Allen and W. Phillips Shively; Senior Vice Presidents Ettore Infante and JoAnne Jackson; General Counsel Rotenberg; Vice Presidents McKinley Boston and Mark Brenner; and Executive Director Steven Bosacker.

Student Representative present: Chuck Roehrdanz.

RECOGNITIONS

1996 Horace T. Morse-Minnesota Alumni Association Awards

Recognition was given to the following 1996 recipients of the Horace T. Morse-Minnesota Alumni Association Award:

Professor Terence H. Cooper
Chemistry, Institute of Technology

Professor Gary R. Gray
Chemistry, Institute of Technology

Professor Alan G. Hunter
Animal Science, College of Agricultural, Food and Environmental Sciences

Associate Professor Virginia T. Katz
Communication, University of Minnesota, Duluth

Professor Willard L. Koukkari
Plant Biology, College of Biological Sciences

Associate Professor Judith Martin
Geography, College of Liberal Arts

Professor Jennifred G. Nellis
Studio Arts, University of Minnesota, Morris

Associate Professor Angelita D. Reyes
Women's Studies, College of Liberal Arts

Professor Steven S. Smith
Political Science, College of Liberal Arts

Professor Patrick J. Starr
Mechanical Engineering, Institute of Technology

1996 John Tate Award Recipients

Recognition was given to the following 1996 recipients of The John Tate Award for Excellence in Academic Advising:

Professor Franklin Barnwell
Ecology, Evolution, and Behavior, College of Biological Sciences

Senior Academic Advisor Susan Hunter Weir
Student Academic Support Services, College of Liberal Arts

Professor Marvin Marshak
Physics and Astronomy, Institute of Technology

Principal Student Personnel Worker Doris Wiehe
Student Services, College of Human Ecology

1996 Recipients of the Academic Staff Award

Recognition was given to the following 1996 recipients of the Academic Staff Award:

Linda DeBeau-Melting, Human Resources and Organization
Development Officer
University Libraries

Shelly Diment, Associate to the Dean
College of Agricultural, Food and Environmental Sciences

Bruce Fall, Associate Education Specialist
General Biology Program, College of Biological Sciences

Peter Hannan, Research Fellow
Epidemiology, School of Public Health

Bill VanEssendelft, Associate Director
Extension Classes, University College/Continuing Education and Extension

Professor Carl Adams

Recognition was given to Professor Carl Adams for his service to the University community as 1995-96 Chair of the Faculty Consultative Committee (FCC).

Professor Virginia Gray, the 1996-97 Chair of the FCC was introduced.

REGENTS' PROFESSORSHIP NOMINATING 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 Regents' Professorship Nominating committee is hereby approved.

HONORS COMMITTEE NOMINATIONS

A motion was made and seconded, and the committee voted unanimously to recommend approval of the recommendation of the All-University Honors Committee.

REGENTS' POLICY: CODE OF CONDUCT

Vice President Brenner presented a proposed Regents' Policy relating to a code of conduct for members of the University community. It was noted that discussion of the proposed code has taken place in several committees as it relates to National Institute of Health (NIH) activities and various institutional personnel policies. The proposed policy was reviewed and approved by the University Senate on May 16, 1996. It has been written to address all members of the University community, not just individuals involved with sponsored research. The policy will be on the agenda for approval in July.

ANNUAL REPORT OF UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION

Linda Mona, President of the University of Minnesota Alumni Association (UMAA), presented the MAA Annual Report.

Mona reported on progress of the five goals established for the UMAA for FY95-96: 1) building the University Gateway; 2) increasing the membership of the UMAA to 50,000 members by the year 2000; 3) enhancing the student experience; 4) continuing advocacy efforts; and 5) preparing for a possible capital campaign.

Progress on building the University Gateway Center has progressed during the last year. The Board of Regents approved a resolution authorizing the \$27 million center to be completed by Fall 1998 with the University of Minnesota Foundation and the Minnesota Medical Foundation as partners. A developer has been hired to work with the Gateway Steering Committee; an architectural firm has been engaged; and a fundraising plan has been developed.

Membership in the UMAA has increased during the past year and it is anticipated that the membership goal for FY95-96 of 36,000 will be attained.

Efforts to enhance the student experience have matched more than 1,200 students with alumni mentors. There have also been collaborated efforts with the Admissions Office involving alumni in prospective students activities, new student orientation, parent orientation, and the First-Year Experience Program.

The UMAA is active with its advocacy efforts in continuing its interaction with the Board of Regents and work with the Regent Candidate Advisory Council. It also has expanded its legislative network to 2,300 members and was very active with lobbying efforts during the past legislative session.

The UMAA is also preparing for a possible capital campaign and ready to participate on the volunteer and staff committees. It is prepared to develop programming to receive special funding for campaign-specific initiatives over the next five years.

Mona thanked the members of the Board for their support of the University of Minnesota Alumni Association.

The meeting adjourned at 3:10 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

June 14, 1996

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, June 14, 1996, at 9:36 a.m. in the Regents' Room, 238 Morrill Hall.

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

Staff present: President Nils Hasselmo; Chancellor Donald Sargeant; Provosts C. Eugene Allen, Frank Cerra, and W. Phillips Shively; Senior Vice President Ettore Infante; General Counsel Mark Rotenberg; Vice Presidents McKinley Boston and Mark Brenner; Executive Director Steven Bosacker; and Associate Vice Presidents Gerald Fischer, Robert Kvavik, Roger Paschke and Richard Pfitzenreuter.

Student Representative present: Chuck Roehrdanz.

RECOGNITION

Senior Vice President Ettore Infante

Chair Reagan presented Ettore Infante with a certificate of recognition for his service as Senior Vice President of Academic Affairs from 1990 to 1996.

RECOGNITION

Distinguished McKnight University Professor Awards

Recognition was given to the 1996 recipients of the Distinguished McKnight University Professorship award, a newly-developed program which honors and rewards the highest-achieving faculty at the University of Minnesota who have recently attained full professor status:

Frank Bates, Chemical Engineering
Bianca M. Conti-Fine, Biochemistry
James H. Fetzer, Philosophy/UMD
John R. Freeman, Political Science
Megan R. Gunnar, Child Development
Patricia Hampl, English
Timothy J. Kehoe, Economics
Hon Cheung Lee, Physiology
Gordon E. Legge, Psychology
G. David Tilman, Ecology

REGENTS' POLICY: TENURE

Chair Reagan introduced the discussion on proposed changes to the Regents' Policy on Tenure. On behalf of the Board of Regents he extended appreciation and gratitude to the faculty leadership for their dedication and loyalty to the academy throughout the process of reviewing and proposing changes to the tenure code. While it has not been an easy process and the review is not complete, meaningful progress has

been made. The tenure code revisions are an important component for the University of Minnesota in establishing a sustaining and competitive edge as a world class, land-grant university. The University of Minnesota is nationally recognized for its unwavering commitment to academic freedom and the Board of Regents wants to ensure that academic freedom remains and is a cornerstone of the University. The Board of Regents is proud of the University's reputation and is committed to continuing that tradition.

President Hasselmo introduced the members of the faculty who participated in the presentation: Professor Edwin Fogelman, Professor Mary Dempsey, Professor Daniel Feeney, and Professor Fred Morrison.

Dempsey introduced the faculty portion of the presentation. She stated that members of the Faculty Senate believe that the proposed revisions, endorsed by the Faculty Senate on May 30 and June 6, address the concerns of the Board of Regents and the Legislature and will be a major contribution to the future of the University and the State, assuring the strength of the university into the 21st century. The proposed will apply to all faculty after they have completed the rigorous steps to become tenured.

Feeney and Morrison provided an explanation and the relevance of the changes that have been proposed for the tenure code that include:

- a definition of categories of faculty appointment in which tenure may be granted and categories where fixed duration contracts are appropriate, such as for faculty doing primarily clinical work;
- the development of new procedures for review of faculty performance after tenure is granted;
- the inclusion of outreach as one of the criteria for awarding tenure; and
- permission for colleges to elect a probationary period longer than the present six-year limit, but no more than nine years.

Four goals were established to guide in the development of the proposed revisions: responsibility; accountability; flexibility; and clarity. The revisions have been structured to meet these goals.

The Tenure Subcommittee of the Senate Committee on Faculty Affairs also recommends the adoption of two formal interpretations to the tenure code. The first interpretation reaffirms that faculty members have the freedom to choose research topics and discuss relevant matters in classes. It provides that faculty members have the responsibility to carry out reasonable teaching assignments made by their department head, and also provides for procedures to be followed when a faculty member considers a teaching assignment to be unreasonable. The second interpretation recognizes the long-term commitment of tenured faculty members to the University and of the University to the faculty members. It clarifies and details the procedures to be followed in reassigning faculty effort during programmatic changes.

Regent Kim asked if Regents can be assured that the revised tenure code will not be a roadblock to the U2000 goal relating to diversity. Morrison responded that there are provisions in the current tenure code that reinforce that goal and those provisions are to remain unchanged.

Fogelman addressed two questions that he indicated should be considered relating to the significance of the changes being proposed. The first question is if the proposed changes enable the University to make the programmatic and organizational changes that will be required in an era of shrinking resources. He believes the answer to be yes. He stated that the existing code has enabled the University to deal very effectively with a series of such issues, such as the closing of Waseca, the reorganization

of the College of Education, the ongoing reorganization of the College of Biological Sciences, and the reorganization of the Academic Health Center. The proposed changes will make it even easier to make programmatic and organizational changes.

The second question that should be considered is if the location of tenure in units rather than in the University as a whole will strengthen or weaken the University. He feels that the change of tenure to a unit will weaken rather than strengthen the University for the following reasons: 1) it will reduce the University's flexibility for making changes; 2) it will not be attractive to prospective faculty; and 3) the trend toward unionization of the faculty will proceed. With regard to unionization, he added that there is not one research university in the top thirty in the country where the faculty is unionized.

President Hasselmo stated that he endorses the faculty's proposal for revisions to the tenure code. They represent a major development in the direction of maintaining strong protection for freedom of inquiry and making the code more understandable and credible. The proposed amendments squarely address and clearly satisfy the requirements that President Hasselmo outlined he would support:

1. clarify that, in the interest of meeting the objectives of a department, department heads may assign tasks to faculty members;
2. clarify that reassignments and retraining may be necessary in the case of program change;
3. define the categories of faculty appointment in which tenure may be granted, as opposed to categories where time-limited contracts will be used to ensure needed flexibility;
4. permit colleges to extend the probationary period to up to nine years;
5. reaffirm that tenure is tied exclusively to base salary and not to other income sources and everyone's current base salary is guaranteed;
6. ensure more time-efficient and effective judicial processes; and
7. effect a meaningful post-tenure review process.

In addition to the amendments to the tenure code proposed by the Faculty Senate, Hasselmo and the Executive Council have proposed two new interpretations and one revision to interpretations. The additions will be going back to the Faculty Senate's Tenure Subcommittee for review and action.

Hasselmo indicated that he also believes that the Faculty Senate's proposal satisfies the Legislature's condition for release of its performance incentive account for the Academic Health Center. It will "enable the University to alter clinical compensation and base salary, and provide a streamlined due process procedure for separation under the Provost of the Academic Health Center, without infringing on academic freedom."

With regard to the changes that should not be made to the tenure code, Hasselmo stated that he is in full agreement with the faculty that individual faculty tenure should continue to be located at the institutional level, and that tenured faculty should not be laid off at the University for any reason other than institutional financial exigency.

Regent Sahlstrom referred to the revision relating to extending the probationary period to up to nine years and asked who will be responsible for making the decision to extend the period. Morrison responded that there is a mechanism provided for making the choice that would involve both a vote of the tenured faculty of the area and the approval of the dean and provost. Once the decision is reached, it

would apply to all faculty in the entire area. The decision could be made at the college level, however, it might only affect a number of departments in the college and not the entire college.

Regent Spence asked if student evaluations were included in the tenure code. Feeney replied that provisions for student evaluations are included in the post-tenure review process and the annual evaluation process.

In response to questions posed by Regent Hogan, Fogelman stated he believes most faculty feel that this process will be seen as an improvement to the excellence of the University and that the proposals will not have adverse effects on the University to attract individuals. However, if unit-based tenure becomes part of the tenure code, he believes it will have an adverse effect on the University.

Regent Spence noted that while outreach is included in the proposed changes, it is not a requirement for all faculty. Morrison responded that while outreach always counts, it may not be required of everyone. For some, working in the classroom may be the area best suited for an individual and may be what the department needs them to do. In those cases, it is better to not require an outreach element than to have an artificial one created.

Relating to accountability, Regent Neel asked that if the Board were to ask for an audit of annual performance reviews, would there be documentation on file that performance reviews have been conducted during the past few years. Fogelman responded that all salary recommendations are purely merit based and based on annual activity reports that each faculty member must prepare every year.

Neel noted that there is a proposal for a legal officer on the Judicial Committee and asked why a separate legal officer is recommended separate from the University's own legal counsel. Fogelman stated there has been radical change in the judicial process whereby more often lawyers are involved, rather than faculty advisers. The Judicial Committee has had a legal officer for the past two years and it has proven to be a protection to the University. The reason that officer is independent from the University is because the University, itself, is the respondent in the cases.

Regent Anderson referenced the need for outreach and stressed the need for a commitment to the nontraditional student. Fogelman responded that the institution is already in the process of in-loading extension courses into the regular faculty schedule. Morrison added that it is covered in the proposed tenure code under "Teaching Assignments."

Regent Phillips asked how the University can articulate its commitment to academic freedom as it relates to tenure and how to address the misconception that tenure is simply job security. Feeney stated that the preamble is worded to address this issue. The preamble in part states:

"Tenure is the keystone for academic freedom; it is essential for safeguarding the right of free expression and for encouraging risk-taking inquiry at the frontiers of knowledge. Both tenure and academic freedom are part of an implicit social compact which recognizes that tenure serves important public purposes and benefits society.

Faculty have the responsibility of furthering the institution's programs of research, teaching, and service, and are accountable for their performance of these responsibilities.

Tenure and promotion imply selectivity and choice; they are awarded for academic and professional merit, not for seniority."

Feeney stated that communication plays a vital role in informing the public of the importance of teaching, outreach, and accountability among the faculty in a tenure situation. It is important that the faculty, the administration, and members of the Board of Regents vocalize the importance of tenure system.

Regent Bleyhl raised concerns that the Judicial Committee have its own legal counsel as the University already has a General Counsel. President Hasselmo responded that the new interpretations that have been proposed by the Administration addresses this issue and will be discussed with the Faculty Senate's Tenure Subcommittee.

President Hasselmo urged Board members to communicate any unanswered questions before the July meetings.

SCHEDULE FOR CONSIDERATION OF BIENNIAL REQUEST

Associate Vice Presidents Kvavik and Pfitzenreuter presented a progress report on the principles, process, organization and timetable for the FY98-99 Biennial Budget framework.

Principles that are generally being followed in the development of the request indicate that the proposal:

- must support the institutional financial framework and long-term academic/U2000 plans;
- must focus on "institutional" needs and must not be framed in terms of "organizational structure" or new "specials;"
- must be broad in scope but with enough details to communicate the University's needs and future directions;
- must include strong, clear and concise descriptions or measures of outcome in order to justify new investments;
- must emphasize the University's "mission" to distinguish it from other systems of higher education; and
- must involve numerous internal and external constituencies.

Pfitzenreuter reported that a dual approach is being taken in development of the request which involves two strategy committees. The first group will work on building external support for the University's request. It will consist of alumni; business, political, and community leaders; and internal constituencies. The second committee will work on the actual development of the biennial proposal and will include deans, faculty, students, employees, and other constituencies. The two processes will ultimately be coordinated and linked into one effort. The biennial budget request will come to the Board of Regents for review in September with action requested in October. The Governor will submit his recommendation to the Legislature in January 1997.

The meeting adjourned at 11:55 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

June 13, 1996

A meeting of the Board of Regents was held on Thursday, June 13, 1996, at 3:13 p.m. in the Regents' Room, 238 Morrill Hall.

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

Staff present: Provost Frank Cerra; Senior Vice Presidents Ettore Infante and JoAnne Jackson; Vice President Mark Brenner; General Counsel Mark Rotenberg; and Executive Director Steven Bosacker.

Others present: Mark Bohnhorst, William Donohue, and Marcia Fluor.

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 Thursday, June 13, 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 3:15 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

June 14, 1996

A meeting of the Board of Regents of the University of Minnesota was held on Friday, June 14, 1996, at 12:08 p.m. in the Regents' Room, 238 Morrill Hall.

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

Staff present: Chancellor Donald Sargeant; Provosts C. Eugene Allen, W. Phillips Shively; Senior Vice Presidents Ettore Infante and Joanne Jackson; Vice Presidents McKinley Boston and Mark Brenner, General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Gerald Fischer and Roger Paschke.

ANNUAL MEETING

The Board of Regents voted unanimously to approve the following meeting schedule for 1996-97:

July 11-12, 1996
No August Meeting
September 5-6, 1996
October 10-11, 1996
November 7-8, 1996
December 12-13, 1996
January 9-10, 1997
February 13-14, 1997
March 13-14, 1997
April 10-11, 1997
May 8-9, 1997
June 12-13, 1997

Regents' Summer Retreat
August 18-19, 1996

REGULAR MEETING

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 - May 8, 1996
Board of Regents' Meeting - May 8, 1996
Audit Committee - May 9, 1996
Facilities Committee - May 9, 1996
Financial Operations Committee - May 9, 1996
Faculty, Staff & Student Affairs Committee - May 9, 1996

Educational Planning & Policy Committee - May 9, 1996
Committee of the Whole - May 10, 1996
Board of Regents - May 10, 1996

REPORT OF THE PRESIDENT

President Hasselmo presented his monthly report, which pertained to the following: proposed tenure code revisions; the FY98-99 Biennial Request; awards and recognitions; the appointments of Dr. Alfred Michael as Interim Dean of the Medical School and Dr. Marvin Marshak as Senior Vice President for Academic Affairs; and the resignations of Senior Vice President Ettore Infante and Associate Vice President Sue Markham.

Provost Cerra introduced Dr. Edith Leysameyer, the newly-appointed dean of the School of Public Health.

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

REPORT OF THE CHAIR

Chair Reagan presented an update on progress of the presidential search. He reported that during the past two months, the Board has been very active in developing a *Statement of Desired Leadership Characteristics* that will guide in the search for a new president. The selection of a new president will be the Board's top priority for the coming months.

Before appointing an Advisory Committee for the search, Reagan moved the appointment of the full Board of Regents as the "Search Selection Committee." In this role, the Board will be involved in, along with the Advisory Committee, searching for the best possible candidates for the position. The Board will also serve as the final selection committee when the Advisory Committee forwards three to five candidates at the completion of their screening process. The motion was seconded and the Board of Regents voted unanimously to approve Reagan's motion.

Reagan then moved that the following individuals be approved to serve on the Advisory Committee for the presidential search:

Gerald Christenson
John Imholte
Leonard Kuhl
Tom Moe
Patrice Morrow
The Honorable Diana Murphy
Meredith Matthew Musel
David Roe
Mahlon Schneider
David Taylor
Win Wallin

The Advisory Committee will work with the professional search consultant in searching and building the best possible pool of candidates. The committee will conduct all screening activities, and ultimately interview, confidentially, from 8 to 10 semi-finalists. The Board will then ask the Advisory Committee to narrow the pool down to 3 to 5 candidates, who will be invited to interview with the Board of Regents. The Director of the University's Equal Employment Opportunity (EEO) and Affirmative Action office has also been asked to serve as an advisor to the Advisory Committee on EEO issues.

Reagan asked twice if there were any other nominations. There were none. The motion was seconded and the Board of Regents voted unanimously to recommend approval of the proposed slate.

Reagan reported on the appointment of Regents Neel, Kim, and Sahlstrom to serve as a Nominating Committee to bring forward nominations for selection of the University's members to the Boards of the proposed Fairview affiliation and possible transition board. Regent Neel will chair the committee.

Reagan also congratulated the newly-appointed Student Representatives to the Board of Regents.

RECEIVE AND FILE REPORTS

President Hasselmo stated there were no receive and file reports this month.

GIFTS

Associate Vice President Fischer, 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

June 13, 1996

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

- a) Approval of a resolution relating to the Report of the Regents' Professorship Nominating Committee as follows:

RESOLVED, that on the recommendation of the President, the report of the Regents' Professorship Nominating Committee is hereby approved.

- b) 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.

Documentation is on file in the Regents' Office.

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

Reagan reported that the committee reviewed a proposed Regents' Policy relating to a Code of Conduct and received the annual report from the University of Minnesota Alumni Association. Recognition was given to the 1996 recipients of the Horace T. Morse-Minnesota Alumni Association Awards, the John Tate Awards, and the Professional and Administrative Staff Awards. Recognition was also given to the outgoing chair of the Faculty Consultative Committee.

REPORT OF THE COMMITTEE OF THE WHOLE

June 14, 1996

Regent Reagan, Chair of the committee, reported that the committee reviewed proposed changes in the University's Tenure Code and reviewed a schedule for consideration of the FY98-99 Biennial Request.

The committee also recognized Senior Vice President Ettore Infante and the 1996 recipients of the Distinguished McKnight University Professors Award.

REPORT OF THE FACULTY, STAFF AND STUDENT AFFAIRS COMMITTEE

Regent Spence, Vice 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.
- b) Adoption of the amended Regents' Policy on Student Unions, as follows:

STUDENT UNIONS

SECTION I. DEFINITIONS.

Subd. 1. Student Unions. "Student unions" mean the buildings used as community centers for the students, faculty and staff at the University of Minnesota and the boards formed to represent that community. They currently include Bede Student Center, Minneapolis Student Unions, Kirby Student Center, Morris Student Center, and St. Paul Student Center.

SECTION II. TWIN CITIES CAMPUS.

Subd. 1. Delegation of Authority. The delegation of authority and responsibility for the programs, facilities and staff of the student unions on the Twin Cities campus is vested in the president, who shall delegate such authority to the Vice President for Student Development and Athletics.

Subd. 2. Program Development. Within the programs of the student unions on the Twin Cities campus, the Vice President for Student Development and Athletics will provide the maximum possible development of the union programs through campus union boards.

SECTION III. COORDINATE CAMPUSES.

Subd. 1. Delegation of Authority. The delegation of authority and responsibility for the programs, facilities and staff of the student unions on the coordinate campuses is vested in the chancellors and the appropriate vice chancellors.

Subd. 2. Program Development. Within the programs of the student unions on the coordinate campuses, the chancellors and the appropriate vice chancellors will provide the maximum possible development of the union programs through campus union boards or campus activities councils.

- c) Adoption of the amended Regents' Policy on Sick and Disability Leaves, as follows:

SICK AND DISABILITY LEAVES

SECTION I. INFORMAL SICK LEAVES.

All academic employees, including student/professional training classes, may be absent with pay because of illness, injury, or other disability of the employee or the employee's child, for up to two weeks by informally notifying the appointing authority. If, in the judgment of the appointing authority, there is excessive use of informal sick leave, the appointing authority may require the employee to submit a health care provider's certificate to verify the illness, injury, or other disability of the employee or the employee's child. An academic employee who takes a leave of two weeks or less shall make reasonable efforts to ensure that classes are taught by others or made up later.

Appointing authority refers to the vice presidents, general counsel, chancellors, deans, directors, and department heads.

SECTION II. FORMAL MEDICAL LEAVE.

Subd. 1. Eligibility. This policy applies to full-time (100%) academic employees appointed for nine months or longer, with the following exceptions:

(1) tenured faculty and continuous professionals qualify for prorated benefits at 67% to 99% time, nine months or longer;

(2) faculty ranks with visiting, clinical, and adjunct prefixes (appointment types V, U, A) are not eligible;

(3) professional classes lecturer (9753), teaching specialist (9754), research specialist (9755), and clinical preceptor (9756) are not eligible; and

(4) student/professional training classes (95XX) are not eligible.

Subd. 2. Medical Leave Notification Requirements. Medical leave is the term used for an individual who is sick or disabled beyond the two week informal sick leave. The appointing authority may require the employee to submit a health care provider's certificate. The Personnel Action Form (PAF) requesting a medical leave of absence should be processed with a copy, if available, of the health care provider's certificate documenting inability to work. In some cases, such as elective surgery, the period of absence may be known in advance. In most cases, however, the period of absence required is estimated and will be corrected when the individual returns to work. If inability to work is documented, eligible academic employees may have three full months of paid medical leave. The department is responsible for making arrangements to cover the employee's responsibilities.

SECTION III. DISABILITY LEAVE.

Subd. 1. Eligibility for Disability Benefits. Academic employees who cannot return to work by the fourth month of combined informal sick leave and formal medical leave must apply for disability benefits under the Faculty Group Income Disability (FGID) Insurance Plan, under

social security, and under other specified disability programs whose benefits are deducted under the Disability Insurance Plan. The FGID payment under this policy will be reduced by the amount of the benefits paid under those programs. If the individual fails to apply for these other disability benefits, payments under this policy will be reduced by the benefits that would have been received with proper application.

Subd. 2. Obtaining Application. The application for Faculty Group Income Disability is obtained by calling Employee Benefits (612/624-9090).

Subd. 3. Salary Calculations. For academic employees who are on sick or disability leave for more than three months and who have at least two years' service, beginning with the fourth month the central administration will pay the cost of that portion of the leave with pay which is not covered by insurance and to which the individual is entitled under this policy.

A (12-month) Appointments

Period of service	First 3 Months	Next 3 Months	Next 6 Months	Next 12 Months	More than 24 Months
<2 years	Full Salary	FGID only	FGID only	FGID only	FGID only
2-10 years	Full Salary	FGID plus U supp. to = 100% salary	FGID plus U supp. to = 2/3 salary	FGID only	FGID only
>10 years	Full Salary	FGID plus U supp. to = 100% salary	FGID plus U supp. to = 100% salary	FGID plus U supp. to = 2/3 salary	UFGID only

B, L, and M (9-month) Appointments

University Salary During Academic Year Only

Period of service	During Summer Periods	First 3 months	Next 3 months	Next 3 months	Next 9 months	More than 18 months
< 2 years years	FGID only	Full Salary	FGID only	FGID only	FGID only	FGID only
2 -10 years	FGID only	Full Salary to = 100% salary	FGID plus U supp. to = 2/3 salary	FGID plus U supp.	FGID only	FGID only
More than 10 years	FGID only	Full Salary to = 100% salary	FGID plus U supp. to = 100% salary	FGID plus U supp. to = 2/3 salary	FGID plus U supp.	FGID only

Salary and supplement are paid during the contract year only.

G (9.5 month appointment): Full salary first 3 months
 Service between 2 and 10 years: supplement to = 100% next 3 months
 supplement to = 66.67% next 3.5 months
 Service more than 10 years: supplement to = 100% next 6.5 months
 supplement to = 66.67% next 9.5 months

K (10 month appointment): Full salary first 3 months
Service between 2 and 10 years: supplement to = 100% next 3 months
supplement to = 66.67% next 4 months
Service more than 10 years: supplement to = 100% next 7 months
supplement to = 66.67% next 10 months

Subd. 4. Definitions.

- (a) FGID = Faculty Group Income Disability
- (b) Full Salary = Base Salary and administrative augmentation in effect as of the onset date of disability.

Subd. 5. Payments. Disability insurance payments are based on 60% of salary for the twelve months preceding the onset date, up to a limit of \$3,250 per month (equivalent 12-month salary \$65,000 and 9-month salary \$48,750). The first payment from the FGID Plan is for the fourth month after the onset date of disability. Insurance payments are mailed monthly to the individual's home address. University supplements are based on the salary in effect on the date of onset of disability and will be paid by semimonthly paycheck. Supplemental payments will cease with the last disability payment.

Subd. 6. Time Limits. The time limits in this policy are maximums for each separate disability. An academic employee will be entitled to more than one period of paid leave only upon proof that the sickness or disability which requires a subsequent leave is separate from and not a continuation of an earlier sickness or disability for which the academic employee took a paid leave. The senior vice president for academic affairs may determine in the interest of fairness that the person who suffers a recurring disability after returning to work should be allowed a subsequent paid leave.

SECTION IV. BONE MARROW DONATION.

An academic employee who works an average of 20 or more hours per week may have a paid leave of absence of up to 40 work hours to undergo a medical procedure to donate bone marrow upon verification by a physician of the purpose and length of each leave requested to donate bone marrow.

- d) Approval of a resolution relating the proposed labor agreement with the Law Enforcement Labor Services, Inc., as follows:

WHEREAS, the parties 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 Law Enforcement Labor Services, Inc. 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 recommendaiton 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 June 13, 1996.

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

Spence reported that the committee reviewed Report III: Compensation from the Working Group on Human Resources and a suggested process for determining an approach to formulate an institutional policy on tuition and student aid levels.

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 a lease with the Crookston School District, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute a ten-year lease with the Crookston School District for the shared use of Athletic facilities on the Crookston campus consisting of the football field and track.

- c) Approval of a resolution relating the sale of 1919 University Avenue, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the sale of 1919 University Avenue, St. Paul, Minnesota, to Metroplains Development, Inc., for the sum of \$850,000.

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

Anderson reported that the committee also reviewed information on a scope and budget increase for the Center for Magnetic Resonance Research project and information on a proposed indoor tennis and hockey facility. The committee also received a presentation on Academic Affairs facilities and capital needs and toured the Academic Affairs facilities that have high priority capital needs.

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:

- Boise Cascade Office products for \$512,137 for laser printer toner cartridges for the period 7/1/96 to 5/31/97 for University Stores' distribution to University departments.
 - Hennepin County for \$500,000 for solid waste disposal for the period from 7/1/96 to 6/30/97 for the Waste Management Division of Facilities Management.
 - Hollstadt & Associates for \$556,600 for project management services for the Grants Management Project through December, 1996.
 - Varian NMR's for \$2,465,000 for a Nuclear Magnetic Resonance spectrometer for the Department of Biochemistry.
- c) Approval of a resolution relating to the University Endowment Spending Policy, as follows:

RESOLVED, that to the extent that the University's endowment fund return at the end of any calendar quarter is below 9.5% for the corresponding three, four, or five year trailing period, the spending policy rate will be reduced by a total of .50% to be a level equal to 5.0% (from 5.50%) of average market value. This change will be implemented by a .25% reduction as of the beginning of each of the subsequent fiscal and calendar years. This policy change will become effective on July 1, 1997.

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

Bleyhl reported that the committee also reviewed the Quarterly Purchasing Report and the Quarterly Asset and Debt Management Report. The committee also received an investment manager report from the firm of Scudder, Stevens and Clark.

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 College of Natural Resources as part of the Academic Report Series; reviewed information on cooperative programs in Rochester; and received a status report on the process for determining programmatic realignment in Professional Studies.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Spence, reporting for the chair of the committee, reported that the committee met in non-public session on June 10 to discuss attorney-client privileged matters.

NEW BUSINESS

Chair Reagan moved the following resolution relating to approval authority in Board of Regents' policies:

WHEREAS, the management structure of the University of Minnesota has been reorganized to incorporate provostal units; and

WHEREAS, the approval authority authorized by the Board of Regents' policies currently reflects the prior organizational structure; and

WHEREAS, the effective execution of administrative and provostal responsibilities requires that the Board of Regents' policies reflect the new organizational structure;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents' staff is authorized, in cooperation with the appropriate administrative and provostal staff, to revise existing Board of Regents' policies to reflect the current organizational structure.

The motion was seconded and the Board of Regents voted unanimously to approve the resolution.

Assistant Vice President Paul Tschida and Chief of University Police Joy Rikala provided a brief report on security at the University after a shooting incident that occurred in the President's Office on June 11, 1996.

The meeting adjourned at 12:35 p.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary