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**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

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

November 10, 1994

**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

November 10, 1994

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

November 10, 1994

A meeting of the Audit Committee of the Board of Regents was held on Thursday, November 10, 1994, at 7:00 a.m., in Room 300, Morrill Hall.

Regents present: William Hogan II, presiding; Julie Bleyhl, Jean Keffeler, and Mary Page.

Staff present: Senior Vice Presidents Robert Erickson and Ettore Infante; General Counsel Mark Rotenberg; Vice President John Imholte; Associate Vice President Richard Pfutzenreuter; Executive Director Steven Bosacker; Associate Executive Director Kenneth Janzen; Director of Audits Gail Klatt; and Controller Karen Lauritzen.

Student Representatives present: Timothy Allison and Jessica Phillips.

Others present: Mark Chronister, John Flakne, and Jon Kilmer from the firm of Coopers & Lybrand.

SENIOR VICE PRESIDENT'S REPORT

Senior Vice President Erickson introduced Patricia Mullen and Ernestine Bailey from the Office of Equal Opportunity and Affirmative Action, who presented information relating to a project designed to increase participation by women, minorities, and people with disabilities in the purchase of goods and services from the University.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Senior Vice President's Report for November 1994.

DIRECTOR OF AUDITS QUARTERLY REPORT

Director of Audits Klatt presented the Director of Audits Quarterly Report by reference to the material contained in the docket. Klatt began with the status of "essential" recommendations that are still outstanding. One of these concerned the CUFS implementation from the External Auditor's Management Letter of 1991. The audit department has completed a review of this issue, and will provide a report at the December meeting of the Audit Committee. Other essential recommendations were implemented or are in the process of being implemented.

Klatt noted that the audit work on the Urology and CAREMARK reports was substantially completed, but they were waiting on the resolution of several legal questions. Regent Hogan suggested that the committee wait to discuss these issues until General Counsel Rotenberg was present at the meeting.

Klatt listed the audit reports issued since the last quarterly report in July. These are reports on:

Hubert H. Humphrey Institute of Public Affairs
Biomedical Research and Development of Minneapolis, Inc. (BRAD)
Sports Facilities Follow-up
North Central Experiment Station Follow-up
General College Follow-up
Office of Student Affairs
College of Human Ecology Diagnostic Review.

Klatt gave specific comments on three of these reports. The BRAD audit recommendations focused on things that happened before May 1993, and since that time BRAD has come under University direction and is following expected practice. She is comfortable with actions taking place to resolve issues that were raised. In Student Affairs, new staff is in place in the areas of concern and good progress is being made. A follow-up audit will be made next quarter. The Human Ecology audit was a very positive experience, and Klatt complemented the college indicating that their control environment was strong.

In response to the committee's earlier request regarding an analysis of resource utilization in the Audit Department, Klatt referred to a graph analysis of audit resource utilization comparing plan to actual use in 1993-94, and use in 1990-91. The graph showed that use for 1993-94 was pretty close except for the large amount of time spent on investigations. The Audit Department has been able to keep up with requests for audits, but at the expense of planned audits because of the press of investigation time. Prior investigations still drain resources, but the good news is that there is light at the end of the tunnel. The current pipeline is manageable.

At this point, the Chair noted that General Counsel Rotenberg was present and asked him to comment on the CAREMARK and Urology audit reports. Rotenberg said a federal grand jury investigation of CAREMARK is significant to the report of our investigation, which began earlier. He is working to have a report that, as far as possible, dovetails with the work of the Justice Department.

Rotenberg noted that the Audit Department completed its work on the Urology report many months ago, and the process was discussed with the Audit Committee several times. The remaining issue was public disclosure of the Coopers and Lybrand draft report of their work on the audit. Rotenberg is seeking to resolve a difference of view on disclosure. In the committee discussion that followed, it was the consensus that the matter had continued long enough, the administration should bring it to a conclusion, and the committee should not need to discuss the release of the audit again.

The Chair returned to Klatt and asked if there was an overall view of the landscape she had to conclude her report. Klatt said the control system at the University is not very strong in her opinion at this time. This is not to say there are not very good intentions. She said establishing a meaningful control system at all levels is attainable. It's an environment that can be win win for everyone involved.

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

**EXTERNAL AUDITOR'S REPORT, INCLUDING ANNUAL
EXTERNAL AUDIT REPORT**

Senior Vice President Erickson briefly reviewed the financial statements before turning to Mark Chronister of Coopers and Lybrand to present their audit report. Erickson noted that one outcome of the audit was a more clear recognition that there has been a shift from cash to receivables. This is due to an increase in unbilled receivables and a change in the way the state provides its allocation to the University. The committee briefly reviewed the question of the schedule of state payments and its effect on the University.

Regent Keffeler asked whether the increase in liabilities indicated a more leveraged management of the institution. Erickson replied that the liability increase was due to new capital debt such as the basic sciences building.

Mark Chronister presented the Coopers and Lybrand audit of the University's financial statements. He began by emphasizing that they were presenting an unqualified, clean opinion. In addition, there is a continuation of a healthy shift in emphasis with the University taking more responsibility for the audit process.

Chronister identified a primary problem as the unbilled receivables that Erickson mentioned in his opening remarks. This will be an item in the Management Letter Coopers and Lybrand provides to the University. It is an item about which the regents need to be concerned.

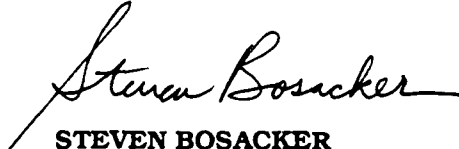
With regard to derivative losses, Chronister indicated they were convinced the losses were in the context of the approved investment policies of the University.

Chronister also reviewed other items presented in the materials he distributed. These included management estimates included in the financial statements, difficulties in performing the audit, notes included in the audit.

In a final comment, Chronister indicated the Management Letter will be completed for a December meeting of the Audit Committee.

A motion was made and seconded and the committee voted unanimously to recommend approval of Coopers and Lybrand's Audit of the Financial Statements of the University of Minnesota.

The meeting adjourned at 8:30 a.m.


STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

November 10, 1994

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, November 10, 1994, at 1:35 p.m. in Room 300, Morrill Hall.

Regents present: Darrin Rosha, presiding; Hyon Kim, Lawrence Perlman, William Peterson and Thomas Reagan.

Staff present: Chancellor Donald Sargeant; Senior Vice President Robert Erickson; Vice President John Imholte; Associate Chancellor Gregory Fox; Associate Vice Presidents Clinton Hewitt and Susan Markham; and Associate Executive Director Kenneth Janzen.

Student Representatives present: Scott Burnes and Shawn Poulter.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Erickson presented the Senior Vice President's Monthly Report for November 1994.

Linda McCracken-Hunt reported that the Agricultural Operations Management Center at the University of Minnesota, Crookston received one of ten honor awards from the Minnesota Architects Convention.

Kirk Johnson and Ross Jamison from the Physical Facilities Department at the University of Minnesota, Duluth, presented a report on a water piping replacement project recently completed on the campus.

Erickson also called attention to the Campus Master Planning Report, contained in the docket materials, describing the planning efforts of the four campuses as directed by the "Principles for Planning" resolution approved by the Board of Regents last year.

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

AMENDMENTS, FY 1995 CAPITAL BUDGET

A motion was made and seconded to recommend approval of the following resolution relating to an amendment to the FY 1995 Capital Budget:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY 1995 Capital Budget is hereby amended to incorporate the following project scope/budget increases:

- A. Aquatic Center Completion of Unfinished Office Space
 Scope/Budget Increase, Twin Cities Campus
 Original estimated cost of the project: \$240,000
 Increase in project cost: \$110,000
 Total revised estimated cost of the project: \$350,000
 Funding for increased amount: Women's Athletics
 Estimated completion date: April 1995

- B. Physics Building, Condensed Matter Research
 Facility Remodeling Project
 Scope/Budget Increase, Twin Cities Campus
 Original estimated cost of the project: \$2,955,700
 Increase in project cost: \$340,000
 Total revised estimated cost of the project: \$3,295,700
 Funding for increased amount: 1994 Higher Education Asset
 Preservation and Renewal Appropriation
 Estimated completion date: September 1995

Director McCracken-Hunt reviewed details of the increases to the projects and responded to questions.

The committee voted unanimously to recommend approval of the resolution.

AMENDMENTS TO FY 95 CAPITAL BUDGET

Campus Center Access Road Project Duluth Campus

Vice Chancellor Fox reported that this proposed project will provide access to the new Campus Center Building and will provide necessary repairs and modifications to existing adjacent roadway and parking facilities. The project provides for repairs to the roadway adjacent to the Physical Education Complex and provides a connecting link between this road and University Drive on the south side of the campus. It also encompasses changes to existing parking facilities in the adjacent areas.

Fox reported that the estimated cost of the project is \$800,000 with funding provided from the University of Minnesota, Duluth Plant and Parking funds. Estimated completion is September 1995.

Student Life Housing Project Crookston Campus

Chancellor Sargeant and Director McCracken-Hunt presented information on a proposed project to increase housing on the University of Minnesota, Crookston (UMC) campus.

McCracken-Hunt reported that the UMC campus has experienced growth this year and anticipates a steady growth in student enrollment in response to its change from a two-year program to a baccalaureate program. To accommodate this growth, the UMC campus is requesting that a twelve-unit apartment addition be added to the C wing of Skyberg Hall, a net addition of 44 beds. Eight additional dormitory rooms will be added on the second and third floors of Skyberg Hall which will add 32 beds for a total additional capacity for the facility of 76 beds. Additionally, Americans with Disabilities Act (ADA) and

code upgrades will be incorporated into the program for the existing housing facility.

Estimated cost of the project will be \$2.2 million with funding to be provided from the Skyberg Hall Building Reserve Fund and a University internal loan. Estimated completion is April 1996. McCracken-Hunt reported that the project is included in the capital budget and is before the committee for review because the estimated cost is over \$1 million.

Student Representative Poulter expressed concern about construction noise being a problem if occurring during final examinations.

Chancellor Sargeant responded that the issue can be reviewed, however, it must be kept in mind that the window of opportunity for construction at UMC is short and construction has to be completed when weather and temperatures permit.

REAL ESTATE TRANSACTIONS

Sale of 190 Acres at Research and Field Studies Center Duluth Campus

A motion was made and seconded to recommend approval of a resolution authorizing the appropriate administrative officers to execute the appropriate documents providing for the sale of 190 acres at the Research and Field Studies Center in one or more transactions, subject to the sale price not being less than the appraised value.

In response to a question from Student Representative Burnes, Associate Vice President Hewitt reviewed the appraisal process followed for sale of property valued at less than \$50,000.

The committee voted unanimously to recommend approval of the resolution.

Sale of Former Dormitory Buildings Waseca Campus

A motion was made and seconded to recommend approval of a resolution authorizing the execution of the appropriate documents providing for the sale of the former dormitory buildings in Waseca to Lloyd/LaGow Construction and Developing Co., for the sum of \$450,000.

Associate Vice President Hewitt reported that the property consists of approximately 6.12 acres and three separate buildings containing forty-seven separate apartment units. The facility is no longer needed due to the closing of the Waseca campus.

Hewitt noted that this purchase is subject to Lloyd/LaGow obtaining Minnesota Housing Finance Agency low income housing tax credits, which will not become available until April 1995. The property will be used for low income housing.

Regent Rosha stated that it is important to get the property back on the local tax rolls to take the burden off the local property taxpayers and help ease the housing crunch in the community.

The committee voted unanimously to recommend approval of the resolution.

The meeting adjourned at 2:25 p.m.

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

STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Financial Operations & Legislative Committee

November 10, 1994

A meeting of the Financial Operations & Legislative Committee of the Board of Regents was held on Thursday, November 10, 1994, at 8:45 a.m. in Room 300 Morrill Hall.

Regents present: Mary Page, presiding; Wendell Anderson, Jean Keffeler, Bryan Neel III, Lawrence Perlman, and Thomas Reagan.

Staff present: Senior Vice President Robert Erickson; Associate Executive Director Kenneth Janzen; Associate Vice Presidents Roger Paschke and Richard Pfutzenreuter; and Director of Audits Gail Klatt.

Student Representatives present: Tim Allison and Sara Nienow.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Robert Erickson presented the Senior Vice President's Monthly Report for November 1994.

Erickson noted the cancellation of \$63,379.96 in past due receivables and indicated that the Central Reserves item would be discussed as a separate agenda item.

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

PURCHASE OF GOODS/SERVICES OVER \$250,000

Senior Vice President Robert Erickson presented a resolution relating to the purchase of goods/services over \$250,000. 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, the appropriate staff are authorized to award pending purchase/contracts over \$250,000 to the following:

- Chemagnetics NMR Instruments for \$450,000 for NMR Spectrometer for the Department of Chemistry.

The committee voted unanimously to recommend approval of the resolution.

REPORT ON CENTRAL RESERVES STRUCTURAL IMBALANCE

Associate Vice President Richard Pfutzenreuter provided background information on the Central Reserve Fund, indicating that it was set up to represent monies, from whatever source, that are unrestricted as to purpose (with some exceptions). Current Regent policy provides direction on expenditures from central reserves. It indicates that: 1) projects should have a fixed term (usually three years or less); 2) programs which require bridge funding and have a permanent source of funding are clearly identified at the outset; and 3) projects or programs are ones that should be funded from sources other than tuition or appropriations from the state. In addition, the policy outlines that reserves are thought of as rainy day funds to protect ongoing programs from revenue shortfalls; contingency funds to cover unanticipated expenses; and an endowment which generates income for one-time projects. It is anticipated that recurring needs currently funded from reserves will either be placed on permanent funding or will be discontinued. The policy indicates that except for financial emergencies, reserves should not be reduced to less than \$40 million.

Pfutzenreuter stated that a structural budget imbalance arises when recurring expenditure requirements exceed recurring revenues and that the Central Reserve Fund is facing a structural imbalance. He provided a summary of the status of the fund to date and an outline of the long term (through the year 2002) financial outlook for central reserves. The estimated figures indicate that the fund balance could go as low as \$5.6 million over the next eight years with an estimated ending balance in 2002 of \$11.9 million.

Pfutzenreuter reviewed an action plan proposed to return central reserves to a reasonable level necessary to protect the University from fluctuations in overall revenues and to provide funds for unforeseen financial needs. The plan includes developing short- and long-term financial options; phasing out or reducing recurring spending; and reviewing current Regents' policy on central reserves. The action plan projects an ending balance in reserves of \$33.9 million by the year 2002.

In answer to a question from Regent Neel, Senior Vice President Erickson stated that the administration is currently examining avenues beyond the sale of land to generate revenue for central reserves.

Regent Perlman stated that the reserve fund appears to be misnamed. It may no longer be the type of fund it was originally meant to be and its purpose should be reviewed and possibly redefined. It seems to have become part of the revenue and expenditure process at the University rather than a fund that is used as a contingency for unexpected events.

Regent Keffeler commented that Regent Perlman has identified an important issue regarding the way the fund is conceptualized. However, the overall financial picture at the University needs to be examined and serious issues addressed so that major structural changes can be made.

Erickson responded that substantial progress has been made in cost control, however, it is clear this issue needs an in-depth analysis.

Pfutzenreuter added that a report on structural imbalances for non-sponsored funds will be on the agenda in December for discussion.

QUARTERLY MANAGEMENT REPORT

Associate Vice President Pfutzenreuter and Director of Financial Reporting and Budget Administration, Carol Fleck, presented the Quarterly Management Report for review.

Fleck addressed the four schedules included in the report: 1) a balance sheet as of September 30, 1994 for all funds, both current and noncurrent; 2) a statement of changes in fund balances for the period ending September 30, 1994; 3) budget status reports as of September 30, 1994 for the collegiate units and summarized to the vice president and coordinate campus levels; and 4) summary of the changes in fiscal year revenue and expenditure operating budgets for the period ending September 30, 1994. Fleck noted that the unaudited report does not contain full income and expense accruals and, therefore, the asset and liability balances provided on the balance sheet represent balances that are adjusted to actual only at year end. The financial report at the end of the fiscal year contains full accruals. In addition, the format of the report has been modified to provide a more readable report.

NEW BUSINESS

Senior Vice President Erickson distributed a letter from President Hasselmo, which was also distributed at the Audit Committee, relating to the University expanding its purchasing from underutilized businesses -- businesses owned, operated and controlled by women, minorities, and people with disabilities. The president has requested that colleges and administrative units enter into active partnerships with the Purchasing Department to increase purchases of goods and services from these targeted groups. Erickson stated that it is proposed that departments set goals and that results from this program will be reported back to the Board.

In answer to a question, Erickson reported that the University is relying on the state of Minnesota system to identify the businesses.

The meeting adjourned at 9:50 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

Year 1994-95

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning and Policy Committee

November 10, 1994

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, November 10, 1994, at 9:05 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Stanley Sahlstrom, presiding; William Hogan II, Hyon Kim, William Peterson, and Darrin Rosha.

Staff present: Chancellors David Johnson; Senior Vice President Ettore Infante; Vice Presidents Mark Brenner and Anne Hopkins; Executive Director Steven Bosacker; Associate Vice President Dennis Cabral.

Student Representatives present: Scott Burnes and Shawn Poulter.

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:

- Approval by the Minnesota Higher Education Coordinating Board (MHECB) of the Bachelor of Science, Early Childhood Program Management, with Pre-K-Teacher Licensure at the University of Minnesota, Crookston (UMC) in cooperation with Bemidji State University;
- The University of Minnesota, Duluth (UMD) has been awarded its first Minnesota Job Skills Partnership Grant for a joint training project with Duluth Technical College;
- The Humphrey Institute has received \$3,513,000 in new gifts and pledges;
- UMC sponsored a conference on the topic "Building Polytechnic Program Partnerships for the Year 2000;"
- Academic Progress Audit Reports are being provided to all new high school students entering the Twin Cities campus in fall 1994 to show what courses can be taken to fulfill the new Council on Liberal Education requirements;
- Update on a recent study of grade inflation;
- Update on the University's new experimental Guaranteed Tuition Plan for the 1994-95 academic year, which will again be offered to a limited number of incoming freshmen next year;

- Items approved by the MHECB at its meeting on October 20, 1994;
- National reports, including the September 1994 *National Graduation Rate Study: Report One*; and
- An addendum to the report regarding a proposal to change the existing minor in Health Management at UMC to a major.

In response to Regent Hogan, Infante said that if students from coordinate campuses who are enrolled in the Guaranteed Tuition Plan transfer to the Twin Cities campus, their guaranteed tuition remains in effect.

Student Representative Burnes asked when the Guaranteed Tuition Plan will become a full-scale program and asked about estimated participation. Infante responded that at such time as the pilot program is considered successful and the long-term economic condition of the University is more certain, such a recommendation may be presented to the Board.

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

UNIVERSITY CENTER-ROCHESTER MASTER ACADEMIC PLAN

Regent Sahlstrom introduced Don Sudor, Chair of the Rochester Center Advisory Committee; Penny Reynen, Executive Director of the Greater Rochester Area University Center (GRAUC); and Carol Lund, Director of the University of Minnesota Rochester Center. Regent H. Bryan Neel III participated in the discussion regarding this item.

Senior Vice President Infante presented the proposed Rochester Master Academic Plan. The University of Minnesota was involved in development of the proposal and it strongly endorses the recommendation. The University has no financial or fiscal responsibility regarding the capital aspects of the project. The recommendation was presented to the other higher education systems, and was approved by the community college and state university systems and disapproved by the technical college system. The proposal will be reviewed by the Higher Education Board (HEB) on November 15.

Infante reported that the Rochester Master Academic Plan was developed in response to the 1994 Minnesota Legislature authorizing \$1.2 million to prepare working drawings for an integrated campus at the University Center-Rochester. Release of the funds was contingent upon voters in School District No. 535 approving the purchase of the Riverland Technical College via referendum and approval of the sale by the State Board of Technical Colleges. He noted that the vote on the bonding referendum failed on November 8.

Sudor commented on the impact of the failed referendum on the plan and how integration and collaboration will be accomplished. The master academic plan stands on its own as an objective for the Rochester community and there is strong support to make it happen.

Reynen stated that a process has now been established for collaboration to enhance higher education in Rochester and the failed bonding referendum will not prevent the community from pursuing its efforts. Exciting things could evolve from this process, and the community is enthusiastic about the University of Minnesota being a part of the plan.

Regent Neel expressed gratitude to Mr. Sudor, Ms. Reynen, and Ms. Lund for their work on the plan. It is a unique, community-driven concept to integrate academic and occupational curriculum at one site, and the community should not be deterred by failure of the bond referendum.

Infante strongly urged the committee to approve the recommendation. On behalf of President Hasselmo, he conveyed the University's determination to make positive contributions and increase its involvement in educational activities in Rochester.

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

WHEREAS, the 1994 Minnesota Legislature has authorized \$1.2 million in a bonding bill for the State Technical College Board to prepare working drawings for an integrated campus at the University Center-Rochester;

WHEREAS, the bonding legislation specifies that prior to the preparation of design documents, the post-secondary boards of the four public higher education systems and the relevant campus staff shall jointly prepare a master academic plan for an integrated campus for the Rochester Center facility;


WHEREAS, the legislation further stipulates that the plan shall be submitted to the Higher Education Board (HEB) for approval by December 1, 1994, and, if approved, shall be submitted for review to the higher education finance divisions by January 15, 1995;

WHEREAS, faculty and staff from the relevant campuses and systems offices of the University of Minnesota and the Minnesota State Universities, Community Colleges, and Technical Colleges have organized themselves as the Rochester University Center Joint Leadership Council and have prepared, in accordance with the provisions of the bonding bill, a master academic plan for the Rochester Center; and

WHEREAS, the Joint Leadership Council has submitted that plan to an HEB Master Academic Plan Steering Committee comprised of senior-level sector representatives, including representation from the University of Minnesota, who have been charged with providing general oversight for the development of the plan;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents of the University of Minnesota endorses the Steering Committee's recommendation that the Higher Education Board accept the master academic plan as submitted by the Rochester University Center Joint Leadership Council and arrange to continue planning as a joint effort of the Leadership Council and the Steering Committee.

The meeting adjourned at 9:40 a.m.


STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

November 10, 1994

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, November 10, 1994, at 2:30 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Jean Keffeler, presiding; Wendell Anderson, William Hogan II, Hyon Kim, H. Bryan Neel III, Mary Page, Lawrence Perlman, Thomas Reagan, Darrin Rosh, and Stanley Sahlstrom.

Staff present: President Nils Hasselmo; Chancellors David Johnson and Donald Sargeant; Senior Vice Presidents Robert Erickson and Ettore Infante; Provost William Brody; Vice Presidents C. Eugene Allen, Mark Brenner, Mel George, Anne Hopkins, and John Imholte; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; Associate Executive Director Kenneth Janzen; Associate Vice Presidents George Copa, Gerald Fischer, Josie Johnson, Robert Kvavik, Susan Markham, Richard Pfitzenreuter, and George Robb.

Student Representative present: Jessica Phillips.

HONORS COMMITTEE REPORT

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

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

SUMMARY OF EXPENDITURES

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

RESOLVED, that the Summary of Expenditures for the period July 1, 1994 to September 30, 1994 for the Board of Regents' Office, the Office of the President, and Eastcliff Maintenance are hereby approved.

BOARD OF REGENTS' BYLAWS

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

RESOLVED, that the Board of Regents approves the amended Bylaws as presented in the November 10, 1994 docket materials.

SENIOR VICE PRESIDENT'S MONTHLY REPORT FOR FACULTY, STAFF, AND STUDENT AFFAIRS

A motion was made and seconded to recommend approval of the Senior Vice President's Monthly Report, which included the following items:

- Erwin Marquit, Department of Physics, has been voted by his colleagues as Professor of Physics;
- Appointment of Sheryl Spivey as Director of the Office of Student Financial Aid, effective November 15, 1994;
- Promotions, honors, and awards received by University faculty, staff, and students and campus program and events;
- Revised Regents' Policy on Tenure; and
- Proposed contract for Dr. McKinley Boston, Director of the Department of Men's Intercollegiate Athletics.

Senior Vice President Infante discussed the proposed revisions to the Regents' Policy on Tenure and the contract proposal for Men's Athletics Director Boston.

The committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report, including adoption of the revised Regents' Policy on Tenure.

UNIVERSITY 2000 CRITICAL MEASURES

Regent Keffeler introduced the discussion regarding University 2000 critical measures. President Hasselmo stated that the critical measures are associated with performance goals for units throughout the institution. The goals being presented are overarching institutional goals.

Associate Vice President Copa reviewed the Board of Regents' charge which resulted in development of the critical measures and clarified the terms "critical measure," "operational definition," and "performance goal." The institutional-level critical measures include Characteristics of Entering Students, Graduation Rate, Underrepresented Groups/Diversity, Sponsored Funding, and Investment Per Student.

Copa reviewed the following resolution:

WHEREAS, the establishment and application of critical measures and performance goals serve to evaluate the progress of the University of Minnesota in reaching its stated goals and objectives in the six strategic areas of research, scholarship, and artistic activity; graduate and professional education; undergraduate education; outreach and access; user-friendly community; and diversity; to guide institutional, collegiate, and support unit self improvement; to serve as an important link between planning, performance evaluation, and resource allocation through the budget process; and to provide a means for comparison with other institutions in the search of best practices for the accomplishment of institutional goals; and

WHEREAS, the University administration has undertaken a process of consultation with appropriate internal and external University constituencies in the development of appropriate measures to evaluate progress toward the achievement of University 2000;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the five critical measures "Characteristics of Entering Students," "Graduation Rate," "Underrepresented Groups/ Diversity," "Sponsored Funding," and "Investment Per Student," for measuring institutional performance in realizing the goals of University 2000; and

BE IT ALSO RESOLVED, that the Board of Regents affirms performance goals for these critical measures as follows:

1. For the critical measure Characteristics of Entering Students, the Board of Regents reaffirms the performance goal to have 80 percent of the entering freshmen class on the Twin Cities campus (excluding General College) be from the upper 25 percent of their high school graduating classes by the year 2000; this goal excludes General College because of its different mission; the Board further approves a second performance goal, institution-wide, for the mean high school rank of entering freshmen in the year 2000 to be at the 77th percentile.

2. For the critical measure of Graduation Rate, the Board of Regents reaffirms an institutional performance goal to graduate, within five years, at least 50 percent of the freshmen who enter in Fall 1996.

3. For the critical measure of Underrepresented Groups/ Diversity, the Board of Regents reaffirms an institutional performance goal to increase by at least 50 percent the graduation rate within five years of freshmen students of color, leading to a graduation rate of at least 33 percent for students who enter in Fall 1996; the Board further approves an institution-wide aspirational goal for students of color to represent at least 16 percent of entering freshmen in the year 2000, consistent with applicable legal requirements governing the recruitment and admission of students.

4. For the critical measure of Sponsored Funding, the Board of Regents approves two institutional performance goals: a) in the year 2000, to receive \$375,000,000 in sponsored funding from all sources, which is a 5 percent average annual increase; and b) in the year 2000, to maintain its mean rank of 15th in federal funding for research and development.

5. For the critical measure of Investment Per Student, as measured by instructional direct expenditure per student, the Board of Regents approves an institutional performance goal to achieve a funding level of 2 percent above the mean for comparable institutions in dollars of instructional direct expenditure per student.

BE IT ALSO RESOLVED, that the Board of Regents directs the administration of the University of Minnesota to continue to develop performance goals for each of these five critical measures and incorporate them into the long-term and annual academic planning and budgetary process, the biennial request, and the capital planning process; and that the President provides to the Board of Regents for review and discussion, and action as appropriate, an annual progress and performance report based on these measures and associated performance goals and in light of changing external circumstances; and

BE IT FURTHER RESOLVED, that the Board of Regents directs the administration of the University of Minnesota to continue to develop

additional institutional-level critical measures and performance goals for review and approval by the Board as required to assess institutional performance.

Keffeler asked how the goal of having students of color represent at least 16 percent of entering freshmen by the year 2000 was determined. Copa stated that goal is an aggregation of the campuses and across the specific minority groups. Goals for each campus take into consideration where they recruit. The initiatives approved for the diversity strategic area outline actions needed to move toward the 16 percent goal, and those will become more specific through the planning and budgeting process.

Regent Hogan was concerned about aggregating the 16 percent goal across campuses. He asked if the goal is realistic and achievable without going out of state, and asked what "students of color" means in the document. Copa responded that "students of color" include African American, American Indian, Asian Pacific American, and Chicano/Latino/Hispanic students. For the Twin Cities campus, the goals are based on projected high school graduation rates in the year 2000 for those four groups of students in the seven-county metropolitan area.

In response to Keffeler, Copa stated the performance goal that 80 percent of entering freshmen on the Twin Cities campus be from the upper 25 percent of their high school graduating classes by the year 2000 would also be expected for students of color from those four groups. General College is an exception. Senior Vice President Infante noted that 16 percent of students that applied for admission to the Fall 1994 freshmen class on the Twin Cities campus were students of color. Of the entering freshmen in the top quartile of their high school class, 15 percent were students of color, which illustrates that there is not a significant distribution imbalance.

In response to Regent Kim, Copa stated that the 16 percent goal is a weighted average across all campuses. Kim conveyed concerns of leaders from the Chicano/Latino/Hispanic community that University 2000 will make the institution elitist and students of color will be left out. Copa noted that specific initiatives focus on working with high schools so there is a group of students that will be prepared for admission. He will provide Kim with the report on diversity, including the action initiatives.

In response to Regent Sahlstrom, Copa said that performance goals related to the critical measures for each campus are included in the complete document. The intent was to get Regents' approval of institutional-level performance goals and critical measures at this time, with more detailed information being incorporated into the planning and budgeting cycle.

Hogan asked if the goals are realistic given the data. Keffeler stated the question the Regents are trying to understand is whether the University can realistically achieve the goals if students of color are not represented in the top quartile proportional to their overall place within the class. Dr. Jane Whiteside stated that information is very important, but it is currently not reported to the State Department of Education or to any other organizations. Over the next year the administration will attempt to get that information or at least get good approximations.

In response to Regent Anderson, Infante reported that the present entering class size in General College is approximately 800, of which 30 percent are students of color.

Regent Perlman stated that the University needs to create more diverse campuses because it is the right thing to do and it will make the campuses stronger, better places and prepare students for the real world. He noted this is not just a Twin Cities issue and, using the University of Minnesota, Duluth (UMD) as an example, suggested the goals are not aggressive enough. Associate Vice President Kvavik noted that the goals relate to freshmen so those numbers have to be multiplied and transfer

students are additional. If the goals are realized, over two-thirds of all students of color in the state who go on to public four-year education will be at the University of Minnesota. The K-12 initiative is very important to the success of this strategy. Perlman thanked Kvavik for the clarification, stating that the critical measures may not be broad enough and suggesting that transfer students, General College, and other related issues might be considered. Hasselmo noted that factors have been selected where the administration believes the University's actions can influence the situation.

In response to Keffeler, Whiteside stated that the proposed measures have been reviewed by the four minority advisory committees and they will be involved as work continues on the measures. The committees have recommended some language changes, but there have been no objections to the actual goals and some groups have chosen not to respond at this time. Associate Vice President Johnson discussed the consultation with the committees on this and other issues, including improving advising, financial support, the environment, retention, and graduation rates. She noted that although the numbers may look small, they are realistic and will be reviewed annually. Consultation with the community groups is helping the University be realistic about what is possible.

Anderson asked how University College is factored into the numbers. Copa stated that the goals are for all entering freshmen, full and part-time. In response to Anderson, Infante stated that demographic data and comparative tuition rates have been reviewed and ensuring that economics do not prevent people from attending the University is a priority. Anderson reminded the Board how critical University College will be in the future, particularly for minority students, and expressed concern that the commitment of faculty will be the same as for day students and that University College students will not be expected to come from the top 25 percent of their class. Hasselmo renewed his pledge regarding those issues, stating that the University accommodates a spectrum of students and it is trying to set an ambitious agenda to move toward even greater quality and diversity.

Keffeler suggested continuing the discussion at the December meeting and asked the Regents to provide guidance to the President on their major concerns prior to that time. Hasselmo stated he believes there is consensus about the general directions being proposed and asked what the administration can do to respond to the remaining questions about specific measures. Keffeler stated that the Board's conversation should be interpreted as a measure of the seriousness that the Board assigns to this issue and the strength of the Board's resolve to address it.

STEAM PLANT ENVIRONMENTAL IMPACT STATEMENT REPORT

Associate Vice President Markham presented an update on the status of the steam plant Environmental Impact Statement (EIS), release of which is expected within the next week.

Markham reviewed the Board's objectives for the steam plant project. From a preliminary review, the EIS has looked at different underlying assumptions and the Board's objectives will be used to analyze the EIS. An analysis of the EIS and recommendations on how to respond will be presented at the December meeting. The University's written comments must be submitted to the Environmental Quality Board within approximately 30 days.

Markham stated that the Executive Summary will be sent to the Board as soon as it is available and the administrative analysis will be provided prior to the December meeting if the EIS arrives within the next week.

RESOURCE ALLOCATION GUIDELINES

President Hasselmo introduced the discussion regarding the proposed Resource Allocation Guidelines, which is the first step in the annual budgeting process. The budget will be based on the University's partnership proposal to the Legislature.

Associate Vice President Pfutzenreuter reviewed the following key assumptions and financial framework:

- Resource allocations will support six strategic areas -- 1) research, 2) graduate and professional education, 3) undergraduate education, 4) outreach and access, 5) user-friendly University community, and 6) diversity
- Financial planning will proceed from the framework of the biennial budget partnership proposal
- \$5.1 million strategic investment pool
- \$16.9 million compensation pool representing approximately 3.3 percent over the fiscal year 1995 base
- Maintain a reasonable central reserves level
- Continue process of aligning indirect cost recovery revenue with expenses
- Directs the preparation of a contingent financial planning process

Pfutzenreuter reviewed the 1996-97 partnership proposal and the resource allocation timeline, which will conclude with Board approval of the proposed budget at the June 1995 meeting. He discussed the proposed resolution, and Regent Keffeler noted it will be presented for approval in December.

In response to Regent Hogan, Keffeler stated that the emergency capital request is separate, but consistent with the overall priorities that were established as part of the capital budget process. Hasselmo noted it is not an addition to the partnership proposal, but it is to comply with an opportunity provided by the state to submit emergency capital items.

Keffeler emphasized the necessity of putting momentum behind the contingent financial planning process. The University must be serious about major planning in the increasingly likely event that all of its needs will not be financed by the state.

STATE CAPITAL BUDGET REQUEST (EMERGENCY ONLY)

Senior Vice President Erickson and Associate Vice President Markham presented the \$14,483,000 emergency Capital Budget Request to the committee for review. The criteria used to define emergency items include: failure of a facility or system or expected failure in less than one year; receipt of a citation from the code official or an order from an outside regulatory agency; and immediate action necessary to avoid legal and/or financial liability.

Regents Anderson and Neel noted the dramatic improvement in the appearance of the campus and thanked Ms. Markham and her staff for their efforts. Markham expressed appreciation for the comments on behalf of the employees who have worked hard to make that happen.

Regent Keffeler noted this item will be presented for approval in December.

ANNUAL REPORT OF THE UNIVERSITY OF MINNESOTA FOUNDATION

Regent Keffeler welcomed Duane Kullberg and James Campbell, the outgoing and incoming Chairs of the University of Minnesota Foundation (UMF) Board of Trustees, and Associate Vice President Fischer.

Fischer presented the Annual Report, noting that 1994 was another excellent year for the Foundation. Gift production totaled \$65 million and total gifts received totaled \$57 million. The ten-year history of private support of the University shows the highest gift support in 1993 and 1994 since the Minnesota Campaign in the mid-1980s.

Fischer reviewed the 1994 donor profile and purpose of gifts. Strategies include cultivating key relationships with major donors, broadening the base of donors, and helping donors move into higher giving categories. The University ranked ninth nationally in 1993 with \$121.8 million in voluntary support, placing second only to the University of California-Berkeley among public institutions.

Fischer reported that the UMF's distributions to the University for program support increased from \$19 million in 1992 to \$34 million in 1994. The market value of the University's combined endowment funds was \$734 million as of June 30, 1994, and it ranked fifth in the nation among public institutions in 1993. Other 1994 highlights include: 17 of 21 colleges exceeded individual fundraising goals and a \$13.5 million bequest from Mr. and Mrs. Peters to the College of Pharmacy.

Fischer discussed the status of new gifts and commitments for scholarships, and reported that fundraising was completed for the Carlson School of Management facility, the Cancer Center, on-campus sports facilities, and the Frederick A. Weisman Art Museum. Current fundraising priorities include the Mechanical Engineering facility, The Gateway Center, and the Humphrey Institute facility.

Fischer stated that the 1995 priorities include developing a UMF strategic plan to increase private support by the year 2000, improving the donor relationship process and stewardship of major donors, and continuing growth in private support.

Committee members expressed appreciation to members of the UMF Board of Trustees and staff for the tremendous results.

Regent Page suggested that additional emphasis on outreach activities might result in an increase in non-alumni support. Fischer stated there is no question that people who have been touched by a quality experience at the University give back to the institution.

Regent Kim asked about plans to reach international alumni. Keffeler noted that one of outgoing Chair Kullberg's challenges to the UMF Board was to penetrate the potential of the international community.

President Hasselmo thanked the UMF Board, staff, and volunteers for their tremendous efforts.

Keffeler commented on how reliant the University of Minnesota is on the funds raised by the UMF. She stated that what the UMF can provide to the University in the coming year in leadership and influence in its legislative effort is as important as its fundraising efforts. The Board looks forward to working with the UMF on that effort.

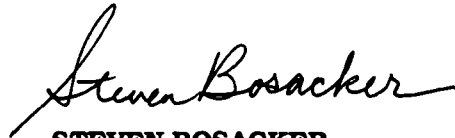
PROTOCOL FOR PLANNING

Associate Vice President Kvavik presented the protocol for planning. Planning is an ongoing and deliberate process of establishing priorities that hones the mission and goals of the institution and guides its actions. The University's planning process is continuous, unit-based, consultative, performance-oriented, and linked to the allocation of resources. The three phases of the process include the planning phase, resource allocation and budget phase, and accomplishments and performance phase.

Kvavik presented a recommendation to amend the Regents' Policy on Board Operation and Agenda Guidelines to reflect the three-phase planning, budgeting, and evaluation process. Regent Keffeler stated the Board would be receptive to that recommendation, and asked the administration to work with the Board of Regents' Office to develop the policy revisions.

President Hasselmo acknowledged the efforts of Senior Vice Presidents Erickson and Infante and Associate Vice Presidents Copa, Kvavik, and Pfutzenreuter for making these processes possible in a complex institution that needs these structures to make the critical decisions. He thanked the Board for its support and encouragement in this process.

The meeting adjourned at 4:50 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

Year 1994-95

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

November 10, 1994

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, November 10, 1994, at 10:00 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Wendell Anderson, William Hogan II, Jean Keffeler, Hyon Kim, H. Bryan Neel III, Mary Page, Lawrence Perlman, Thomas Reagan, and Stanley Sahlstrom. President Hasselmo presiding.

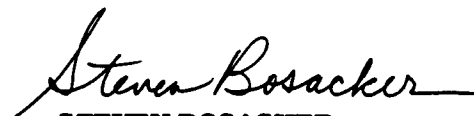
Staff present: Senior Vice Presidents Robert Erickson and Ettore Infante; Provost William Brody; General Counsel Mark Rotenberg; Acting Vice President Mark Brenner; Executive Director Steven Bosacker; Deputy Vice President Shelley Chou; University Attorneys Mark Bohnhorst, Mark Miller, and Tracy Smith; and University Relations Director Marcia Fluer.

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

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents be held on Thursday, November 10, 1994, at 10:00 a.m. in the Regents' Room, 238 Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 10:01 a.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

November 10, 1994

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, November 10, 1994, at 4:50 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: William Hogan II, Jean Keffeler, Hyon Kim, Bryan Neel III, Mary Page, Lawrence Perlman, Thomas Reagan, Darrin Rosha and Sahlstrom. President Nils Hasselmo presiding.

Staff present: Senior Vice Presidents Robert Erickson and Ettore Infante; Vice President Mark Brenner; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; Associate Executive Director Kenneth Janzen; and Associate Vice President Gerald Fischer.

APPROVAL OF MINUTES

The Board of Regents voted unanimously to approve the minutes of the following meetings:

Facilities Committee - October 13, 1994
Financial Operations & Legislative Committee - October 13, 1994
Faculty, Staff & Student Affairs Committee - October 13, 1994
Educational Planning & Policy Committee - October 13, 1994
Committee of the Whole - October 13, 1994
Board of Regents - October 13, 1994

REPORT OF THE PRESIDENT

President Nils Hasselmo presented his monthly report, which pertained to critical measures and performance goals and compensation for intercollegiate athletics coaches.

Regent Hogan commented on the issue relating to compensation for intercollegiate athletics coaches. He stated that it is important the issue be reviewed carefully and perhaps be examined at a broader level, not just women's athletics.

Hasselmo responded that several committees have been appointed that are currently reviewing similar issues. There is a committee reviewing faculty compensation and a committee reviewing comparative data for all factions at the University.

Regent Keffeler indicated that two principles should be considered as the issue of gender equity is evaluated: 1) the principle of fairness, that both female and male participants be treated fairly; and 2) that all opportunities be explored for economy.

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

REPORT OF THE CHAIR

Chair Keffeler reported that she will be participating in an Association of Governing Boards of Colleges and Universities (AGB) conference to discuss participation of governing boards in restructuring issues. She will report back to the Board on the outcome of the meeting.

She reported that the deadline to submit nominations for vacancies to the University of Minnesota Health System Board of Governors is Friday, November 18 and encouraged Regents to submit their recommendations by that date.

In response to a request from Chair Keffeler, Board members commented on the one-day meeting schedule for Regents' meetings. There were comments supporting both one and two-day formats. A number of Regents indicated that it should be up to the discretion of the chair to determine the time commitment necessary to complete the business of the Board.

RECEIVE AND FILE REPORTS

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

GIFTS

Associate Vice President Gerald Fischer presented the 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 gifts as presented.

REPORT OF THE COMMITTEE OF THE WHOLE

November 10, 1994

Chair Keffeler reported that the committee voted unanimously to recommend:

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

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

Documentation is filed supplement to the minutes, No. 22,341.

- b) Approval of a resolution regarding the Summary of Expenditures, as follows:

RESOLVED, that the Summary of Expenditures for the period July 1, 1994 to September 30, 1994 for the Board of Regents' Office, the Office of the President, and Eastcliff Maintenance are hereby approved.

- c) Approval of a resolution regarding Board of Regents' Bylaws as follows:

RESOLVED, that the Board of Regents approves the amended Bylaws as presented in the November 10, 1994 docket materials.

- d) Approval of the Senior Vice President's Monthly Report of Faculty, Staff and Student Affairs as presented in the docket material, and including the adoption of the revised Regents' Policy on Tenure.

REGULATIONS CONCERNING FACULTY TENURE

SECTION 1. ACADEMIC FREEDOM

- 1.1 Principles. Every member of the faculty is entitled to due process and academic freedom as established by academic tradition and the Constitutions and laws of the United States and the State of Minnesota and as amplified by Resolutions of the Board of Regents. The Board of Regents hereby reaffirms its policies concerning academic freedom and tenure announced in its resolution of January 28, 1938, and statement of December 14, 1963, which are set forth in the Appendix to these regulations.
- 1.2 Protection of Faculty. Denial of faculty appointment or reappointment or removal or suspension from office or censure or other penalty must not be based upon any belief, expression, or conduct protected by law or by the principles of academic freedom.

SECTION 2. APPLICABILITY OF REGULATIONS AND CONTINUITY OF APPOINTMENTS

- 2.1 Employment Contracts. These regulations govern the relationship between the Board of Regents and every faculty member employed by the University of Minnesota, except as inconsistent with the provisions of collective bargaining agreements. These regulations are part of the contract between the Board of Regents and every faculty member employed by the University outside of collective bargaining units.
- 2.2 Continuation of Existing Appointments. On the effective date of these regulations, every person holding a faculty appointment governed by the 1945 *Regulations Concerning Faculty Tenure* as amended, will hold the same kind of appointment under these regulations, whether or not their appointments are appropriate for such status under these regulations.

SECTION 3. FACULTY RANKS AND TYPES OF APPOINTMENTS

- 3.1 In General. The faculty ranks are Professor, Associate Professor, Assistant Professor, and Instructor. Appointments at these ranks are either regular or non-regular. An appointment must be designated regular or non-regular when it is made.

3.2 Regular Appointments. A regular appointment is either with indefinite tenure or is probationary, leading to a decision concerning indefinite tenure within a specified period of time. A faculty member with indefinite tenure is entitled to retain that position until retirement in accordance with University regulations or until the appointment is terminated pursuant to the provisions of Sections 10. or 11. A faculty member on probationary appointment (a) is entitled to consideration for indefinite tenure, and (b) is entitled to timely notice of termination in accordance with Section 6. A regular appointment may only be held in an academic unit¹ of a degree-granting college,² or similar unit. A regular appointment must be for two-thirds time or more over the academic year.

3.3 Non-Regular Appointments. A non-regular appointment is date-specific; that is, the appointment terminates at the end of a period specified in the appointment without further notice to the appointee. The Vice President³ must give every person appointed to a non-regular faculty position a statement in writing setting forth the conditions of the non-regular appointment, including the fact that it terminates without further notice.

No number of renewals of a non-regular appointment creates a right to further renewals or to a decision concerning tenure. Every renewal of a non-regular appointment for the seventh or succeeding year must be reported to the Tenure Committee with a justification of the reasons for non-regular status.

3.4 Limitation on Use of Non-Regular Appointments

Faculty appointment must be regular (either probationary or with indefinite tenure) unless one or more of the following conditions is met, in which case the appointment may be classified as non-regular:

- (a) The duration, the percentage of time, or both require less than service for two-thirds time for the academic year.
- (b) The appointment is designated a Visiting appointment because the faculty member is from another educational institution or is a qualified professional from a government or private agency on

¹ As used in these Regulations, "academic unit" means a department or other basic unit in which tenure is held. It may be a division, school, or college which is not further subdivided. The "head" of an academic unit is the academic administrator immediately responsible for it, such as a chair, head, or director.

² As used in these Regulations, "collegiate unit" or "college" means a major academic entity of the University. It may be a college, school, institute, or campus. The "academic administrator" or "dean" of a collegiate unit is a dean, provost, or similar officer.

³ As used in these Regulations, "Vice President" means the Senior Vice President for Academic Affairs

a leave of absence to accept a temporary appointment at this University.

- (c) The appointment is designated a Clinical appointment because the faculty member is a clinician in the community who gives service to the University part-time.
- (d) The appointment is designated an Adjunct appointment because the faculty member's primary employment is outside the University or is in another unit of the University.
- (e) The appointment extends courtesy faculty rank without salary.
- (f) The position is subject to the joint control of the University and another institution.
- (g) The specific funding for the position is subject to the discretion of another agency.
- (h) The funding for the position is for a limited time.
- (i) The appointment is in a unit or program that is experimental or otherwise restricted in duration.
- (j) The person is enrolled in a University of Minnesota degree program. A regular faculty member on a probationary appointment may transfer to non-regular status during enrollment in such a program if the faculty member and the vice president agree. This transfer suspends the running of the maximum period of probationary service, but the faculty member retains other rights of regular appointment, including annual review, the right to timely notice and a terminal appointment period as provided in Section 6.

3.5 Administrators' Appointments. Academic administrators may hold regular or non-regular faculty appointments. Administrative titles and duties are distinct and severable from such individuals' faculty appointments. Removal from an administrative position does not impair any rights the individual holds as a faculty member.

3.6 Special Contracts. These regulations do not bar a faculty appointment pursuant to a special contract specifying terms or conditions of employment which are different from those prescribed in these regulations. All other provisions of these regulations apply to such appointments. Every special contract must be in writing and must state that it is a special contract entered into pursuant to this Subsection. It must be signed by the faculty member concerned, by the dean of the collegiate unit in which the faculty member will be employed, and by the vice president and must be authorized by the Board of Regents or its expressly authorized delegate. In addition, the vice president will annually report to the Tenure Committee the terms of all special contracts and the reasons for their use.

A special contract may be used to reduce the minimum time of a regular appointment to one-half time in order to permit a faculty member to devote more time to family responsibilities. Such a contract must provide for the mutual responsibilities of the faculty member and the academic unit, including the type and percent time of the appointment, if any, to which the faculty member is entitled at the expiration of the special contract. In the case of a probationary faculty member, the contract will regulate the length of the probationary period, but the total probationary period may be extended by no more than a total of two years pursuant to this Section and Section 5.5.

SECTION 4. TERMS OF FACULTY EMPLOYMENT

4.1 **Written Notice of Appointment.** Each faculty appointment or change of status is specified in a written notice of appointment issued by or on behalf of the Board of Regents. The notice must include the following:

- (1) whether the appointment is regular or non-regular;
- (2) whether it is full or part-time and the percentage of time involved;
- (3) if for a fixed term, its expiration date;
- (4) if regular, whether it is probationary or with indefinite tenure;
- (5) whether it is on a twelve-month, academic year or other specified annual basis;
- (6) the rank of appointment;
- (7) the academic unit or units to which the individual is being appointed; and
- (8) the salary.

The notice is only evidence of the appointment; clerical or computer errors in a notice of appointment do not affect the terms of the appointment unless the faculty member reasonably relied upon the mistake and suffered an injustice because of that reliance. Notices required by this Section should be delivered before the effective date of the appointment or change of status, or as soon thereafter as is administratively feasible. A probationary appointee must also be given notice of the applicable maximum probationary period.

4.2 **Action by the Board of Regents.** Faculty appointments and renewals or changes of status become effective when approved by the Board of Regents or its authorized delegate.

4.3 **Changes in Terms of Appointment.** Except for raises in rank or salary and except for action expressly authorized by these regulations, no changes of any of the items listed

in Subsection 4.1 may be made during the term of an appointment except with the agreement of the faculty member and the Board of Regents or its authorized delegate.

SECTION 5. MAXIMUM PERIOD OF PROBATIONARY SERVICE

- 5.1 **General Rule.** To give the University ample opportunity to determine the qualifications of those faculty members whom it is considering for regular appointments with indefinite tenure, the maximum period of probationary service of a faculty member is six academic years, whether consecutive or not. At the end of this six-year period, the faculty member must either be given a regular appointment with indefinite tenure or a one-year terminal appointment.
- 5.2 **Early Decisions Permitted.** These regulations do not prevent the granting of indefinite tenure prior to the expiration of the maximum period of probationary service and do not prevent a decision to terminate an appointee's probation prior to the end of the appointee's maximum probationary service, if timely notice is given.
- 5.3 **Definition of Academic Year.** A faculty member is considered to have served an academic year if the appointee serves at least two-thirds time for three quarters or full-time for two quarters of the nine month academic year or any equivalent combination. An academic year during which the faculty member serves for less than this amount is not counted in computing the number of years for purposes of this section.

Unless otherwise agreed in writing, periods during which a faculty member is on paid leave for professional development (single quarter leave, sabbatical furlough, etc.) or on leave to teach or conduct research at another academic institution count as service, but periods in which the faculty member is on sick or disability leave or on leave in some non-faculty capacity do not count as service.

If a faculty member transfers to a position in the non-regular faculty, the time spent in the non-regular position does not count for the purpose of this section.

- 5.4 **Prior Service**
- 5.41 **In this University.** Every academic year during which a faculty member has previously served at least two-thirds time under a regular appointment at this University reduces the maximum period of probationary service by one year.
- 5.42 **Elsewhere.** If a faculty member has previously served in regular faculty positions, as defined in these regulations, in one or more accredited universities or colleges, every academic year of such service (not exceeding three) reduces the maximum period of probationary service by one year.
- 5.43 **Exceptions Permitted.** If the prior service was in a different discipline, was in an academic unit or institution with

teaching or research goals not comparable to those of the present appointment, or was too long ago to provide good evidence of the appointee's current professional development, the Board of Regents or its expressly authorized delegate may make an exception in writing at or near the beginning of the probationary period.

- 5.5 Exception for New Parent or Caregiving. The maximum period of probationary service will be extended by one year at the request of a probationary faculty member (1) on the occasion of the birth of that faculty member's child or adoptive/foster placement of a child with that faculty member or (2) when the faculty member is a major caregiver for a family member⁴ who has an extended serious illness, injury, or debilitating condition. A faculty member may use this provision no more than two times. The request for extension must be made in writing within three months of the events giving rise to the claim and no later than June 30 preceding the year a final decision would otherwise be made on an appointment with indefinite tenure for that faculty member.

SECTION 6. TENURE OF FACULTY ON REGULAR PROBATIONARY APPOINTMENTS

- 6.1 In General. A regular probationary appointee is a candidate for indefinite tenure. A probationary appointment continues until it is superseded by an appointment with indefinite tenure or until terminated by timely notice or by resignation. Regular probationary appointments are generally made at the rank of assistant professor, but may be made at any rank.
- 6.2 Notice Requirements. Except as provided below, a probationary appointment may be terminated at the end of any academic year by giving notice of termination (in the form provided in Section 17) not later than May 15 of the preceding academic year. The notice must inform the faculty member of the right to request a hearing before the Judicial Committee and must advise the faculty member of the applicable time limit for making such a request.
- 6.21 Associate Professors and Professor on Probationary Appointments. An initial probationary appointment at the rank of associate professor or professor may specify in writing that it is for a minimum period of three years. In that case, the earliest time at which notice of termination can be given is before May 15 of the second year of service, to take effect at the end of the third year of service.
- 6.22 Instructors on Probationary Appointments. An initial probationary appointment at the rank of instructor may specify in writing that it is only for a minimum period of one year. The appointment may be terminated at the end of the first year by notice given not later than March 1 of that year, or at the end of the second year by notice given not later than December 15 of that year. In all other re-

⁴ The term "family member" is meant to include a blood relative, or a marital partner, or a domestic partner (registered with the University), or an adoptive/foster child.

spects such appointments are governed by Subsection 6.2. A promotion of an instructor to the rank of assistant professor without a grant of tenure does not affect the operation of this subsection.

- 6.3 Promotions. The promotion of a probationary appointee to the rank of associate professor or professor must be accompanied with an appointment with indefinite tenure. A promotion to assistant professor does not affect the faculty member's tenure status.
- 6.4 Rank of Appointees with Indefinite Tenure. The grant of tenure to an instructor must be accompanied with a promotion to assistant professor. Since the standards for granting tenure are ordinarily at least as rigorous as those for promotion to associate professor, the granting of tenure to an assistant professor will ordinarily be accompanied by a promotion to associate professor. Otherwise, a grant of indefinite tenure need not be accompanied with a promotion in rank.
- 6.5 Effect of Failure to Comply with this Section. No one is entitled to an appointment with indefinite tenure merely because the University failed to comply with this section. If an individual is given an extension of appointment beyond the maximum probationary period or is not given timely written notice, the University may either:
- (1) grant an appointment with indefinite tenure; or
 - (2) grant a further probationary appointment, if this would not exceed the maximum probationary period; or
 - (3) grant a terminal appointment ending at the end of the first full academic year which follows the May 15th after proper notice is given.

SECTION 7. PERSONNEL DECISIONS CONCERNING PROBATIONARY FACULTY

- 7.1 Criteria for Decisions
- 7.11 General Criteria. The basis for awarding indefinite tenure is the determination that the achievements of an individual have demonstrated the individual's potential to continue to contribute significantly to the mission of the University and to its programs of teaching, research, and service over the course of the faculty member's academic career.⁵ The primary⁶ criteria for demonstrating this

⁵ For interpretation and possible applications, see the interpretative comment that will be provided in accordance with the provisions of Section 16.2.

⁶ Criteria other than those expressly listed in this sentence must be explicitly stated and justified in terms of the mission of the University. Such additional criteria may not impinge upon the academic freedom of the probationary faculty member.

potential are effectiveness in teaching⁷ and professional distinction in research;⁸ outstanding discipline-related service contributions⁹ will also be taken into account where they are an integral part of the mission of the academic unit. The relative importance of the criteria may vary in different academic units, but each of the criteria must be considered in every decision.¹⁰

The individual's participation in the governance of the institution and other services to the University and service to the academic unit may be taken into consideration, but are not in themselves bases for awarding tenure.

Indefinite tenure may be granted at any time when the candidate has satisfied the requirements. A probationary appointment must be terminated when the appointee fails to satisfy the criteria in the last year of probationary service and may be terminated earlier if it appears that the appointee is not making satisfactory progress toward meeting the criteria within that period.

7.12 Departmental Statement. Each academic unit must have a document that articulates with reasonable specificity the indices and standards which will be used to evaluate whether candidates meet the criteria of Section 7.11. The document must comply with those standards, but should make their application more specific. Each such document is subject to review by the dean or other appropriate academic administrator and by the vice president. Each academic unit must provide each probationary faculty member with a copy of the document at the beginning of the probationary service.

7.2 Annual Review. The tenured faculty¹¹ of each academic unit annually reviews the progress of each probationary faculty member toward satisfaction of the criteria for receiving tenure. The head of the unit prepares a written

⁷ "Teaching" is not limited to credit-producing classroom instruction. It encompasses other forms of communication of knowledge (both to students registered in the University and to other persons in the community) as well as the supervision or advising of individual graduate or undergraduate students.

⁸ "Research" is not limited to the publication of scholarly works. It includes activities which lead to the public availability of products or practices which have a significance to society, such as artistic production or the development of new technology or scientific procedures.

⁹ "Service" means performance within the faculty member's academic expertise and the mission of the academic unit. It does not include performance of quasi-administrative functions such as membership on faculty or senate committees or other similar activities; those activities are relevant only to the limited extent set forth in the following paragraph. Where service is not an integral part of the mission of the academic unit, a faculty member's service may be considered, but is not a prerequisite to the awarding of tenure.

¹⁰ Because of the special mission of the Crookston and Waseca campuses, disciplined inquiry in their fields of endeavor may be substituted for research in appraising faculty members there. Other exceptions may be made only in exceptional circumstances by means of special contract, as provided in Section 3.6.

¹¹ As used in the Regulations, "tenured faculty" means those members of the faculty who hold indefinite tenure.

summary of that review and discusses the candidate's progress with the candidate, giving a copy of the report to the candidate.

7.3 Formal Action by the Faculty. The tenured faculty of the academic unit may recommend that a probationary faculty member be granted indefinite tenure or that the appointment be terminated. If it does neither, it is presumed to recommend a renewal of the appointment. In the final probationary year, if the tenured faculty does not recommend an appointment with indefinite tenure, it must recommend termination of the appointment. The recommendation is made by a vote of the regular faculty with indefinite tenure in the unit. The presiding officer is not disqualified from voting merely because of office.

7.4 Procedures for Taking Formal Action. The academic unit must observe University procedures established as provided in Section 16.3. These procedures will provide that:

- (1) There is a good faith effort to gather all relevant information necessary to the decision. The academic units have the primary obligation to assemble the file, but the faculty member also has the right to add any material the faculty member considers relevant.
- (2) The decision is made by vote, by written unsigned secret ballot, at a meeting of the regular faculty who have indefinite tenure in the academic unit. The rules may provide for absentee ballots by informed absent faculty members.
- (3) Persons who have or have had a family or similar relationship to the candidate do not participate in the decision. The procedures may establish methods for raising and ruling on such questions in advance of the decision.
- (4) Action is taken by majority vote. An academic unit may adopt a uniformly applicable rule that a motion to recommend tenure must achieve a specified exceptional majority in order to constitute an affirmative recommendation of that unit. In such case a motion which achieves a majority, but not the required exceptional majority, must be sent forward for review by the appropriate review process despite the absence of the unit's affirmative recommendation.
- (5) The unit reports the vote of the faculty, together with the reasons for the action taken. This statement of reasons must take the form of a summary of both majority and minority views which have substantial support which were expressed in the course of formal consideration of the action. All statements must be made without personal attribution. A preliminary draft is open to members of the faculty eligible to vote so they may comment and suggest changes. The final draft is sent to the

affected faculty member and is open to the faculty eligible to vote.

(6) In academic units which are widely scattered geographically so that collegial deliberation is difficult, the rules may specify special procedures which, to the maximum extent practicable, conform to the procedures generally required.

(7) Before submitting a formal recommendation for an appointment with indefinite tenure or for termination of a probationary appointment, the head of the academic unit informs the appointee of the recommendation and gives the appointee a copy of the final report. The appointee may submit any comments upon the report to the academic administrator who will review the report, with a copy to the head of the academic unit.

7.5 Non-disclosure of Grounds for Recommendation of Termination. The reasons for a recommendation to terminate a probationary appointment may not be disclosed, except as part of the review process, unless the faculty member requests such disclosure or makes a public statement concerning the reasons for termination.

7.6 Review of Recommendations. Recommendations of academic units to grant indefinite tenure or to terminate probationary appointments are reviewed at the collegiate and University levels.

7.61 Procedures. The review must be conducted according to University procedures, established as provided in Section 16.3. These procedures must provide for review and recommendations by the head of the academic unit, by the dean of the collegiate unit, by faculty committees at the collegiate or University level, and, when appropriate, by other academic administrators. The review must be conducted on the basis of the standards and criteria established by subsections 7.11 and 7.12 and the applicable rules and procedures. The rules may permit an administrator to refer the matter back to the unit for reconsideration, but if the administrator and the unit do not agree after such reconsideration, both the recommendation and the administrator's comments must be sent forward for final administrative action. A copy of each review or recommendation must be supplied to the faculty member. The faculty member may comment thereon in writing to those who will review the matter further.

7.62 Conflict of Interest. No one may participate both in an initial recommendation by an academic unit and in a subsequent review of that recommendation, except that the head of the academic unit may make the initial administrative review. No one who has participated in a recommendation or review may thereafter serve as a member of the Judicial Committee in further consideration of that case.

Members of the Judicial Committee may not serve on collegiate or University review committees. Members of the

Judicial Committee may participate in initial recommendations by their own academic units, but are disqualified from thereafter participating in Judicial Committee consideration of those decisions.

- 7.63 Final Administrative Action. The University may not act contrary to the recommendation of the academic unit which made the initial recommendation except for substantive reasons which must be stated in writing by the vice president (or a person designated by the vice president) to the faculty member, to the members of the academic unit which made the recommendation, and to the president. The fact that participants in the review process have recommended against the unit's initial recommendation is not, by itself, a substantive reason.

The vice president takes the steps necessary to make the necessary appointment or to give notice of termination.

- 7.7 Improper Termination of Probationary Appointments. A person holding a regular probationary appointment who has been given notice of termination may petition the Judicial Committee to review that action. The Judicial Committee will not base its ruling on the merits of the decision itself, but will review allegations that the decision was based in significant degree upon any of the following:

- (a) Personal beliefs, expressions or conduct which fall within the liberties protected by law or by the principles of academic freedom as established by academic tradition and the Constitutions and laws of the United States and the State of Minnesota;
- (b) Factors prescribed by applicable federal or state law regarding fair employment practices;
- (c) Substantial and prejudicial deviation from the procedures prescribed in Subsections 7.4 and 7.6 and the procedural rules promulgated pursuant to those subsections;
- (d) Failure to consider data available at the time of decision bearing materially on the faculty member's performance;
- (e) Demonstrable material prejudicial mistakes of fact concerning the faculty member's work or conduct;
- (f) Other immaterial or improper factors causing substantial prejudice; or
- (g) Other violation of University policies or regulations.

Such proceedings are governed by Section 15.

**SECTION 8. IMPROPER REFUSAL OF A NEW APPOINTMENT
TO A NON-REGULAR FACULTY MEMBER**

A person holding a non-regular faculty appointment who has been refused a renewal of that appointment or has applied for and been refused a regular or a different non-regular faculty appointment within six months of the end of that appointment may petition the Judicial Committee to review the refusal, but only on the ground that the decision was based in significant degree upon one or more of the following:

- (a) Personal beliefs, expressions or conduct which fall within the liberties protected by law or by the principles of academic freedom as established by academic tradition and the Constitutions and laws of the United States and the State of Minnesota;
- (b) Factors proscribed by applicable federal or state law regarding fair employment practices;
- (c) Essential and substantial written misrepresentation of the nature of the original appointment; or
- (d) Other violation of University policies or regulations.

Such proceedings are governed by Section 15.

**SECTION 9. APPOINTMENT OF ASSOCIATE PROFESSORS
AND PROFESSORS WITH INDEFINITE TENURE**

Initial appointments with indefinite tenure may only be made at the rank of associate professor or professor. Such appointments may be made only after receiving the recommendation of the regular faculty holding indefinite tenure in the academic unit concerned.

**SECTION 10. UNREQUESTED LEAVE OF ABSENCE FOR
DISABILITY; TERMINATION OR SUSPENSION OF A
FACULTY APPOINTMENT FOR CAUSE**

- 10.1 Unrequested Leave of Absence for Disability. A faculty member who is physically or mentally unable to perform reasonably assigned duties may be placed on unrequested leave of absence. The faculty member is entitled to sick pay and disability insurance payments in accordance with University policy. The faculty member has a right to return to the faculty upon termination of the disability or upon cessation of disability payments.
- 10.2 Termination or Suspension of a Faculty Appointment Before its Expiration. A faculty appointment may be terminated or suspended before its ordinary expiration only for one or more of the following causes:
 - (a) Sustained refusal or failure to perform reasonably assigned duties adequately;
 - (b) Unprofessional conduct which severely impairs a faculty member's fitness in a professional capacity.

- (c) Egregious or repeated misuse of the powers of a professional position to solicit personal benefits or favors.
 - (d) Sexual harassment or any other egregious or repeated unreasonable conduct destructive of the human rights or academic freedom of other members of the academic community.
- 10.3 Procedures. A faculty member may be placed on unrequested leave of absence or a faculty appointment may be terminated or suspended for these reasons only in accordance with the procedures set forth in Section 14.

SECTION 11. FISCAL EMERGENCY

- 11.1 Faculty Rights. The Board of Regents, if faced with the necessity of drastic reduction in the University budget, has the power to suspend or abolish positions, or even entire departments, divisions, or other administrative units. If confronted with such adverse contingency, the Board will consult with and secure the advice of faculty representatives, as provided in this section. Faculty members have the right to full access to information about the situation and the alternatives being considered. In effecting retrenchment because of financial necessity, the regents will make reductions in faculty positions only to the extent that, in their judgment, it is necessary after exploring various alternative methods of achieving savings. The regents fully intend that the tenure system as a whole and the tenure rights of each individual faculty member be protected in every feasible manner during periods of such retrenchment.
- 11.2 General Principles of Priority. The following general principles of priority apply in any financial crisis:
- First, the University must fully utilize all means consistent with its continued existence as an institution of high academic quality to reduce expenses or to increase income which do not involve the termination of faculty positions or the impairment of faculty rights.
 - Second, the University may consider alternatives which involve only the temporary reduction or postponement of faculty compensation or the reduction of fringe benefits.
 - Only thereafter may the University suspend or terminate faculty positions in accordance with the section.
- 11.3 First Stage: Alternative Approaches. If there has been a serious reduction in the University's income, the president will report the matter to the Senate Consultative Committee. The president will identify the magnitude of the shortfall, the measures which might be taken to alleviate it (which must not involve impairment of faculty rights), and alternative measures which have been rejected. The president will give the committee full access to

all available information and will respond specifically to additional proposals suggested by the committee. At this stage, the University will consider reductions of non-faculty staff, allowing non-regular appointments to lapse in accordance with their terms, and reductions in other expenses. It will also consider increases in tuition, sales of assets, and borrowing. These steps will be implemented by the president or the Board of Regents as is appropriate.

- 11.4 **Second Stage: Reduction or Postponement of Compensation.** If the University has implemented all of the measures which are required to be considered in the first stage, which are consistent with its continued operation as an institution of high academic quality, and they are inadequate to meet the shortfall, the President may, after consultation with the Faculty Consultative Committee, propose the temporary reduction or postponement of faculty compensation for a predetermined period not to exceed one year, according to a mathematic formula or similar device. The Faculty Consultative Committee will report on the adequacy of the steps taken in the first stage and make its recommendations on the proposal. If the Faculty Senate approves the proposed action (or any modification of it) by an absolute majority of its membership or by a two-thirds vote of the members present and voting (a quorum being present), the Board of Regents may take that action (or any less stringent action) and, to that extent, modify the terms of the appointments of all faculty members. The Board of Regents may rescind the action at any time thereafter. Such action may be repeated by the same procedures.
- 11.5 **Third Stage: Fiscal Emergency.** If there has been a reduction of the University's income which is so drastic as to threaten its survival, and this threat cannot be alleviated by the measures specified above, the Board of Regents may declare a fiscal emergency. During such an emergency, the Board of Regents may terminate or suspend faculty appointments as provided in this section.
- 11.51 **Preliminary Procedures.** Before recommending to the Board of Regents that it declare a fiscal emergency, the president must meet with the Senate Consultative Committee to examine alternatives to and consequences of such a declaration. The president must provide the committee access to all available information. The president must provide a written report identifying the dollar amount to be saved by reducing faculty positions. This report must also identify the dollar amount proposed to be saved by any other measures to be taken, including the level of any concurrent reductions in non-faculty staff during the emergency. The Faculty Consultative Committee will prepare a written report on the president's proposal, to which the Senate Consultative Committee may add additional comments. The Faculty Senate will first consider and act on the proposal and reports. Thereafter, the University Senate may consider them. The president must attend both Senate meetings to explain the proposal and to answer questions. After receiving the President's recommendation and the resolutions of the Senates, the Board of Regents may declare a state of

fiscal emergency. Before action contrary to the recommendation of the University Senate is subsequently taken, the president must report in writing and in person the reasons for this action to the Senate Consultative Committee. The Board of Regents' resolution states the maximum amount to be realized from termination or suspension of faculty appointments.

11.52 Duration. A fiscal emergency lasts no longer than 12 months unless renewed by the same procedure. A fiscal emergency may be rescinded at any time by the Board of Regents.

11.53 Allocation of Shortfall. After consultation with the Faculty Consultative Committee and the Senate Consultative Committee, the president proposes an initial allocation of the shortfall to the various collegiate units, which need not be prorated. The Committee must obtain the views of the faculty in the affected units and must hold an open meeting at which anyone may comment upon the proposed action. It may also request the assistance of other University or Senate committees in studying all or particular aspects of the educational policies and priorities involved in the action. The colleges and campuses then allocate the shortfall to the various academic units after similar consultation with the representative bodies and academic units in the colleges and similar open meetings. The plans must reflect the principles and priorities established in Subsection 11.6. The colleges and campuses return their plans to the vice president, who prepares a comprehensive plan for the University, including a list of the persons whose appointments will be suspended or terminated. This plan is submitted to the University Senate and the Faculty Senate for their recommendation. The recommendations of the Senates and the vice president's plan will be presented to the president and the Board of Regents for action.

11.6 Principles Governing Termination or Suspension

11.61 General Principles

- (a) Savings achieved through resignations, retirements renegotiations of contracts, inloading or other measures must be credited to the assigned shortfall before terminating or suspending faculty appointments.
- (b) A good faith effort should be made to use temporary suspensions or voluntary furloughs rather than terminations. In this third stage, the Board of Regents may impose the temporary or permanent reduction of faculty compensation or the reduction of fringe benefits, in excess of those approved in the second stage. Suspensions without pay for one quarter in any year may be ordered in accordance with objective criteria, provided that faculty members are given at least six months notice.

- (c) Terminations may not be used in case of a short-term financial crisis, but only if the circumstances are such that the shortfall is reasonably expected to continue over a substantial number of years.
- (d) A good faith effort must be made to cover as much of the shortfall as possible by allowing non-regular appointments to lapse and by giving notice to probationary faculty in accordance with the terms of their appointments.
- (e) A good faith effort must be made to cover as much of the shortfall as possible by transferring faculty members to other positions for which they are qualified or by offering them retraining for available positions.
- (f) The selection of faculty members within an academic unit for termination must be made on objective criteria. It may not involve a comparative evaluation of the relative merits of individuals or a repetition of the tenure-granting process.

11.62 Priorities

- (a) Unless the unit can demonstrate that essential functions could not otherwise be performed:
 - All non-regular faculty within an academic unit must be suspended or terminated before any regular faculty may be suspended or terminated in that unit.
 - All probationary faculty within an academic unit must be suspended or terminated before any tenured faculty may be suspended or terminated in that unit.
- (b) Care must be taken to protect the employment of women and minorities entitled to affirmative action. The vice president must insure that for the University as a whole the plan which is submitted does not reduce the proportion of appointments with indefinite tenure held by women or minorities entitled to affirmative action, and does not reduce the proportion of non-regular appointments held by women or minorities entitled to affirmative action.

11.63 Notice and Severance Pay. A faculty member whose appointment is to be terminated or suspended is entitled to a minimum of one full academic year's notice or to one year's salary as severance pay in lieu of notice, unless the appointments would otherwise expire earlier.

11.64 Reemployment Rights. The University will not fill any faculty position for which a faculty member with indefinite tenure who has been terminated is qualified for five years after notice of termination, unless it first offers the position to each such faculty member and gives a reasonable time for the faculty member to accept or reject it.

- 11.7 **Judicial Committee Report.** A faculty member whose appointment is terminated or suspended may make a written request for review by the Judicial Committee. The review will be conducted in accordance with Section 15. The Judicial Committee will not reexamine the determination that a fiscal emergency exists, nor will it reexamine the educational policies and priorities pursued unless it finds a substantial failure to follow the procedures established in this section. It will only examine whether the action was taken in accordance with the procedures and standards set forth in this section, whether the action was based on a violation of academic freedom or constitutional or legal rights, or was substantially based on immaterial or improper factors. It may consolidate cases involving common issues for a single hearing.

SECTION 12. PROGRAMMATIC CHANGE

- 12.1 **Programmatic Change.** The University and faculty recognize that changes in academic programs are an essential part of the development and growth of the institution. These changes should reflect long-term policy and planning.
- 12.2 **Faculty Rights and Duties.** In the event that programmatic change leads to discontinuation of a program in which a member of the faculty is employed, the University recognizes its obligation to continue the employment of regular faculty in accordance with the terms of their employment, and to continue the employment of non-regular faculty for the term of appointment. In case of fiscal emergency, the provisions of Section 11 apply.

Regular faculty members who are so retained have the responsibility to accept teaching or other assignments for which they are qualified, and to accept training to qualify them for assignment in other fields. The University has the responsibility to assign such faculty members to responsibilities as closely related to their original field of tenure as is practicable, to allow them time in which to continue scholarship in their original field if they wish, and to recognize scholarly contributions in that field as valuable in assessing their contribution to the University for pay, promotion, and other purposes.

In addition to the steps mentioned above, the University has the right to offer inducements to faculty members voluntarily to change fields of study, to seek employment elsewhere, or to accept early retirement.

SECTION 13. JUDICIAL COMMITTEE

- 13.1 **Membership.** The Judicial Committee is composed of at least nine members of the regular faculty. The number of members and manner of appointment is governed by the University Senate Bylaws.
- 13.2 **Procedures.** Proceedings before the Judicial Committee will be conducted in conformity with these regulations.

The Judicial Committee may adopt additional rules with the approval of the Tenure Committee.

In every case before the Judicial Committee the vice president may designate the academic administrator who will represent the University as respondent.

- 13.3 Duty to Testify. Faculty members and administrators have an obligation to appear before the Judicial Committee to give testimony in matters pending before it.
- 13.4 Panels. The Judicial Committee may sit in panels to hear individual cases. In cases under Sections 10 and 14, the panel must consist of at least five members. In all other cases, the panel must consist of at least three members. The rules of the Judicial Committee will establish the respective functions of the committee as a whole and of the individual panels.

SECTION 14. PROCEDURES IN CASES OF UNREQUESTED LEAVE OF ABSENCE OR TERMINATION OR SUSPENSION OF A FACULTY APPOINTMENT FOR CAUSE

- 14.1 Preliminary Proceedings. Only a dean or an academic administrator specially designated by the vice president may initiate preliminary proceedings leading to unrequested leave of absence or to suspension or removal. The administrator must first attempt to discuss and resolve the matter with the faculty member involved.

The administrator must then submit the matter to the tenured faculty of the academic unit involved for their recommendation. (The tenured faculty may decide to submit the issue to the entire regular faculty of the unit.)

If the vice president and the Faculty Senate have expressly approved the submission of allegations of the violation of a specified policy to another body for preliminary recommendation, in place of submission to the tenured faculty of the academic unit, the administrator must submit the matter to that body for its recommendation.

Both the administrator and the faculty member may submit their views, in person or in writing, to the body making the recommendation, but neither of them may participate in the deliberation or vote. The body making the recommendation makes a written report to the administrator, indicating the number of votes for and against the proposed action and the reasons articulated. After considering the report the administrator makes a written recommendation to the vice president. The recommendation must include a copy of the report of the panel or of the tenured faculty, as the case may be. A copy of the report must be sent to the faculty member.

- 14.2 Formal Action. After receiving the administrator's recommendation, and giving the faculty member an opportunity to comment, the vice president will decide whether to proceed. If the vice president decides not to proceed, the charges are dropped and the faculty member and the academic unit are so notified in writing. If the vice president

decides to proceed with formal action, the vice president must give written notice to the faculty member. The notice must specify the action proposed, identify the specific grounds upon which it has been taken, and summarize the evidence in support. It must inform the faculty member of the right to request a hearing before the Judicial Committee and advise the faculty member of the applicable time limit for making such a request.

If the faculty member does not request a hearing within 30 days, the president may take the action proposed in the vice president's notice, without further right to a hearing.

- 14.3 Judicial Committee Hearing. The faculty member may request a hearing before the Judicial Committee by written request to the chair of the committee, filed within 30 days of the notice. The Judicial Committee may extend the 30 day period for good cause. The vice president designates the administrator who will present the case. The administrator has the burden of proving the case for the proposed action by clear and convincing evidence and also has the burden of demonstrating the appropriateness of the proposed action, rather than some lesser measure.

The Judicial Committee makes written findings of fact, conclusions, and a recommendation for the disposition of the case. If the committee finds that action is warranted, it may recommend action which is less severe than that requested in the written notice, including action which does not involve the termination or suspension of an appointment. It may not recommend more severe measures than those proposed in the vice president's notice.

The Judicial Committee sends its report to the president with copies to the faculty member and the administrator.

- 14.4 Action by the President. The president must give the faculty member and the administrator the opportunity to submit written comments on the report and to make oral presentations. In determining what action to take, the president may consult privately with any administrators, including attorneys, who have had no previous responsibility for the decision at issue in the case and have not participated in the presentation of the matter to the Judicial Committee. The president may not discuss the case with any administrator who was responsible for the decision at issue in the case or who participated in the presentation of the matter to the Senate Judicial Committee. Such administrators may communicate with the president in writing, but only if the full text of the communication is given to the faculty member and the faculty member is given a reasonable opportunity to respond to it.

The president shall not take action materially different from that recommended by the panel unless, prior to the action, the president has consulted with the committee. The parties and their representatives shall not be present at any meeting between the president and the committee nor shall their consent be required for such meeting.

In addition, the president may request the Judicial Committee to make further findings of fact, to clarify its recommendation or to reconsider its recommendation. The reconsideration will be made by those who have heard of all of the evidence in the case, but the full Judicial Committee may consult with them on questions of general policy.

The president may impose the action recommended by the committee, or any action more favorable to the faculty member. The president may impose action less favorable to the faculty member only for compelling reasons, which must be stated in writing, with specific detailed reference to the report of the Judicial Committee, the evidence presented, and the policies involved. The president's written statement must be given to the parties and to the Judicial Committee. If the Judicial Committee decides that the president has imposed an action that is less favorable to the faculty member than it had recommended, it shall inform the faculty by publication of the president's action in the docket of the Faculty Senate. If the faculty member waives rights to confidentiality, the full text of the statement will be published. Otherwise a summary of the statement will be published without identification of the faculty member or information that may indirectly identify the faculty member.

- 14.5 Appeal to the Board of Regents. If the action involves removal or if the action involves a sanction more severe than that recommended by the Judicial Committee, the faculty member may appeal to the Board of Regents. In cases in which the president imposes a sanction more severe than that recommended by the Judicial Committee, the faculty member and the president may present to the board evidence with respect to issues on which the president differs from the recommendation of the Judicial Committee. The request for a hearing must be made to the secretary of the board within 10 days of the president's action.
- 14.6 Temporary Suspension During Proceedings. The vice president may temporarily suspend a faculty member during the proceedings, but only if there is clear evidence that the faculty member is likely to cause serious harm or injury or is not available for work. The suspension will be with full pay, unless the faculty member is not available for work. Before ordering such suspension, the vice president must present the evidence to a special panel of the Faculty Consultative Committee and receive their written report. The faculty member must be given the opportunity to contest the suspension before the panel.
- 14.7 Resignation During Proceedings. A faculty member may submit a written notice of resignation to the president at any time during Judicial Committee proceedings pursuant to this Section. Upon the effective date of such resignation, the proceedings will be discontinued unless the faculty member concurrently files a written request with the Judicial Committee that they be carried to completion.

SECTION 15. APPEALS TO THE JUDICIAL COMMITTEE

- 15.1 **Right to Review.** Any faculty member who claims that his or her rights or status under these regulations have been adversely affected without his or her consent may seek review before the Judicial Committee. Cases arising under Sections 7, 8, 10, or 11 may be brought directly to the Judicial Committee. In other cases, the faculty member must exhaust all other available University remedies before bringing the case to the Judicial Committee; the Judicial Committee will not proceed with such a case until the appropriate University body has either decided it or has refused to consider it.
- 15.2 **Procedure for Securing Review.** A written request for review must be filed with the chair of the Judicial Committee within 30 days of written notice of the action challenged. The request must specify the action complained of and the remedial action the individual seeks. Within 30 days of filing, the chair of the Judicial Committee must send copies of the request to the head of the academic unit concerned and to the senior vice president for academic affairs.

The Judicial Committee, however, may extend the time for filing for review for reasons that seem compelling to the committee, such as mental or physical illness, or serious personal or family problems, or doubt concerning when final action was taken.

- 15.3 **Hearings Before the Judicial Committee.** The person seeking review has the burden of proving by the preponderance of the evidence that the action complained of was improper unless the Judicial Committee, for good cause, otherwise directs.

The Judicial Committee does not itself decide whether the faculty member is professionally worthy of a faculty position, but only determines whether the action was based in significant degree upon any of the factors specified in Subsection 7.7 (Termination of Probationary Appointment) or Section 8 (Refusal of a New Appointment to a Non-Regular Faculty Member).

In cases involving Section 7 (Termination of Probationary Appointment), 8 (Refusal of New Appointment to a Non-Regular Faculty Member), or 11 (Fiscal Emergency), the Judicial Committee hears the merits of the case, as provided in those sections. In other cases, if there is an appropriate University body to review the matter, the Judicial Committee will only determine whether that body has given the faculty member due process and whether, on the basis of the facts found by that body, there has been a violation of these regulations or of the faculty member's academic freedom. If there is no appropriate University body to hear such a case, or if the Judicial Committee finds that the body which heard the case did not provide due process, the Judicial Committee may hear the merits or may appoint an ad hoc tribunal to hear them.

- 15.4 Action by the Judicial Committee. The Judicial Committee makes written findings of fact, conclusions, and a recommendation for the disposition of the case.

If the Judicial Committee finds that the action complained of was improper, it also specifies the respects in which it finds the action to have been improper and recommends appropriate remedial action.

If it recommends reconsideration, it may specify the manner in which reconsideration will be undertaken to avoid the influence of improper factors. If a probationary faculty member has reached the maximum probationary period, the committee may recommend a non-regular appointment for an additional academic year to provide for reconsideration.

The Judicial Committee sends its report to the president with copies to the faculty member and the administrator who appeared as respondent.

- 15.5 Action by the President. The president must give the faculty member and the administrator the opportunity to submit written comments on the report. In determining what action to take, the president may consult privately with any administrators, including attorneys, who have had no previous responsibility for the decision at issue in the case and have not participated in the presentation of the matter to the Judicial Committee. The president may not discuss the case with any administrator who was responsible for the decision at issue in the case or who participated in the presentation of the matter to the Senate Judicial Committee. Such administrators may communicate with the president in writing, but only if the full text of the communications is given to the faculty member and the faculty member is given a reasonable opportunity to respond to it.

The president shall not take action materially different from that recommended by the panel unless, prior to the action, the president has consulted with the committee. The parties and their representatives shall not be present at any meeting between the president and the committee nor shall their consent be required for such meeting.

In addition, the president may request the Judicial Committee to make further findings of fact, to clarify its recommendation or to reconsider its recommendation. The reconsideration will be made by those who have heard all of the evidence in the case, but the full Judicial Committee may consult with them on questions of general policy.

The president may impose the action recommended by the committee or any action more favorable to the faculty member. The president may impose action less favorable to the faculty member only for important substantive reasons, which must be stated in writing, with specific detailed reference to the report of the Judicial Committee, the evidence presented, and the policies involved. The president's written statement must be given to the parties

and to the Judicial Committee. If the Judicial Committee decides that the president has imposed an action that is less favorable to the faculty member than it had recommended, it shall inform the faculty by publication of the president's action in the docket of the Faculty Senate. If the faculty member waives rights to confidentiality, the full text of the statement will be published. Otherwise a summary of the statement will be published without identification of the faculty member or information that may indirectly identify the faculty member.

15.6 **Actions Requiring Reconsideration.** If the Judicial Committee recommends reconsideration of an action, that reconsideration will be undertaken under the supervision of the vice president, unless otherwise specified. The Judicial Committee may retain provisional jurisdiction of the matter to review allegations that the reconsideration itself was improper, and may make supplementary findings, conclusions, and recommendations in this regard.

15.7 **Recommendations for Changes in University Policies and Procedures.** As a result of Judicial Committee proceedings, the Judicial Committee, the Tenure Committee or the Vice President may initiate steps to clarify or improve University rules or policies involved. The changes will not affect the outcome of the case before the committee.

SECTION 16. TENURE COMMITTEE

16.1 **Membership.** The Tenure Committee is composed of at least seven members of the faculty and such other persons as the University Senate Bylaws shall provide. The manner of appointment is governed by the University Senate Bylaws.

16.2 **Interpretations.** The vice president and the Tenure Committee may propose formal interpretations of these regulations, consistent with their terms. Such interpretations must be reported to the Faculty Senate and the Board of Regents. If adopted by the Board of Regents, such interpretations will be binding in all cases subsequently arising.

16.3 **Procedures.** The vice president and the Tenure Committee may jointly adopt the procedures provided by Sections 7.4 and 7.61. Such procedures must be reported to the Faculty Senate and the Board of Regents before they go into effect.

16.4 **Additional Functions.** The Tenure Committee also advises the University and makes recommendations concerning the interpretation and amendment of these regulations, but such advice and recommendations are not binding on the Judicial Committee.

SECTION 17. WRITTEN NOTICE

Notices of termination of a probationary appointment, of suspension or termination of an appointment, or of placement on unrequested leave of absence for disability, must be sent by registered or certified mail to the last known residence address of the

faculty member concerned and also by campus mail to the faculty member's campus address, if any. The written notice satisfies the applicable time requirement if it is postmarked at or before midnight of the applicable date.

Failure to comply fully with this section is immaterial if, in fact, the faculty member was not prejudiced by such failure.

SECTION 18. PUBLICATION

These regulations, and the interpretations referred to in Section 16, will be published and made available to all faculty members. Every faculty member who holds a regular or non-regular appointment, except for courtesy faculty appointments without salary, must be given a copy of the current regulations and copies of subsequent amendments or published interpretations.

SECTION 19. AMENDMENT

These regulations are subject to amendment by the Board of Regents. Proposed amendments from any source will be submitted to the Faculty Senate for its advice and recommendation before final action by the Board of Regents. The Faculty Senate will solicit the recommendations of the Faculty Affairs Committee, the Judicial Committee, and the Tenure Committee, before giving its advice and recommendation.

INTERPRETATIONS

- 1. Interpretation of 5.5: Retroactive Application**
A probationary faculty member may elect to extend his or her probationary period by one year if s/he (1) became a parent, by birth or by adoptive/foster placement, within five years before the effective date of Subsection 5.5 and (2) has not been given notice of termination.
- 2. Interpretation of Section 5.5: Major Caregiving Responsibilities**
A request for extension of the maximum probationary period for major caregiving responsibilities should be made only if those responsibilities are very substantial and continue over an extended period of time. The probationary faculty member must submit a written application to the head of the academic unit, who will forward it for action and approval through the appropriate University channels. If an administrator does not approve the request, the faculty member may file a grievance under applicable University policies.
- 3. Interpretation of 7.11: Consideration of Factors Other than Primary Tenure Criteria.**
The use of any factor other than teaching, research, and service in making the decision about a probationary faculty member must be specifically stated and justified at the time of the decision. This rule applies both when that factor is a criterion for judging the candidate's progress and when it is an element in establishing or modifying the standard which the faculty member should achieve.

A change in the program of a unit or college may be used as a factor in a decision only when the change has been

adopted in accordance with the established procedures of the University, after consultation as required by those procedures. It must be explicitly identified. If such changes affect the prospects of probationary faculty members to achieve tenure, the faculty members should be given the earliest possible notice of the potential impact of such changes.

4. Interpretation of 7.11: Discipline-Related Service

Discipline-related service, as one of the primary criteria for tenure evaluation, is limited to those endeavors specifically related to the individual's academic expertise and faculty appointment in accordance with the academic unit's mission statement. This service must be defined in the mission statement as central and necessary to the operation of the academic unit. An equivalent term might be "unit mission-related service" -- for example, clinical service in a teaching hospital situation that does not involve students directly.

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

Regent Keffeler reported that the committee discussed University 2000 Critical Measures; received an update on the status of the steam plant Environmental Impact Statement; and reviewed proposed Resource Allocation Guidelines, an Emergency Capital Budget Request, and the Annual Report of the University of Minnesota Foundation. The committee also reviewed a proposed protocol for planning.

REPORT OF THE FACILITIES COMMITTEE

Regent Rosha, 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 regarding amendments to the FY95 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY 1995 Capital Budget is hereby amended to incorporate the following project scope/budget increases:

- A. Aquatic Center Completion of Unfinished Office Space, Scope/Budget Increase
Twin Cities Campus
Original estimated cost of the project: \$240,000
Increase in project cost: \$110,000
Total estimated cost of the project: \$350,000
Funding for increase: Women's Athletics
Estimated completion date: April 1995

B. Physics Building Condensed Matter Research Facility
Remodeling Project, Scope/Budget Increase
Twin Cities Campus
Original estimated cost of the project: \$2,955,700
Increase in project cost: \$340,000
Total estimated cost of the project: \$3,295,700
Funding for the increase: 1994 Higher Education Asset
Preservation and Renewal Appropriation
Estimated completion date: September 1995

- c) Approval of a resolution regarding the sale of 190 acres of land at the Research and Field Studies Center, Duluth campus, as follows:

RESOLVED, that on the recommendation of the President and Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the sale of 190 acres of land at the Research and Field Studies Center in one or more transactions, subject to the sale price not being less than the appraised value.

- d) Approval of a resolution regarding the sale of former dormitory buildings on the Waseca campus, as follows:

RESOLVED, that on the recommendation of the President and Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the sale of the former dormitory buildings in Waseca to Lloyd/LaGow Construction and Developing Co., for the sum of \$450,000.

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

Regent Rosha reported that the committee also reviewed two proposed amendments to the FY95 Capital Budget relating to: 1) the Campus Center Access Road Project on the Duluth campus; and 2) a proposal to expand student housing on the Crookston campus.

REPORT OF THE FINANCIAL OPERATIONS & LEGISLATIVE COMMITTEE

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

- a) Approval of the Senior Vice President's Monthly Financial Operations and Legislative Report as presented in the docket material and filed in the Regents' Office.
- b) Approval of resolution regarding 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 purchase/contracts over \$250,000 to the following:

- Chemagnetics NMR Instruments for \$450,000 for NMR Spectrometer for the Department of Chemistry.

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

Regent Page reported that the committee also reviewed a report on central reserves structural imbalances and the Quarterly Management Report. The committee also briefly discussed purchasing from targeted-group businesses.

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) Approval of resolution regarding the University Center - Rochester Master Academic Plan, as follows:

WHEREAS, the 1994 Minnesota Legislature has authorized \$1.2 million in a bonding bill for the State Technical College Board to prepare working drawings for an integrated campus at the University Center-Rochester;

WHEREAS, the bonding legislation specifies that prior to the preparation of design documents, the post-secondary boards of the four public higher education systems and the relevant campus staff shall jointly prepare a master academic plan for an integrated campus for the Rochester Center facility;

WHEREAS, the legislation further stipulates that the plan shall be submitted to the Higher Education Board (HEB) for approval by December 1, 1994, and, if approved, shall be submitted for review to the higher education finance divisions by January 15, 1995;

WHEREAS, faculty and staff from the relevant campuses and systems offices of the University of Minnesota and the Minnesota State Universities, Community Colleges, and Technical Colleges have organized themselves as the Rochester University Center Joint Leadership Council and have prepared, in accordance with the provisions of the bonding bill, a master academic plan for the Rochester Center; and

WHEREAS, the Joint Leadership Council has submitted that plan to an HEB Master Academic Plan Steering Committee comprised of senior-level sector representatives, including representation from the University of Minnesota, who have been charged with providing general oversight for the development of the plan;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents of the University of Minnesota endorses the Steering Committee's recommendation that the Higher Education Board accept the master academic plan as submitted by the Rochester University Center Joint Leadership Council and arrange to continue planning as a joint effort of the Leadership Council and the Steering Committee.

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


REPORT OF THE AUDIT COMMITTEE

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

- a) Approval of the Senior Vice President's Report as presented to the committee.
- b) Approval of the Director of Audits Quarterly Status Report as presented to the committee and included in the docket materials.
- c) Approval of a resolution relating to the External Auditor's Report, including the Annual External Audit Report, as follows:

RESOLVED, that the Board of Regents accept the Coopers & Lybrand report on the University's financial statement.

The meeting adjourned at 5:25 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

December 8-9, 1994

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

December 8, 1994

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

December 8, 1994

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, December 8, 1994, at 8:40 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Darrin Rosha, presiding; Julie Bleyhl, Hyon Kim, William Peterson, and Thomas Reagan.

Staff present: Chancellor Donald Sargeant; Senior Vice President Robert Erickson; Associate Vice President Clinton Hewitt; and Associate Executive Director Kenneth Janzen.

Student Representatives present: Scott Burnes and Shawn Poulter.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Erickson presented the Senior Vice President's Monthly Report for December 1994, indicating that he had no items to present this month.

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

AMENDMENT/SCHEMATIC PLANS, FY 1995 CAPITAL BUDGET

A motion was made and seconded to recommend approval of the following resolution relating to an amendment/schematic plans to the FY 1995 Capital Budget:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY 1995 Capital Budget is hereby amended to incorporate the following project:

- A. Student Life Housing, Crookston Campus
Estimated cost of the project: \$2,200,000
Funding: Skyberg Hall Building Reserve Fund and a University Internal Loan
Estimated completion date: April 1996

The committee voted unanimously to recommend approval of the resolution.

Regent Reagan expressed concern about the quality of some of the private living quarters available to students.

Senior Vice President Erickson stated that the administration is addressing this concern.

AMENDMENTS TO FY 95 CAPITAL BUDGET

A motion was made and seconded to recommend approval of the following resolution relating to an amendment/schematic plans to the FY 1995 Capital Budget:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY 1995 Capital Budget is hereby amended to incorporate the following projects:

- A. **Campus Center Access Road Project**
Duluth Campus
Estimated cost of the project: \$800,000
Funding: UMD Plant Funds and UMD Parking Funds
Estimated completion: September 1996

- B. **Sanford Hall Roof Replacement**
Scope/Budget Increase, Twin Cities Campus
Original estimated cost of the project: \$185,000
Increase in budget: \$439,000
Total revised estimated cost: \$624,000
Funding: Twin Cities Housing Services
Estimated completion: September 1995

- C. **Comstock Hall Courtyard Waterproofing System**
Replacement, Scope/Budget Increase
Twin Cities Campus
Original estimated cost of the project: \$106,000
Increase in budget: \$144,000
Total revised estimated cost: \$250,000
Funding: Twin Cities Housing Services
Estimated completion: July 1995

With regard to the Sanford Hall roof replacement, Director McCracken-Hunt reported that the scope of work and cost estimate for the project increased substantially since the time the project was initially defined. In response to a question, McCracken-Hunt reported that the project was initially defined in 1993, however, as details were reviewed in the project, items surfaced that were not present at the time the project was defined.

The committee voted unanimously to recommend approval of the resolution.

REAL ESTATE TRANSACTIONS

Sale of Five Acres at Crookston Campus to City of Crookston for Valley Ventures Park

A motion was made and seconded to recommend approval of a resolution authorizing the appropriate administrative officers to execute the appropriate documents providing for the sale of approximately five acres of land, located near the Crookston campus, to the city of Crookston for the sum of \$2,000.

Chancellor Sargeant addressed the committee, noting that the University will retain an option to repurchase the property at the same price in the future if no longer needed for Valley Ventures Park. In addition, the University will impose deed restrictions limiting the type of businesses that may locate in the park. The sale is contingent on receiving a grant and loan from Economic Development Agency (EDA).

Chair Rosha asked that the restrictions limiting the type of businesses to be located in the park be sent to members of the Facilities Committee.

The committee voted unanimously to recommend approval of the resolution.

Purchase of Coleraine Minerals Research Laboratory, Duluth Campus

A motion was made and seconded to recommend approval of a resolution authorizing the execution of the appropriate documents providing for the acquisition of the Coleraine Minerals Research Laboratory in Coleraine, Minnesota, owned by USX Corporation, for the sum of \$1.00 subject to the University's receipt of a grant of \$600,000 from the EDA.

Ryan Johnson, Assistant Treasurer, provided information on the item. The facility was formerly the site of the U.S. Steel Minerals Benefication Laboratory. The subject property contains approximately 20 buildings constructed between 1902 and 1962 on 21.66 acres of land. In 1986, the University acquired the laboratory equipment at the site and leased the land and buildings. It is operated today by the Natural Resources Research Institute and used for minerals research.

The University commissioned two appraisals of the property in 1992 resulting in an average of \$245,000. In conjunction with the \$1.00 donation of the property to the University, USX Corporation has agreed to complete, at its sole cost, pollution clean-up at the three known contaminated areas on the property. The University has proposed that its financial exposure for environmental testing and any needed remediation on the remainder of the site will not exceed \$100,000. Indirect cost recovery (ICR) funds and state specials are the sources of funds for the University's environmental costs for this property. USX also requested that it be allowed to continue its current below market rate for contract services for a period of not more than five years with the total monetary benefit not to exceed \$250,000. The operating costs for the property will be funded from ICR funds that the facility derives from grants and contracts.

A letter from Vice Chancellor Gregory Fox was distributed requesting Board approval of the item with the following recommendations:

1. The USX Corporation complete its environmental study.
2. University financial exposure for environmental testing and remediation should not exceed \$100,000.
3. The purchase agreement must be contingent on receiving the \$600,000 EDA grant which, with the \$400,000 allocated from the legislature during the last session, would be used for facilities improvement on that site.

Regent Reagan spoke in favor of the resolution.

A motion was made and seconded that the resolution be approved consistent with the recommendations included in Fox's letter.

The committee voted unanimously to recommend approval of the resolution.

REAL ESTATE TRANSACTIONS FOR REVIEW

Conveyance of .67 Acre and 1.68 Acres of Temporary Construction Easement to City of Minneapolis for Fifth Street Extension, Twin Cities Campus

Associate Vice President Hewitt reported that the City of Minneapolis has requested that the University dedicate .67 acre of land for the right-of-way for the bridge extension of 5th Street SE between 15th and 18th Avenues SE and grant a temporary construction easement encumbering 1.68 acres of land for the project.

Hewitt reported that the right-of-way was acquired by the University through the vacation of streets at the time of the development of the Bierman Athletic complex. The temporary construction easement is needed for bridge approach construction and University parking lot modification. The project will result in a net loss of University parking spaces, however, the City of Minneapolis has worked with the University to minimize the parking impact.

The project will include an alternative means of pedestrian access to the athletic fields north of the railroad tracks to replace the University's pedestrian bridge. Temporary pedestrian access will be provided during the construction period.

It was the consensus of the committee that the item could be approved at this time. A motion was made and seconded and the committee voted unanimously to recommend approval of the conveyance of land.

Sale of 405, 407, 411, and 413 Ontario Street SE Minneapolis (Twin Cities Campus)

Associate Vice President Hewitt reported that the properties located at 405, 407, 411, and 413 Ontario Street SE in Minneapolis will be offered for sale. The properties currently consist of a total of .418 acre of unimproved land. The properties will be offered for sale individually and collectively by public bid and if the bid process is unsuccessful, the remaining properties will be listed for sale with a real estate broker. Appraisals of the properties will be obtained before the public bid offering.

Student Representative Shawn Poulter expressed concern about the sale of property that could potentially be used for student housing.

Senior Vice President Erickson reported that discussions have been ongoing relating to increasing opportunities for student housing within three miles of the campus. Currently, 40 percent of the students live within three miles of campus. He would like to see that increased to 50 percent. In order to accomplish that goal, there needs to be a multi-source approach, including outside developers. Student housing needs are under consideration and a plan should be developed in the near future to address this issue.

**JUNE 30, 1994 REAL ESTATE INVENTORY AND
1993-94 REAL ESTATE LEASE REPORT**

Associate Vice President Hewitt presented details on the University's real estate inventory as of June 30, 1994 and on the 1993-94 Real Estate Lease Report.

Susan Weinberg, Coordinator of Property Acquisition, briefly summarized details in the report, indicating that the docket materials contain an executive summary and the full report is available upon request.

There were no questions from committee members.

CAMPUS MASTER PLANNING REPORT

Associate Vice President Hewitt provided information relating to the Campus Master Planning Report.

Through the use of visual aids, Hewitt reviewed the four planning principles included in a resolution approved by the Board of Regents which serve as the basis for development of the Campus Master Plan. The essence of the principles is:

1. creating and maintaining a distinctive and aspiring vision for the physical development of each campus;
2. enriching the experience of all who come to the campus;
3. maximizing the value of existing physical assets while responding to emerging and changing physical needs; and
4. setting an inclusive, accountable, and timely process for creating and implementing the master plan vision.

Hewitt reported that the resolution approved by the Board of Regents also directed the individual campuses to develop master plans in accordance with the principles and reflective of the new vision and leadership direction of the University. Campus planning committees have been appointed by the chancellors of each campus and consultant teams have been selected to assist in the development of the plans. Hewitt reviewed the status of the planning process for each campus.

Committee members engaged in discussion regarding aspects of the report and in support of the planning process.

NEW BUSINESS

In response to questions raised by Regent Rosha, Assistant Vice President James Turman provided a brief update on progress of the locker room project in the Recreational Sports Facility. Turman reported the project is due to be completed December 19 and will be ready for operation at the beginning of winter quarter.

With regard to artwork in the facility, Turman reported that an individual has been selected to provide artwork. He has started on the project and it should be completed in approximately 18 months.

Chair Rosha expressed concern that the University's facilities lack clear identification letting individuals know they are on the University of Minnesota campus. He would like the University of Minnesota reflected either in the artwork or in some other manner in the facilities so that individuals visiting would clearly know they are on the campus.

The meeting adjourned at 9:55 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Financial Operations & Legislative Committee

December 8, 1994

A meeting of the Financial Operations & Legislative Committee of the Board of Regents was held on Thursday, December 8, 1994, at 10:15 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Mary Page, presiding; Wendell Anderson, Jean Keffeler, Bryan Neel III, and Thomas Reagan.

Staff present: Senior Vice President Robert Erickson; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; Associate Vice Presidents Roger Paschke and Richard Pfitzenreuter; and Director of Audits Gail Klatt.

Student Representatives present: Tim Allison and Sara Nienow.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Erickson presented the Senior Vice President's Monthly Report for December 1994.

He called on Associate Vice President Paschke who reported that the University has reassigned its two portfolios with Piper Capital Management to Wellington Management Company. A Request for Proposal (RFP) will be issued to select a permanent fund.

Paschke also called attention to the Schedule of Bonded Debt, particularly relating to the Series 1993A General Obligation Refunding Bonds in the amount of \$84 million. Due to a tax law change affecting holders of municipal debt, the University has an opportunity to possibly generate a savings of at least \$1 million. It would require that the University repurchase all or a portion of the Series 1993A bonds and the subsequent reissuance of replacement bonds. The repurchase may be completed without an RFP process. Further, an open RFP process, resulting in a recommendation to the Board of Regents of a bond resolution and a financing plan, will be used for the issuance of replacement bonds.

Erickson noted that approval of the Senior Vice President's Report will authorize the administration to proceed with the debt financing.

In answer to a question relating to the Central Reserves portion of the report, Erickson reported that there will be times during the year that the report will show a negative balance and the Board should not be overly concerned at this time. It is a timing issue resulting from the University's accounting practice of recognizing expenses at the beginning of the year and revenue as it is received.

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

QUARTERLY REPORT ON ASSET AND DEBT MANAGEMENT

Associate Vice President Paschke reviewed the Quarterly Report on Asset and Debt Management. Mr. Paschke reviewed the following information for University investments for the period ended September 30, 1994 which was included in the report:

- Endowments and reserves on September 30, 1994 were \$929.4 million for the University and \$332.9 million for the University Foundation. RUMINCO assets totaled \$18.3 million and faculty retirement assets totaled \$1.1 billion.
- The Permanent University Fund (PUF) is valued at \$142.0 million and is included in the endowment assets of the University.
- The Consolidated Endowment Fund returned 5.0 percent and 2.0 percent for the past quarter and 12 months respectively versus the benchmark returns of 3.1 percent and 3.4 percent (60 percent equities/20 percent international equities/20 percent fixed income), and 3.2 percent and 1.5 percent returns for the composite index of endowment and foundation funds.
- Performance of University Domestic Equity Managers for the past 12 months was 5.3 percent and -1.2 percent compared to the Standard and Poors 500 return of 3.7 percent.
- Performance of University International Equity Managers for the past 12 months was 26.1 percent and 18.0 percent compared to the EAFE Index return of 9.8 percent.
- Performance of University Fixed Income Managers for the past 12 months ranged from 0.8 percent to -26.4 percent compared to the Lehman Brothers Government Corporate Index return of -4.1 percent.
- The performance of the Long-Term Reserves was 0.0 percent for the past 12 months compared to the fixed income benchmark return of -0.8 percent. For all periods, the performance of the long-term reserves exceeded the benchmark returns.
- The average yield for the Short-Term Reserves was 2.1 percent for the past 12 months vs. 3.8 percent for Treasury Bills and 3.5 percent for Money Market Funds.

Chair Page noted that she recently attended a meeting of the Asset and Debt Management Committee and representatives from the consulting firm of Cambridge Associates. A copy of the report from Cambridge Associates will be distributed to members of the Board.

PURCHASE OF GOODS/SERVICES OVER \$250,000

Senior Vice President Robert Erickson presented a resolution relating to the purchase of goods/services over \$250,000. 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, the appropriate staff are authorized to award pending purchase/contracts over \$250,000 to the following:

- Costar for plastic labware to be furnished for the period 1/1/95 to 12/31/95 and distributed by University Stores at an estimated \$400,000.
- Cisco Systems for networking products to be furnished to the Networking Services Department for the period 1/1/95 to 12/31/95 at an estimated \$300,000.

The committee voted unanimously to recommend approval of the resolution.

REPORT ON STRUCTURAL IMBALANCE (NON-SPONSORED FUNDS)

Associate Vice President Pfutzenreuter presented a report on year-end balances and potential structural imbalances for non-sponsored funds as of June 30, 1994 at the area/fund level.

Providing a brief history, Pfutzenreuter reported that in June 1994, a policy was adopted relating to non-sponsored funds, instructing that resource shortfalls and expenditure overruns should be identified as early as possible; deficit spending should not occur; and budget adjustments are to be reviewed and, if approved, entered into the University financial system. The Budget Office issued a memo in July 1994 indicating that deficits at the area/fund level should neither be budgeted for the year nor actually exist at fiscal year end. Additionally, a 5.5 percent interest was assessed on negative balances.

Pfutzenreuter reported that the June 30, 1994 analysis indicated that the balances for current, non-sponsored funds equaled a positive \$262.5 million. Negative balances at the area/fund level greater than \$1,000 equaled roughly 2 percent (\$31 million) of the total annual expenditure of \$1.6 billion. Twenty-four area/funds (out of roughly 4,000) contained \$19.9 million or 65 percent of the negative balances on June 30, 1994.

The current status of the \$19.9 million negative balances is:

- \$3.1 million have been eliminated
- Formal plans are in place for \$10.1 million
- Plans are in the development stage for \$3.6 million
- \$2.1 million are unresolved
- \$1 million is in litigation

Pfutzenreuter reported that the Budget Office has requested plans to eliminate all negative balances and will continue to charge 5.5 percent on any negative balances. Effective July 1, 1995, a new policy will be established requiring that approved plans to eliminate negative balances must be in place

by June 30, 1995. An 8 percent charge will be assessed if plans are not in place or if there are newly established negative balances created after June 30, 1995.

Pfutzenreuter also addressed potential structural imbalances in departments. A structural budget imbalance arises when recurring expenditure requirements exceed recurring revenues. He indicated that 66 areas out of approximately 800 experienced either an actual or budgeted drop in balances between July 1, 1993 and June 30, 1995. The concern is whether the drops are one time or recurring. The Budget Office will do quarterly reviews to assess negative balances and help identify emerging financial problems. Pfutzenreuter stressed the importance of continuing to improve the budgeting and accounting practices.

Regent Reagan asked if the 8 percent charge on negative balances could be instituted immediately. Pfutzenreuter responded that the administration would prefer to keep it at the 5.5 percent level until June 30, 1995 because units are responding favorably and relationships are good.

In response to a question from Regent Neel, it was reported that the University is in a position to identify all various sources of revenue and expenditures as they relate to the non-sponsored funds. With regard to sponsored research, the issue is still being addressed.

Neel stated that the report reflects progress and he congratulated the administration for the work that has been done.

Student Representative Allison asked about timelines for repair of negative balances. Pfutzenreuter responded that the timelines are unique to each department, ranging from a couple of months to two or three years.

Regent Keffeler asked about the projected drawdown of balances in department budgets for the coming year, indicating that it is important there be a projection in the context of setting the budget for the next year.

Pfutzenreuter responded that a projection for the coming year is not available at this time, however, the budgeting process should provide that information before the Board of Regents is requested to approve next year's budget.

QUARTERLY PURCHASING REPORT

The committee reviewed the Quarterly Purchasing Report for July, August, and September, 1994, highlighting the following:

A total of 81,031 transactions were processed for a value of \$104,043,984. Of the total, 22 were justified sole source awards totaling \$853,089.

- There were two Regents' policy violations.
- Six change orders exceeded \$100,000.
- Twenty-four purchase awards were made that were over \$100,000 and under \$250,000.

It was noted that details of the report were included in the docket materials and that Karen Triplett, Director of Purchasing, was present to respond to any questions.

LEGISLATIVE STRATEGY

Director of State Relations Peterson provided an update on activities in preparation for the 1995 legislative session.

Peterson reported that there is a new committee structure in the House of Representatives. Most important to the University is the Higher Education Division. There is an overall Education Committee with three divisions: 1) K-12; 2) Higher Education; and 3) University of Minnesota. It is the administration's assumption that the University's issues and budget will not be part of the Higher Education division as it has in the past. However, it has not been confirmed. More information should become available after chairs of the committees have been selected.

Peterson reported that the Budget Forecast for 1996-97 was released on December 6 describing a modest increase in the budget reserve.

The committee discussed legislative strategy.

Regent Keffeler indicated that the University has to have a well-organized, vigorous, and aggressive plan, balanced against its own contingency plan, to present the needs of the institution to the legislature.

Regent Neel stated that the University needs to communicate its mission. Land-grant colleges were established to solve problems and the University should promote that it is in the "problem-solving" business. The message should be that more state dollars should go into education to "teach people to solve problems."

Peterson continued her report indicating that the following steps have been taken relating to legislative strategy:

- Deans have been given an assignment of visiting with five legislators.
- The Alumni Association is working to increase their network.
- The boards of the Alumni Association and the Foundation have indicated they want to be active participants. Communication is underway to determine contacts at the legislature.
- The past president of the Alumni Association will be asked to participate.
- Retired faculty groups are being briefed to participate.
- Extension agents have been briefed on state and federal issues and the role they should play.
- Faculty and student lobbyists have been included in strategy sessions.

Peterson reported it is important that the message be united and coordinated.

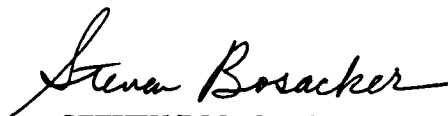
Regent Reagan suggested that a panel of former governors as well as prominent University of Minnesota graduates be asked to participate in the lobbying effort.

After a short discussion, Regent Neel moved the following:

The concept of involving former Minnesota governors as well as prominent University of Minnesota graduates, such as Nobel recipient Norman Borlaug, in the University's 1995 lobbying effort before the state legislature is a good one. Regents Reagan and Anderson will discuss the proposal with State Relations Director Donna Peterson to coordinate a strategy.

The committee voted unanimously to recommend approval of the motion.

The meeting adjourned at 11:56 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff and Student Affairs Committee

December 8, 1994

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, December 8, 1994, at 8:35 a.m. in Room 300, Morrill Hall.

Regents present: H. Bryan Neel III, presiding; Jean Keffeler, Mary Page, and Stanley Sahlstrom.

Staff present: Chancellors David Johnson and Donald Sargeant; Senior Vice President Ettore Infante; Vice Presidents Anne Hopkins and John Imholte; Executive Director Steven Bosacker; Associate Vice Presidents Carol Carrier, Josie Johnson, and Roger Paschke; Assistant Vice President Stephen Cawley.

Student Representatives present: Colleen Foster and Valerie Nowacki.

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 items:

- Appointment of Professor Kenneth F. Swaiman as interim head of the Neurology Department;
- Promotion of William D. Payne, Department of Surgery, from associate professor to professor;
- Annual report of the University Grievance Office;
- College of Education has been awarded \$5 million from the U.S. Department of Education for a collaborative community program to implement early education training programs focusing on violence prevention and counseling;
- Promotions, honors, and awards received by University faculty, staff, and students, including an award by the University of Minnesota, Duluth (UMD) of an honorary doctorate degree to Ruth A. Myers in recognition of the 25 years she has devoted to American Indian education; and
- Programs and events, including Alcohol Awareness Week from October 31-November 7, 1994.

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

Regent Neel observed that the University Grievance Office caseload is higher and asked if the University is doing a better job of resolving these matters internally. University Grievance Officer Nicholas Barbatsis responded that the office has made a reasonable start in that direction, but it is too early to be certain.

Regent Keffeler asked for further discussion of the extent to which there is overlap between the grievance process and customary management responsibilities and whether or not a somewhat litigious grievance process is being substituted for an always litigious external legal process. Neel suggested discussing those issues in the context of the proposed Regents' Policy on Student Academic Grievance.

In response to Regent Sahlstrom, Vice President Imholte stated he is not aware of a serious problem with binge drinking among University students and noted there was significant student participation in Alcohol Awareness Week. Neel noted the docket materials stated "The 'U' continues to have a healthier drinking climate than the national norm - less per capita consumption (4.1 vs. 4.590 drinks per week); less binge drinking (38% vs. 45%); and less heavy usage (4.1% vs. 7.8% - 16 or more drinks per week)." Regent Page suggested that although the University's statistics are encouraging, they are still too high.

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

UNIT II ADDENDUM COLLECTIVE BARGAINING AGREEMENT WITH GRAPHIC ARTS INTERNATIONAL UNION LOCAL 1M

John Erickson, Director of Employee Relations, presented a proposed addendum collective bargaining agreement between the University and Graphic Arts International Union, Local 1M to the committee for approval. The proposal reflects a modest salary increase, but it is one of the first agreements to include an incentive plan based on the amount of revenue in excess of expenses. He recognized the efforts of Jack Loza, principal negotiator, and Diane Gregory, Director of Printing Services, and the Local 1M members for agreeing to this innovative contract.

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

WHEREAS, the parties have met and negotiated over the course of the past 12 months and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit; and

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

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

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the President, the Senior Vice President for Academic Affairs, and the Senior Vice President for Finance and Operations, the Board of Regents approves this addendum labor agreement as outlined in the docket for December 8, 1994.

REGENTS' POLICY ON STUDENT ACADEMIC GRIEVANCE

Senior Vice President Infante presented a proposed Regents' Policy on Student Academic Grievance. The policy outlines procedures for informal resolution, formal resolution, and appeals to the University Academic Grievance Committee which will report its recommendations to the appropriate Vice President, Provost, or Chancellor for review and action.

Professor Gerhard Weiss, chair of the committee which developed the proposed policy, reviewed the policy. The main emphasis is to try to resolve issues informally and to establish a structure for addressing those academic grievances that cannot be resolved.

In response to issues raised by the committee, Weiss discussed common grievance issues and noted the proposed policy does not cover issues related to grades.

Regent Keffeler expressed concern about the existence of multiple committee-type processes and asked if they undermine the efficiency or resolve of the management chain to do what it ought to be doing. Neel concurred with the concern, stating that it is a generic issue and not focused on the work of Professor Weiss' committee. Keffeler suggested that time should be devoted to discussing the issue. Weiss stated the committee hopes all issues can be resolved at the informal level, but there must be some way to address those that are not.

In response to Regent Sahlstrom, Weiss said although approximately 90 percent of cases are resolved at the chair level or lower and grade disputes are confined to informal resolution, a process must be in place for situations that cannot be resolved informally.

In summary, Keffeler is concerned this will create a culture that suggests the buck never stops and that must be reversed. Neel offered that the committee review and debate this issue further at a later date.

USER-FRIENDLY STRATEGIC INITIATIVE: REPORT ON UNIVERSAL ID CARD PROGRAM

Associate Vice President Paschke reported on the Universal ID Card program, which is a specific improvement toward the U2000 strategic initiative on user friendliness. Initially the card would serve as a means of identification and provide access to telecommunications, banking, and library services. It will later be augmented to provide access to many other campus services. The card will be distributed to a test group on the Twin Cities campus during winter quarter and it is expected to be available to all Twin Cities campus students, faculty, and staff in Fall 1995. As soon as possible thereafter, a business plan will be developed to augment the services of the card and distribute it on all campuses.

Assistant Vice President Cawley, Chair of the Universal Card Steering Committee, reviewed development of the card program. He gave credit to University Relations for the card design, and noted that the card will serve as the key to unlimited applications.

Paschke said that the cost of this program will be approximately \$1 million. It is expected to be a self-funding program through approximately \$1 million annual revenue received from the card's telecommunications and banking features. There may be net revenue as the program is fully implemented, depending on its success.

Student Representatives Foster and Nowacki spoke in support of the Universal Card Program.

In response to Regent Page, Paschke said the card's various features will make it difficult to provide users with a combined statement.

In response to Foster, Paschke discussed the card's financial features. Eventually it can be used to pay tuition and for a variety of campus services, including bookstore and vending machine purchases.

VOLUNTARY SEPARATION AND EARLY RETIREMENT

Senior Vice President Infante introduced the preliminary discussion regarding voluntary separation and early retirement and noted the revised Regents' Policy on Phased Retirement and Terminal Leave/Early Retirement will be presented for review at the January meeting and approval in February. Since mandatory retirement has been eliminated, it is desirable to have tools to bring about a flow of personnel within colleges and departments.

Associate Vice President Carrier introduced Robert Fahnhorst, a retirement specialist in the Employee Benefits Department. She discussed the following major issues that must be addressed in changing the current programs:

- How can the University increase its flexibility and how might colleges ensure flexibility in an environment where there are some constants?
- What are the major obstacles faculty perceive about retirement?
- Are there adequate tools for Deans to encourage early retirements and voluntary separations?

Carrier stated the proposed window of opportunity enrichment program for the two packages currently offered would provide a) an additional five years of University-subsidized health care coverage or coverage to age 65 if the individual meets the Rule of 75 for the phased retirement program; and b) an additional five years of University-subsidized health care coverage or coverage to age 65 if the individual meets the Rule of 75, a lump-sum payment based on length of service and annual base contract, and continuation of the University's contribution to the individual's retirement fund for the terminal leave program.

Carrier emphasized that these are not entitlement programs and require Deans' approval based on the perceived best interests of the University. In response to a concern raised by Regents Sahlstrom and Neel, Carrier stated the University has to guard against potential problems with the programs by clarifying the criteria on which Deans' decisions must be based.

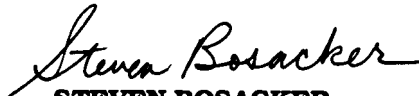
If age 52 and 10 years of service is established as the minimum to qualify for the proposed programs, 1,350 faculty would be eligible. Carrier reviewed the potential program cost per participant, stating it is impossible to predict the amount of interest in these programs. Fahnhorst discussed options available to faculty on how to handle their retirement accounts at the time of retirement.

In response to Sahlstrom, Carrier stated that a committee appointed by the faculty governance system and the Senior Vice President for Academic Affairs concluded the administration should proceed with the program enrichments, but it was not happy with all dimensions of the proposal. Infante responded to Sahlstrom's concern about how individual contributions will be evaluated and built into the proposed program.

Regent Keffeler expressed support for the direction being developed. It is her experience that offering programs to all who are eligible reduces legal exposure and she is open to be persuaded that strategic issues overpower the potential legal issues. She asked for comparative information on how the University's current programs and proposed enrichments compare with other academic and corporate organizations, as well as projected costs of the programs.

In response to issues raised by Regent Page, a discussion ensued regarding the programs being offered at the discretion of Deans and the situation where an individual who takes advantage of one of the programs and then accepts other employment. Keffeler noted that the proposed programs are voluntary opportunities and do not threaten faculty employment security. Carrier indicated that the programs do not obligate people who accept these packages to return money to the University if they get another job.

The meeting adjourned at 10:10 a.m.


STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning and Policy Committee

December 8, 1994

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, December 8, 1994, at 10:25 a.m. in Room 300, Morrill Hall.

Regents present: Stanley Sahlstrom, presiding; Julie Bleyhl, Hyon Kim, William Peterson, and Darrin Rosha.

Staff present: Chancellor David Johnson; Senior Vice President Ettore Infante; Vice Presidents Mel George, Anne Hopkins, and John Imholte; Associate Executive Director Kenneth Janzen; Associate Vice Presidents Johnson and Paschke.

Student Representatives present: Scott Burnes and Shawn Poulter.

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:

- Elimination of the pre-nursing, pre-agricultural education, pre-agriculture, pre-forestry, and pre-medical technology programs in the College of Science and Engineering, University of Minnesota, Duluth (UMD);
- 1993-94 annual report from the Council on Liberal Education, which is a comprehensive overview of the first phase of implementation of the new liberal education curriculum;
- Receipt by the College of Education of external funding for two efforts related to University 2000 strategic areas;
- Program proposals approved by the Minnesota Higher Education Coordinating Board (MHECB) on November 17, 1994;
- Approval of the Rochester Master Academic Plan by the Higher Education Board;
- National reports, including a report by the PEW Higher Education Roundtable on the topic "To Dance with Change," and the October 1994 newsletter of the National Center for Higher Education Management Systems, which included seven dimensions of the higher education environment that have implications for designing state policies that will directly affect campus-level change processes; and
- Amended Regents' Policy on School of Dentistry Private Practice Plan.

A motion was made and seconded to recommend approval of the Senior Vice President's Monthly Report, including the amended Regents' Policy on School of Dentistry Private Practice Plan.

Infante will ask Robert Bruininks, Dean of the College of Education, to contact Regent Kim regarding the \$5 million grant for the collaborative community program PAVE, which will implement early education training programs focusing on violence prevention and counseling.

The committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report, including the amended Regents' Policy on School of Dentistry Private Practice Plan.

REGENTS' POLICY ON TUITION

Senior Vice President Infante introduced the discussion regarding tuition principles, noting recent changes in the Regents' Policy on Tuition and related discussions. Proposed revisions to the policy will be presented for review in January and approval in February.

Infante shared the following list of significant statements of principle regarding tuition:

Tuition Assessments

- Base tuition;
- Tuition per credit;
- Possible bands.

Tuition assessments must reflect:

- Shared responsibility, benefits, needs of state and student;
- Incentives for access, retention, choice, degree completion;
- Costs and competitive environment.

Undergraduate Student Tuition Rates

- By campus;
- Lower division rates less than or equal to upper division rates;
- Elimination of variations in upper division rates by 1998-99;
- Guaranteed tuition plan.

Professional Student Tuition Rates

- Variation by program

Graduate Student Tuition Rates

- Variation by program

Fees

- Policy in force very restrictive.
- Proposed policy less restrictive.

Infante reported that major concerns exist regarding elimination of variations in upper division rates and fees. The Minnesota Student Association (MSA) is opposed to uniform upper division rates.

In response to Regent Sahlstrom, Infante reviewed the proposal to establish uniform upper division tuition rates. David Berg, Director of Management Planning & Information Sciences, expressed concern that a single upper division rate will result in a confusing situation where a series of special instructional fees are included in tuition similar to the circumstances at the University of Michigan.

Student Representative Poulter suggested that a definition of restrictive and less restrictive fees should be developed. Infante noted the current policy does not allow fees, but several exceptions have been approved by the Board for special fees charged by the University of Minnesota, Crookston (UMC) and the Institute of Technology (IT). Regent Rosha suggested that language must be crafted to prevent the fees situation from getting out of control.

In response to Student Representative Burnes, Infante discussed the reasons for current variations in upper division tuition rates.

UNIVERSITY AWARDS PROCEDURES

Vice President George discussed the University's current awards procedures and observed that a relatively small number of awards have been presented over the past ten years. Efforts to increase the number of awards include a letter sent from President Hasselmo encouraging deans, directors, and department heads to recommend potential awardees. In addition, the University Foundation established a \$20,000 fund to assist with costs of bringing awardees to presentation ceremonies and Institutional Relations will handle the logistical arrangements associated with presenting awards.

George expressed hope that these efforts will increase the opportunities to celebrate achievements.

USER-FRIENDLY STRATEGIC INITIATIVE: REPORT ON FEDERAL STUDENT LOAN PROGRAM (DIRECT LENDING)

Vice President Imholte introduced Cheryl Spivey, who assumed the position of Director of Financial Aid on November 21, 1994, and Diane Danoff and Gerald Allen, who were involved in the University of Minnesota, Duluth's (UMD) participation in the Federal Student Loan Program (Direct Lending) pilot program.

Associate Vice President Paschke discussed the Federal Student Loan Program, which represents a major change from the Guaranteed Student Loan Program. This program provides loans directly to students through schools and it would make the process user-friendly for students consistent with U2000, reduce errors, and provide superior service to students.

The administration has researched potential problems, commitments, staffing, and resources related to implementation of the program. Paschke reviewed the program's advantages, financial incentives, and disadvantages to the University and students. UMD was among the 104 schools which participated in the first year of the program and there were improvements in the timeliness of cash flow, service to students, and internal administration.


In summary, Paschke reported the Twin Cities campus has been accepted to participate in the program and a contract must be executed. Although there are

potential problems with the program, he stated the advantages are remarkable. Imholte noted the Crookston and Morris campuses have also been accepted to participate in the program and are expected to do so.

Gerald Allen, Director of Student Support Services at UMD, stated that UMD's participation in the pilot program will benefit the other University campuses and UMD staff will be a good resource for the other campuses. In response to Regent Peterson, Allen stated UMD entered the pilot program with some hesitation, but it has been a benefit to its students and staff.

Thomas Etten, Director of Federal Relations, reported that Congress authorized \$4.3 billion to fund the program for five years. It is on solid ground for the next four years and it would take an act of Congress to end the program. In response to Regent Bleyhl, Etten and Paschke discussed the potential risks associated with the program. Spivey noted that if the University is required to be responsible for loan collections in five years, she assumes the collection scenario will be the same as it is currently with no cost to the University. Regent Rosha agreed that the Board must be aware of the risks, but feels it is a good program that is worth pursuing.

The meeting adjourned at 11:55 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

December 8, 1994

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, December 8, 1994, at 1:40 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Jean Keffeler, presiding; Wendell Anderson, Julie Bleyhl, William Hogan II, Hyon Kim, H. Bryan Neel III, Mary Page, William Peterson, Thomas Reagan, Darrin Roshia, and Stanley Sahlstrom.

Staff present: President Nils Hasselmo; Chancellors David Johnson and Donald Sargeant; Senior Vice Presidents Robert Erickson and Ettore Infante; Provost William Brody; Vice Presidents C. Eugene Allen, Mel George, Anne Hopkins, and John Imholte; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; Associate Executive Director Kenneth Janzen; Associate Vice Presidents George Copa, Gerald Fischer, Josie Johnson, Robert Kvavik, Susan Markham, Roger Paschke, Richard Pfitzenreuter, and George Robb; Assistant Vice President Roger Forrester.

Student Representative present: Jessica Phillips.

ATHLETIC PROGRAM RECOGNITIONS

Regent Keffeler introduced Linda Larson, Coordinator of Women's Intercollegiate Athletics at the University of Minnesota, Duluth (UMD); Mark Fohl, Director of Men's and Women's Intercollegiate Athletics at the University of Minnesota, Morris (UMM); Chris Voelz, Director of Women's Intercollegiate Athletics, University of Minnesota, Twin Cities (UMTC); and Mark Dienhart, Associate Director of Men's Intercollegiate Athletics, UMTC.

Keffeler stated athletics is a very important part of the University and the developmental experience of human beings, and it is an important way in which the University sets forth its standards and competitive spirit. The Board is very proud of the student-athletes who represent the University of Minnesota and this is a great opportunity to recognize their achievements.

The committee recognized student-athletes and coaches from UMD, UMM, and UMTC for their athletic and academic achievements.

Keffeler stated it is unfortunate all of the student-athletes could not attend the meeting and asked the athletic directors to convey the pride of the Board and administration in the way they represent the University of Minnesota. She pledged the Board's full and complete support for the importance of athletics in University life and the importance of excellence in every area that the athletic directors represent.

President Hasselmo acknowledged the accomplishments of student-athletes from all of the University campuses and thanked the athletic directors and coaches for their

leadership in providing young people with a combination of outstanding educational and athletic opportunities.

RECOGNITION AND INTRODUCTION OF CIVIL SERVICE COMMITTEE MEMBERS

Assistant Vice President Forrester acknowledged the efforts of the Civil Service Committee. Regent Keffeler presented certificates to outgoing members Mary Easterling, James Gregory, Deb Sampson, Kenneth White, and Pamela Wilson.

Carol Siegel, Chair of the Civil Service Committee, introduced committee members Don Cavalier, Larry Etkin, John Felipe, Linda Molenda, Anne Mockovak, Mary Jane Towle, and Susan Carlson Weinberg who were present at the meeting.

REPORT OF THE NOMINATING COMMITTEE -- UNIVERSITY OF MINNESOTA HEALTH SYSTEM (UMHS) BOARD OF GOVERNORS

Regent Reagan, Chair of the Regents' Nominating Committee for the UMHS Board of Governors, presented the committee's recommendations for approval. He thanked Regents Bleyhl and Hogan for their work on the committee.

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 Regents' Nominating Committee for the University of Minnesota Health System (UMHS) Board of Governors, the following appointments are hereby approved: Michael Dougherty, reappointed for a three-year term expiring December 1997; Arthur Kydd, reappointed for a three-year term expiring December 1997; W. James Corbett, appointed for an initial three-year term expiring December 1997; Henry T. Smith, appointed for an initial three-year term expiring December 1997; Kathryn Tunheim, appointed for an initial three-year term expiring December 1997; and Alison Page, appointed as the student member for a one-year term expiring December 1995.

UNIVERSITY 2000 CRITICAL MEASURES

Senior Vice President Infante led the discussion regarding the University 2000 Critical Measures. The proposed institutional measures, benchmarks, and performance goals, which are the result of broad based internal and external discussions, bring focus to the University's mission and priorities.

Infante reviewed central concerns and issues about the measures relating to Characteristics of Entering Students, Graduation Rates, and Underrepresented Groups. He emphasized that the proposed goals are not floors or ceilings. Two persistent questions related to the proposed measures have been "Are the goals realistic and challenging?" and "What are the financial implications of the critical measures?"

Infante emphasized that the measures relate to new freshmen that enter the University in Fall Quarter. He reviewed the 1993 baseline data and reported the pool of high school graduates is estimated to increase by approximately 30 percent by the year 2000. He explained the implications of the proposals for the year 2000 to increase enrollment of new high school freshmen by 15 percent to 4,050; to increase the number of students in the top quartile by 53 percent to 2,680; and to establish General College enrollment at 1,370.

Infante discussed the need for aggressive recruitment of students of color to meet the goals because they are underrepresented in the top quartile of Minnesota high school graduating classes. As a result of discussions, the American Indian goal for the Twin Cities campus has been changed from 41 to 53 students (from 1 to 1.3 percent). He reviewed the goals for the year 2000 for new African American freshmen students, and stressed the importance of the University's K-12 efforts and post-secondary educational options in meeting the enrollment goals for underrepresented groups.

Infante emphasized the importance of existing programs, mentoring initiatives, and the University's environment in helping students from underrepresented groups succeed. He conveyed concerns expressed by the minority communities regarding the proposed measures, noting the University's commitment is reflected in the budgetary request for the partnership proposal.

Infante discussed central concerns about the measures relating to sponsored funds and investment per student, referencing charts to illustrate baseline data and performance goals for the two measures.

Regent Keffeler thanked Dr. Infante for an excellent presentation of important information.

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

WHEREAS, the establishment and application of critical measures and performance goals serve to evaluate the progress of the University of Minnesota in reaching its stated goals and objectives in the six strategic areas of research, scholarship, and artistic activity; graduate and professional education; undergraduate education; outreach and access; user-friendly community; and diversity; to guide institutional, collegiate, and support unit self improvement; to serve as an important link between planning, performance evaluation, and resource allocation through the budget process; and to provide a means for comparison with other institutions in the search of best practices for the accomplishment of institutional goals; and

WHEREAS, the University administration has undertaken a process of consultation with appropriate internal and external University constituencies in the development of appropriate measures to evaluate progress toward the achievement of University 2000;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the five critical measures "Characteristics of Entering Students", "Graduation Rate", "Underrepresented Groups/Diversity", "Sponsored Funding", and "Investment per Student", for measuring institutional performance in realizing the goals of University 2000; and

BE IT ALSO RESOLVED, that the Board of Regents reaffirms the performance goals which were part of University 2000 approved in January 1994 and approves additional goals for these critical measures as follows:

1. For the critical measure of Characteristics of Entering Students, the Board of Regents reaffirms the performance goal to have 80% of the entering freshmen class on the Twin Cities campus (excluding General College) be from the upper 25% of their high school graduating classes by the year 2000; this goal excludes General College because of its different mission; the Board further approves a second performance

goal, institution-wide, for the mean high school rank of entering freshmen in the year 2000 to be at the 77th percentile.

2. For the critical measure of Graduation Rate, the Board of Regents reaffirms an institutional performance goal to graduate, within five years, at least 50% of the freshmen who enter in Fall 1996.

3. For the critical measure of Underrepresented Groups/Diversity, the Board of Regents reaffirms an institutional performance goal to increase by at least 50% the graduation rate within five years of freshman students of color, leading to a graduation rate of at least 33% for students who enter in Fall 1996; the Board further approves an institution-wide aspirational goal for students of color to represent at least 16% of entering freshmen in the year 2000, consistent with applicable legal requirements governing the recruitment and admission of students.

4. For the critical measure of Sponsored Funding, the Board of Regents approves two institutional performance goals: a) in the year 2000, to receive \$375,000,000 in sponsored funding from all sources, which is a 5% average annual increase; and b) in the year 2000, to maintain its mean rank of 15th in federal funding for research and development.

5. For the critical measure of Investment Per Student, as measured by instructional direct expenditure per student, the Board of Regents approves an institutional performance goal to achieve a funding level of 2% above the mean for comparable institutions in dollars of instructional direct expenditure per student.

BE IT ALSO RESOLVED, that the Board of Regents directs the administration of the University of Minnesota to continue to develop performance goals for each of these five critical measures and incorporate them into the long-term and annual academic planning and budgetary process, the biennial request, and the capital planning process; and that the President provides to the Board of Regents for review and discussion, and action as appropriate, an annual progress and performance report based on these measures and associated performance goals and in light of changing external circumstances; and

BE IT FURTHER RESOLVED, that the Board of Regents directs the administration of the University of Minnesota to continue to develop additional institutional-level critical measures and performance goals for review and approval by the Board as required to assess institutional performance.

Regent Anderson emphasized the importance of University College and raised concerns about the impact of the proposed measures on access. Infante responded to Anderson's concerns, noting that the measures focus on new freshmen and there is no requirement for transfer and Continuing Education & Extension students. Anderson stated the administration has to guarantee to the Board that students who successfully complete courses in University College will be brought into the fold.

Regent Hogan concurred with Anderson's comments and emphasized the importance of access for all students. He asked that the Board focus in the future on accountability for leadership for the goals and measures.

Regent Kim agreed that access is important, but asked for continuing emphasis on how students who are willing to work to succeed will be retained.

Regent Neel stated the University is on a collision course as it tries to increase access while improving retention and graduation rates, and suggested the bottom line is the University cannot be all things to everyone seeking an education.

Regent Reagan expressed concern regarding the low goal for American Indian students. He noted the Duluth campus has had success in this area by recruiting outside Minnesota and suggested the Twin Cities campus should do the same. Infante noted that there are more American Indian students from out of state on the Twin Cities campus because of that strategy.

Regent Rosha agreed that access is an important issue, but it is also important to ensure that everyone who invests in the University is being served well.

In response to Student Representative Phillips, Wayne Sigler, Director of Admissions, stated that most recruiting is done in Minnesota but more aggressive work will be done out of state to enhance the University's enrollment.

Keffeler expressed appreciation for the reassurance that the administration has looked carefully at the issues inside the goals, stating the Board finally has a framework to help it understand some of the important consequences of the proposed actions. The Board has worked hard to sharpen its areas of emphasis, as well as the responsiveness and proactivity of the administration. Much has been accomplished, but we need to be more expeditious in the future. The clear discussion about the implications of the urban nature of the Twin Cities campus is a good sign for the future.

Following the discussion, the committee voted unanimously to recommend approval of the proposed resolution.

RESOURCE ALLOCATION GUIDELINES

Associate Vice President Pfutzenreuter presented a resolution related to the proposed Resource Allocation Guidelines that will set the framework for the budget planning process. He noted two additions since the resolution was presented for review in November relating to central reserves and implementation of the final year of the 1991 restructuring and reallocation plan.

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

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 1996 - 1997 University of Minnesota biennial budget proposal is derived from the *University 2000's* mission, vision, strategic areas, goals, and action plans; and

WHEREAS, the *University 2000* vision is premised on partnerships within the University community, of faculty, staff and

students, with the State of Minnesota, other educational institutions, business and industry, University alumni, local communities, and the citizens of Minnesota; and

WHEREAS, the University, its faculty, students, and staff have contributed to major reallocation of resources and effort in support of the University's mission and *University 2000*, through their actions and support;

NOW, THEREFORE, BE IT RESOLVED, that to achieve these goals, the Board of Regents of the University of Minnesota adopt the following resource allocation guidelines for preparation of the budget for fiscal year 1996:

1. The allocation of financial resources will be directed to programs and activities where support is critical to achieving the University's strategic directions in six major areas; (1) research, (2) graduate and professional education, (3) undergraduate education, (4) outreach and access to the University, (5) a user friendly University community, and (6) diversity.

2. The preparation of the 1996 annual operating budget shall proceed from the framework established in the University's 1996 - 1997 Biennial Budget Partnership Proposal. For fiscal year 1996, this proposal is predicated upon (1) an increase in state resources of \$32,000,000, compared to the amount appropriated for fiscal year 1995, (2) a tuition revenue increase of \$8,500,000 representing an overall increase of 4.8% from the 1995 budgeted estimate of tuition revenue, (3) other new income of \$500,000 and (4) internal reinvestments totaling \$14,100,000. Total new investments will equal \$55,100,000, including net new resources of \$41,000,000.

3. The University will establish a strategic investment pool amounting to \$5,100,000 for fiscal year 1996. These funds will be allocated specifically for the purpose of strengthening key disciplines, targeted recruitment and retention of faculty, research and education grant matches and excellence through diversity.

4. The University will establish a compensation pool of \$16,900,000 for the operations and maintenance and state specials funds for fiscal year 1996 representing an annual increase of approximately 3.3% over the fiscal year 1995 base. This compensation pool is to cover the financial impacts associated with salary and benefit cost increases related to these funds. The compensation pool has been established as an overall wage and benefit planning guideline and is not intended to represent an across the board compensation increase. The establishment of wage and benefit increases for fiscal year 1996 will be guided by the following principles. For each employee group (academic discipline or staff category), increases in the total compensation package will be based on the position of the group in relation to other comparable employee groups outside the University. Specific classifications within each employee group will also be subject to appropriate internal equity considerations. Pending further review of compensation structures, contract negotiations, appropriate consultation with faculty and staff governance and final appropriations provided to the University for fiscal year 1996 by the State of Minnesota, the budget presented to the Board of Regents will include necessary salary and benefit cost increases.

5. The allocation of resources from central reserves shall insure a reasonable financial reserve necessary to protect the University from fluctuations in overall revenues and to provide funds for unforeseen financial needs. The administration shall submit a fiscal year 1996 central reserves operating budget to the Board of Regents consistent with a long term plan to restore central reserves to an acceptable level. The plan shall include a redefinition of central reserves to more clearly define the role, purpose and use of central reserves within the overall financial framework of the University. The plan shall include the removal of recurring expenditures from central reserves consistent with the long term plan.

6. The allocation of resources from indirect cost recovery funds shall continue the process of aligning indirect cost recovery revenue with the expenses for which indirect costs are paid by allocating a greater share of the indirect cost recovery revenue to the units performing research and to facilities management for the maintenance and operation of research laboratories.

7. The fiscal year 1996 operating budget plan submitted to the Board of Regents shall include implementation of the 5th and final year of the 1991 restructuring and reallocation plan.

BE IT FURTHER RESOLVED, that the University engage in a contingent financial planning process in order to effectively respond to the potential financial dilemma of a lower than projected state of Minnesota contribution to the financial partnership.

BE IT FURTHER RESOLVED, that the fiscal year 1996 operating budget presented to the Board of Regents for review in May 1995 and final approval in June 1995 will include revenue and expenditure budgets for all current, non-sponsored funds for each resource responsibility center and compiled according to the current organizational structure of the University.

In response to Regent Hogan, Regent Keffeler asked the administration to look at multi-year forecasting, build it into a request, and present suggestions to the Board. Senior Vice President Erickson stated the administration has contemplated going to two years immediately and possibly moving to three years.

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

Keffeler stated it would be helpful to know how the Board can engage most effectively on the budget that will be presented in May and June so the time necessary for budget consideration can be anticipated. She asked for the timetable and recommendations on how the Board can get a better view of consequences at the level of academic programming. President Hasselmo suggested the unit strategic plans would provide a context for reporting to the Board on academic programming.

STATE CAPITAL BUDGET REQUEST (EMERGENCY ONLY)

President Hasselmo presented the proposed State Capital Emergency Budget Request for approval.

Year 1994-95

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

January 30, 1995

A meeting of the Board of Regents of the University of Minnesota was held on Monday, January 30, 1995, at 2:30 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Wendell Anderson, Julie Bleyhl, Jean Keffeler, Hyon Kim, H. Bryan Neel III, Mary Page, Thomas Reagan, Darrin Rosha, and Stanley Sahlstrom. Regents William Hogan II and William Peterson participated in the meeting via telephone. President Nils Hasselmo presiding.

Staff present: Senior Vice Presidents Robert Erickson and Ettore Infante; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; Associate Vice President Susan Markham; University Attorneys Greg Brown and Lorie Gildea; and Associate to the President Bognanno.

Others present: James Payne, from the law firm Popham Haik; Peter Grills and David Crawford, from the law firm O'Neill Burke.

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

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents be held on Monday, January 30, 1995, at 2:30 p.m. in the Regents' Room, 238 Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 2:31 p.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary

REPORT OF THE AUDIT COMMITTEE
January 12, 1995

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

- a) Approval of a resolution relating to the status of the Urology audit, as follows:

RESOLVED, that if there is resistance to settling the issue of releasing appropriate information regarding the Urology audit, the General Counsel will consult with the Regents' Audit Committee at the earliest possible time before pursuing litigation in accord with discussion in the Audit Committee on November 8, 1993 and reported to the Board on November 10, 1993.


- b) Approval of the Director of Audits' Quarterly Report as presented to the committee and contained in the docket materials.

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

Hogan reported that the committee also engaged in a discussion relating to management reform at the University, and reviewed a report on the conduct of sponsored research and proposed actions. Hogan commented that it is difficult to convey the information relating to sponsored research in the limited time available for the committee report, indicating that he hoped there would be opportunity in the future for the entire Board to be briefed on the issue.

Regent Keffeler stated that there is concern regarding items that are presented at the committee level and those that should come before the Committee of the Whole. It is an issue that was cited in the Board Assessment Report and one that needs to be addressed by the Board. In the meantime, Board members should turn their attention privately and individually to items that Board members have indicated warrant attention by the entire body.

The meeting adjourned at 5:25 p.m.


STEVEN BOSACKER
Executive Director &
Corporate Secretary

Rosha reported that the committee also reviewed a proposed Regents' Policy on Delegation of Authority -- Real Estate Transactions.

**REPORT OF THE
FINANCIAL OPERATIONS & LEGISLATIVE COMMITTEE**

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

- a) Approval of the Senior Vice President's Monthly Financial Operations and Legislative Report as presented in the docket material and filed in the Regents' Office.
- b) Approval of a resolution regarding 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 purchase/contracts over \$250,000 to the following:

- Extrel FTMS for a Fourier Transform Ion Cyclotron Resonance Mass Spectrometer for \$529,650 for the Chemistry Department.

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

Page reported that the committee engaged in a discussion relating to questions raised in the Regents' October 1994 resolution on the Asset and Debt Management Advisory Committee/Board of Regents relationship. In addition, the committee received a status report on legislative activities.

**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 recommendation of the Educational Planning and Policy Committee.

Sahlstrom reported the committee also reviewed proposed amendments to the Regents' Policy on Tuition and reviewed the status of the evolution of Continuing Education & Extension to University College.

**REPORT OF THE AUDIT COMMITTEE
December 9, 1994**

Regent Hogan, Chair of the committee, reported that the committee met December 9, 1994. The committee reviewed the Department of Audits CUFS Review and reviewed the External Auditor's Report to Management. No action items were presented at that meeting.

Regent Keffeler commented that one member of the committee reserved judgment on whether the kind of committee structure frequently found in the University's grievance procedures is necessary to preserve the academic and intellectual vitality of the University.

Hogan reported that the committee also reviewed a five-year status report on minority faculty and academic administrators.

REPORT OF THE FACILITIES COMMITTEE

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

- a) Approval of the Senior Vice President's Monthly Facilities Report as presented to the committee and contained in the docket material.
- b) Approval of a resolution relating to amendments to the FY95 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY95 Capital Budget is hereby amended to incorporate the following projects:

- A. Primary Electrical System Repair & Replacement
Scope/Budget Increase, Twin Cities Campus
Original estimated cost of the project: \$1,235,000
Increase in budget: \$765,000
Total estimated cost: \$2,000,000
Funding: Facilities Management Primary Electric Infrastructure Account
Estimated completion date: October 1996
 - B. Centennial Hall Fire Alarm System Replacement
Scope/Budget Increase, Twin Cities Campus
Original estimated cost of the project: \$300,000
Increase in budget: \$310,000
Total estimated cost: \$610,000
Funding: Housing Services, Twin Cities Campus
Estimated completion date: September 1995
 - C. Sanford Hall Lobby & ADA Upgrade Renovation
Scope/Budget Increase, Twin Cities Campus
Original estimated cost of the project: \$89,000
Increase in budget: \$81,000
Total estimated cost: \$170,000
Estimated completion date: June 1995
- c) Approval of a resolution relating to the Quarterly Report on the FY95 Capital Budget as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the Board of Regents approves the second Quarterly Report on the FY95 Capital Budget as presented in the docket material.

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

occurred. A response to the complaint must be filed within 15 working days.

2. Deans and Vice Presidents must act upon the recommendations of the Committees within 30 calendar days. Appeals must be filed within 15 working days.
 3. Timelines may be adjusted if there are compelling reasons for delay offered by any of the parties.
- c) Approval of a resolution relating to the Legislative Report on Athletic Coaching Salaries, as follows:

WHEREAS, the Minnesota Legislature has requested the Board of Regents to report by January 15, 1995, on its policies and practices to comply with Title VII, Title IX, and the Equal Pay Act as they relate to coaches of men's and women's salaries; and

WHEREAS, the Board respects the interest of the Legislature and is committed to providing fair and equitable salaries for all University athletic coaches; and

WHEREAS, the University administration, with the assistance of a special Subcommittee on Compensation, has developed a report that responds to the express questions posed by the Legislature's request and that also addresses broader issues of coaching salaries; and

WHEREAS, the report includes a review and affirmation of the University's compliance with federal laws in terms of coaching salaries; and

WHEREAS, the report also contains recommendations by the Subcommittee on Compensation that would revise salary principles and structures for University coaches; and

WHEREAS, the Subcommittee has recommended further refinement and consultation of its proposals prior to implementation;

NOW THEREFORE BE IT RESOLVED, that the Board of Regents directs the University President:

- To forward the attached report, including the recommendations of the Subcommittee on Compensation, to the Minnesota Legislature.

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

It was noted that some concerns about the Student Academic Grievance Policy were raised at the committee meeting relating to the addition of another committee structure contained in the policy. President Hasselmo said the issue relates to the challenges of moving the University toward a more effective management structure while preserving the intellectual academic community resulting in choices between a traditional management model or the consultative model of the academic community.

achieved, the Grievance Officer shall obtain a written answer from the respondent(s) and refer the matter to a hearing panel of the Academic Grievance Committee.

6. Hearing panels will be chaired by a faculty member and will have a minimum of three and, if determined necessary by the College Grievance Officer, a maximum of five members. On a panel of three, one will be a student. If membership exceeds three, it may include more than one student. In the case of a graduate/professional school complaint, the student member(s) will be a graduate/professional school student(s). In the case of an undergraduate complaint, the student member(s) will be an undergraduate(s).
7. Hearing panels will review the evidence and hold hearings as necessary. The panel will not substitute its judgment for that of those most closely acquainted with the field, but will base its recommendations on whether a rule, policy, or established practice was violated. The panel will prepare a written report recommending a resolution of the matter and will send the report to the parties and to the Dean of the collegiate unit for review and action. If the Dean does not accept the recommendation, the dean will provide a written explanation of any non-concurrence.
8. If any of the parties are not satisfied with the Dean's resolution of the grievance, they may appeal to the University Academic Grievance Committee. Based on the written appeal and response, this Committee will determine whether there are sufficient grounds to hold an appeal hearing. The University Academic Grievance Committee will not hear a case *de novo*, but rather will determine whether the parties have been afforded due process. The University Academic Grievance Committee will report its recommendation to the appropriate Vice President, Provost, or Chancellor for review and action. If the recommendation is not accepted, the Vice President, Provost, or Chancellor will provide a written explanation of any non-concurrence.
9. The decision of the appropriate Vice President, Provost, or Chancellor is final and cannot be appealed.

D. Timeliness

1. All complaints must be filed within 30 calendar days after the incident being grieved

solved informally, the complainant may move the case to the FORMAL level.

2. Grievances involving an instructor's judgment in assigning a grade based on academic performance may be resolved only through the INFORMAL RESOLUTION procedures.

C. Formal Resolution

1. Each collegiate unit and the Office of Student Affairs will have an Academic Grievance Officer and an Academic Grievance Committee. Members will be drawn from faculty, students, and academic staff, as provided by the committee structure of that unit. The Academic Grievance Officer of each collegiate unit will be a faculty member who holds no other administrative appointment. In the case of Student Affairs or other involved units without an established faculty, the Grievance Officer will be a member of that staff, with academic staff members drawn from the unit's professional staff and with students and faculty drawn from throughout the University.
2. There also will be a University Academic Grievance Committee and a University Academic Grievance Officer for grievances arising from the actions of College Deans or the Vice Presidents/Chancellors of Student Affairs. The University Academic Grievance Officer will serve as Grievance Officer for these matters. The University Academic Grievance Officer and the University Academic Grievance Committee will be appointed by the President in consultation with the appropriate appointing agencies and will be drawn from faculty, students, and academic staff.
3. A complaint must be submitted in writing to the appropriate College Grievance Officer, identifying the student grievant, the respondent individual(s) involved, the incident, the rule/policy/established practice claimed to be violated, and a brief statement of the redress sought.
4. The grievance should be filed in the collegiate unit in which the incident is alleged to have occurred, which may not necessarily be the student's own college. For graduate students, the appropriate unit is the Graduate School.
5. The College Academic Grievance Officer will meet with the student and individual(s) involved to determine whether a satisfactory resolution can be reached. If this cannot be

- b) Adoption of the proposed Regents' Policy on Student Academic Grievance, as follows:

Student Academic Grievance Policy

A. Scope and Purpose

1. This policy addresses academic grievances only. Academic grievances are complaints brought by students regarding the University's provision of education and academic services affecting their role as students. Academic grievances must be based on a claimed violation of a University rule, policy, or established practice. This policy does not limit the University's right to change rules, policies or practices.
2. This policy does not apply to conflicts connected with student employment or actions taken under the Student Conduct Code. Also, complaints alleging violation of the University's policies of sexual harassment and academic misconduct are not grievances under this policy. Such claims shall be referred to the appropriate office for investigation and review. Any complaint alleging discrimination in the University/student relationship, other than sexual harassment, may be filed either under this policy or with the Office of Equal Opportunity and Affirmative Action, but not both.
3. Students enrolled at any campus of the University of Minnesota may file academic grievances under this policy.
4. It is the goal of this policy to provide a simple and expeditious process, allowing for both informal and formal resolutions of conflicts. Resolutions may include student reinstatement or other corrective action for the benefit of the student, but may not award monetary compensation or take disciplinary action against any employee of the University.

B. Informal Resolution

1. The first step of any resolution should be at the lowest unit level, between the parties involved or the parties and an appropriate administrator. Students may wish to consult the Student Dispute Resolution Center or similar support services for advice and possible mediation. If no informal resolution can be found at the lowest unit level, informal resolution may be sought at the collegiate level with the parties and higher level administrators. If the issue cannot be re-

For individuals with appointments of less than 100%, the lump sum payment will be based on the corresponding proportion of the 100% appointment base salary.

For physician faculty, current annual base salary is the base salary, exclusive of administrative augmentation, specified in the University of Minnesota's annual Notice of Appointment for the 1994-95 academic year.

Rule of 75. An employee meets the Rule of 75 if his/her age (in full years) plus total years of service (excluding partial years) equals or exceeds 75.

Years of Service. One year of service is credited on each anniversary date of the most recent date of employment with the University of Minnesota provided that the employee was in a continuous academic appointment of at least 75%, on at least a 9-month basis, during that year of employment. **Total years of service** will be the total of all years of service credited from the most recent date of employment through June 30, 1995.

For purposes of eligibility, unpaid leaves of absence will count toward the Total Years of Service provided that the appointment was at least 75% during the leave.

For purposes of determining the cash payment in B. 1, any months or years of an unpaid leave of absence will be subtracted from the total years of service resulting in the net years of Service for that individual. Any remaining partial year of service will not be included in net years of service. The cash payment will be based on the resulting **net years of service** (up to a maximum of twenty years).

Last Day of Regular Employment is the last day of employment at the University as a tenured faculty member or continuous appointment academic professional.

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

Keffeler reported that the committee recognized retiring Dean Patrick Borich and Vice President Anne Hopkins who is leaving the University of Minnesota to assume a position at Miami University of Ohio.

The committee also reviewed the Annual Financial Report and delayed its discussion of the Annual Report on the Status of the University's Research until the February meeting.

REPORT OF THE FACULTY, STAFF, AND STUDENT AFFAIRS COMMITTEE

Regent Hogan, for Chair Neel, 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.

may be continued for two years following their last day of regular employment;

- b) *For employees who are not eligible for Medicare on their last day of regular employment and do not meet the Rule of 75 on June 30, 1995:* Medical and dental coverage may be continued for a minimum of two years. After these two years, coverage may be continued through the fifth year following the employee's last day of regular employment or until the employee becomes eligible for Medicare, whichever occurs first.
- c) *For employees who are not eligible for Medicare on their last day of regular employment and who meet the Rule of 75 on June 30, 1995:* Medical and dental coverage may be continued until the employee becomes eligible for Medicare or for two years, whichever is longer.

The University's contribution towards this coverage will end on the earlier of the following: (i) the date the coverage under this Agreement ends; or (ii) the last day of the month in which the employee becomes eligible for coverage under a group medical and/or dental plan subsidized by another employer.

In the event that an employee dies while covered under this Agreement, dependent medical and dental coverage will be continued with the University contribution under the same terms as if the employee had lived.

- 7. Faculty Group Disability Insurance can only be continued at the \$200 monthly coverage level at the employee's expense, subject to the provisions of the group policy.
- 8. All benefits except those specified in Items B. 6 & B. 7 above will cease upon the employee's last day of regular employment.
- 9. Employees are encouraged to use accrued vacation prior to their last day of regular employment but payment for unused vacation days will be made if the proper documentation is provided.

Definition of Terms

Current Annual Base Salary is the base salary in effect for the 1994-95 academic year. Base salary does not include augmentations, summer appointments, or any compensation not eligible for determining University of Minnesota retirement benefits (see A. 7 for calculation of current annual base salaries for administrators).

B. Benefits of the Enhanced Terminal Agreement option

1. The Enhanced Terminal Agreement option provides a cash payment based on net years of service up to a maximum of two times current annual base salary. A participant with ten net years of service at the University of Minnesota will receive the equivalent of one year's annual base salary. For each additional year of service up to 19 years, 10% of current annual base salary will be added. A participant with 20 or more net years of service will be paid the equivalent of two times current annual base salary.

This payment will not be eligible for a Faculty Retirement Plan contribution. An amount equivalent to that contribution (13% of the cash payment) will be added to the cash payment.

Regardless of level of salary or years of service, no individual will receive a payment of more than \$175,000 under this section.

2. Termination from University employment becomes effective on the last day of regular employment. The termination date must be no later than June 30, 1995.
3. The cash payment(s) in B. 1 will be made shortly after the last day of regular employment. Termination of employment and submission of the signed release statement must precede any payment under this agreement.
4. Optional Retirement Plan contributions are subject to limitations under Sections 403(b) and 415 of the Internal Revenue code, which take into account actual taxable salary and all retirement contributions. The individual should consult with an employee benefits counsellor before making an Optional Retirement Plan election for the last year of employment if he or she wants the cash payment to be considered in determining the contribution for that year.
5. FICA (Social Security plus Medicare) will be withheld from the payments described in B.1 (up to the annual maximum).
6. University-sponsored medical and dental coverage for which the employee was eligible on February 1, 1995, may be continued for the following periods provided that the employee makes any required employee contribution on a timely basis and that these plans continue to be offered to regular benefits-eligible employees of the University:
 - a) *For employees who are eligible for Medicare on their Last Day of Regular Employment:* Medical and dental coverage

activities and may be re-employed with the University on a special contract basis after the last day of regular employment.

7. Academic administrators who hold tenured faculty or continuous appointment academic professional positions are eligible for these enhanced options, assuming they meet all of the other eligibility requirements set forth in this document. Their base salary, for purposes of calculation of the lump sum payment, must reflect (1) a faculty/academic professional rate appropriate to their discipline and (2) a term of appointment (i.e., 9 month or 12 month) consistent with that of other faculty or academic professionals in their home unit.
8. The individual has access to his/her University of Minnesota retirement plan accounts after the last day of regular employment. In addition to regular federal and state taxes, a 10% penalty may be assessed by the Internal Revenue Service if the distribution is made prior to age 55. It is advisable to consult a tax advisor regarding the tax consequences of any distributions from the retirement plans.
9. In the event that the employee becomes eligible for group medical and/or dental coverage subsidized by another employer while receiving benefits under this Agreement, the employee must notify Employee Benefits within 31 days. University contributions to medical and dental coverage will end under the conditions in B. 6 below.
10. For Social Security purposes, the payments received under the Enhanced Terminal Agreement would be considered wages and subject to FICA withholding.
11. The Enhanced Terminal Agreement must be described in writing and signed by the faculty member or academic professional, and the appropriate department/division chair/head, dean, chancellor, provost or vice president, and the senior vice president for academic affairs (or designee).
12. This Enhanced Terminal Agreement does not replace the employee's benefit continuation rights under the Consolidated Omnibus Budget Reconciliation Act (COBRA).
13. The individual must sign the special Release Statement on the last day of regular employment and forward it to Employee Benefits. (Release statements signed prior to this date will not be accepted).

A. Stipulations which apply to the Enhanced Terminal Agreements

1. This option is available only to eligible tenured faculty members and academic professionals with continuous appointment who meet all of the following criteria. They:
 - (a) are in colleges/campuses/units where deans, in concurrence with the appropriate provost, chancellor and/or vice president, have agreed to make available this option for a specified number of individuals;
 - (b) will be at least 52 years of age by May 31, 1995;
 - (c) have held an academic appointment of at least 75% on a nine month or greater basis at the University of Minnesota for the last ten consecutive years;
 - (d) enter into this Agreement between February 1, 1995 and May 31, 1995; and
 - (e) resign and give up tenure no later than June 30, 1995.
2. Total years of service (including partial years) at the University of Minnesota in a continuous academic appointment of at least 75% will serve as the initial criterion to determine which eligible individuals will be chosen when there are more individuals interested than can be funded under this option, as specified in advance by the college/campus/unit. In the event that several individuals have the same total years of service, priority will be given to the individual(s) with the greatest net total years of service. In the event that several individuals have the same net years of service, priority will be given to the individual(s) with the greatest net years of service in their current department.
3. The individual must voluntarily terminate his/her employment and give up tenure/continuous appointment prior to receiving any benefit under this Agreement. The last day of regular employment must be no later than June 30, 1995.
4. The salary payment will be made only as specified in B. 1 below.
5. This plan may not be combined with a Terminal Leave Agreement, a Terminal Agreement, a Phased Retirement Agreement, or an Enhanced Phased Retirement Agreement.
6. The faculty member or academic professional may pursue Continuing Education and Extension (CEE)

proposed are enhancements to both of these existing policies which, if approved, would be available for a limited window of opportunity period, from February 1, 1995 to May 31, 1995. (Note that certain terms used within this document are defined at the end of the document.)

The **Enhanced Terminal Agreement option** is a voluntary opportunity, available only for a limited period of time, to eligible tenured faculty members (excluding UEA members at UMD) and academic professionals with continuous appointment to assist with the reshaping and focusing of units to better achieve U 2000 goals and objectives. Permission to offer this option to an individual is contingent upon the approval of the unit's implementation plan by the appropriate chancellor, provost, vice president, and by the senior vice president for academic affairs. This option is not an entitlement for any individual.

The Enhanced Terminal Agreement option allows eligible individuals to terminate their tenured/continuous appointment employment with the University by June 30, 1995 in exchange for receiving a lump sum cash payment (determined by years of service) and specified health care coverage as described below. Deans, with the concurrence and permission of their appropriate provost, vice president or chancellor, will specify the maximum number of such agreements they agree to fund within their units. They may choose to identify certain departments or units where reshaping or downsizing is to occur and only faculty/academic professionals from those units would be eligible. Alternatively, a dean or campus administrator may decide that individuals from any of their departments/divisions are eligible if the unit as a whole will be engaged in more generalized reshaping or downsizing. They may also, at their discretion, choose not to use the Enhanced Terminal Agreement option within their respective units. The University has established that a maximum of 100 Enhanced Terminal Agreements will be approved. The senior vice president for academic affairs will inform chancellors, provosts, and vice presidents if the maximum number of requests from their unit for the use of this option is approved or may need to be adjusted so as to stay within the target of 100 agreements.

It must be demonstrated in a cover letter that the use of the Enhanced Terminal Agreement option is in the best interest of the University, that is, it will encourage more rapid progress toward achieving the strategic goals and objectives of both the individual unit and the University as a whole.

Any agreement must be in writing and signed by the faculty member or academic professional, the appropriate department/division chair/head, dean, provost, chancellor and/or vice president, and the senior vice president for academic affairs (or designee) before the terms become binding. An agreement may be changed only by mutual consent of the parties. Any amendment to the original agreement must comply with the policy, must be in writing, must be signed by the parties, and is not effective until signed by the senior vice president for academic affairs (or designee).

University contribution under the same terms as if the employee had lived.

5. Faculty Group Disability Insurance will be continued during the Enhanced Phased Retirement Agreement period but, in the event of certification of disability, payments may not exceed the level of the phased retirement actual salary.
6. The Faculty Group Term Life Insurance will be continued during the Enhanced Phased Retirement Agreement period.
7. For individuals in 12-month appointments, vacation will be accrued while the appointment is 67% or greater. Employees are encouraged to use vacation prior to reducing their appointment below 67%. Payment for unused vacation days accrued within the 12 months immediately preceding the last day of employment will be paid following that date provided that proper documentation is provided. Accumulated vacation is lost if it not used within 12 months of the date on which it was accrued.
8. All employee benefits offered under this agreement will cease on the last day of employment.

Definition of Terms

Last Day of Regular Employment is the last day of the employee's unreduced appointment preceding commencement of the phased retirement.

Last Day of Employment is the last day of the phased retirement period.

Rule of 75. An employee meets the Rule of 75 if his/her age (in full years) plus total years of service (excluding partial years) equals or exceeds 75.

Years of Service. One year of service is credited on each anniversary date of the most recent date of employment with the University of Minnesota provided that the employee was in a continuous academic appointment of at least 75%, on at least a 9-month basis, during that year of employment. Total years of service will be the total of all years of service credited from the most recent date of employment through June 30, 1995.

For purposes of eligibility, unpaid leaves of absence will count toward the total years of service provided that the appointment was at least 75% during the leave.

ENHANCED TERMINAL AGREEMENT OPTION

It is proposed that the two existing Regents' policies addressing early retirement, the Phased Retirement policy and the Terminal Leave/Early Retirement policy, remain in effect until April 30, 1995. Revisions to these on-going policies are proposed and, if approved, would go into effect on May 1, 1995. In addition,

415 of the Internal Revenue Code, which take into account actual taxable salary and all retirement contributions. In some cases, these employee contributions may need to be discontinued or reduced.

3. FICA (Social Security plus Medicare) withholding is based on actual earnings.
4. University-sponsored medical, dental, and life insurance coverage for which the employee was eligible immediately prior to the Enhanced Phased Retirement Agreement period may be continued throughout the Enhanced Phased Retirement and for the following periods provided that the employee makes any required employee contribution on a timely basis and that these plans continue to be offered to regular benefits-eligible employees of the University:

- a) *For employees who are eligible for Medicare on their last day of employment:*

Medical and dental coverage may be continued for two years following their last day of employment;

- b) *For employees who are not eligible for Medicare on their last day of employment and do not meet the Rule of 75 on June 30, 1995:*

Medical and dental coverage may be continued for a minimum of two years. After these two years, coverage may be continued through the fifth year following the employee's last day of employment or until the employee becomes eligible for Medicare, whichever occurs first;

- c) *For employees who are not eligible for Medicare on their last day of employment and who meet the Rule of 75 on June 30, 1995:*

Medical and dental coverage may be continued until the employee becomes eligible for Medicare or for two years, whichever is longer.

The University's contribution towards this coverage will end on the earlier of the following: (i) the date the coverage under this Agreement ends; or (ii) the last day of the month in which the employee becomes eligible for coverage under a group medical and/or dental plan subsidized by another employer.

In the event that an employee dies while covered under this agreement, dependent medical and dental coverage will be continued with the

4. This option may not be combined with a Terminal Leave, a Terminal Agreement or an Enhanced Terminal Agreement.
5. The individual may make one withdrawal from the Faculty Retirement Plan each calendar year during the period of phased retirement. The maximum amount available each year is 10% of the Faculty Retirement account balance determined on the first day of the month in which the withdrawal occurs. This withdrawal can only be made from funds in the pre-1989 403(b) portion of the account. In addition to regular federal and state taxes, a 10% penalty may be assessed by the Internal Revenue Service if the withdrawal is made prior to age 59-1/2.

If an individual has an Optional Retirement Plan, and is over the age of 59-1/2, there are no restrictions on withdrawing monies from this plan. (NOTE: Investment companies may have their own restrictions on withdrawals. Please direct questions to the Employee Benefits office.)

The individual has access to his/her retirement plan accounts upon separation from the University and should consult a tax advisor regarding the tax consequences of any distributions.

6. The Enhanced Phased Retirement Agreement must be described in writing and signed by the faculty member or academic professional, the Appropriate Administrator(s), and the senior vice president for academic affairs (or designee).
7. This agreement does not replace the employee's benefit continuation rights under the Consolidated Omnibus Budget Reconciliation Act (COBRA).
8. The individual must sign the special release statement on the last day of employment and forward it to Employee Benefits. (Release statements signed prior to this date will not be accepted.)

B. Benefits of the Enhanced Phased Retirement Agreement option

1. Contributions to the faculty member or academic professional's Faculty Retirement Plan will be based on the unreduced salary subject to the application of Section 415 of the Internal Revenue Code. Any contributions exceeding the limits under Section 415 of the Internal Revenue Code cannot be paid into the plan, but instead will be paid directly to the employee as cash and will be subject to federal and state income tax.
2. Optional Retirement Plan contributions are also subject to limitations under Sections 403(b) and

The Enhanced Phased Retirement Agreement option allows the participant to phase out their employment with the University over a period of up to five years. During each year of the agreement, the participant will be placed on an unpaid leave of absence of no greater than 75% and no less than 25%. Formal retirement occurs at the end of the period of the phased-down employment specified in each agreement. This limited, special option offers more prolonged health care coverage than the ongoing phased retirement option.

It must be demonstrated in a cover letter that the use of the Enhanced Phased Retirement Agreement option is in the best interest of the University, that is, it will encourage more rapid progress toward achieving the strategic goals and objectives of both the individual unit and the University as a whole.

Any agreement must be in writing and signed by the faculty member or academic professional and the appropriate department/division chair/head, dean, provost, chancellor and/or vice president, and the senior vice president for academic affairs (or designee) before the terms become binding. An agreement may be changed only by mutual consent of the parties. Any amendment to the original agreement must comply with the policy, must be in writing, must be signed by the parties, and is not effective until signed by the senior vice president for academic affairs (or designee).

A. Stipulations which apply to the Enhanced Phased Retirement Agreement option

1. This option is available only to tenured faculty members and academic professionals who meet all of the following criteria: They
 - (a) will be at least 52 years of age by May 31, 1995;
 - (b) hold an academic appointment of at least 75% on a nine-month or greater basis;
 - (c) enter into the Enhanced Phased Retirement Agreement between February 1, 1995 and May 31, 1995, inclusive; and
 - (d) commence their Enhanced Phased Retirement Agreement on the first day of the 1995-1996 academic year.
2. Any agreement must include the proviso that the faculty member or academic professional terminates employment and gives up tenure/continuous appointment no later than five years after the commencement of the phased retirement. The last day of employment must be specified.
3. Based on an annual 100% appointment term, the leave without salary must be for at least 25% and not more than 75% time.

8. All employee benefits except those specified in B. 5 and 6 above will cease on the last day of regular employment.

Definition of Terms

Current Annual Base Salary is the base salary in effect for the 1994-95 academic year. Base salary does not include augmentations, summer appointments, or any compensation not eligible for determining University of Minnesota retirement benefits (see A. 4 for calculation of current annual base salaries for administrators).

For individuals with appointments of less than 100%, the lump sum payment will be based on the corresponding proportion of the 100% appointment base salary.

For physician faculty, current annual base salary is the base salary, exclusive of administrative augmentation, specified in the University of Minnesota's annual Notice of Appointment for the 1994-95 academic year.

Years of Service. One Year of Service is credited on each anniversary date of the most recent date of employment with the University of Minnesota provided that the employee was in a continuous academic appointment of at least 75%, on at least a 9-month basis, during that year of employment. For purposes of eligibility, unpaid leaves of absence will count toward the total years of service provided that the appointment was at least 75% during the leave.

Last Day of Regular Employment is the last day of work as a tenured faculty member or continuous appointment academic professional.

- c) Approval of enhancements to the University's phased retirement agreement and terminal agreement options, as follows:

ENHANCED PHASED RETIREMENT AGREEMENT OPTION

It is proposed that the two existing Regents' policies addressing early retirement, the Phased Retirement policy and the Terminal Leave/Early Retirement policy, remain in effect until April 30, 1995. Revisions to these on-going policies are proposed and, if approved, would go into effect on May 1, 1995. In addition, proposed are enhancements to both of these existing policies which, if approved, would be available for a limited window of opportunity period, from February 1, 1995 to May 31, 1995. (Note that certain terms used within this document are defined at the end of the document.)

The **Enhanced Phased Retirement Agreement option** is a voluntary opportunity, available only for a limited period of time, to tenured faculty members (excluding UEA members at UMD) and academic professionals with continuous appointment to assist with the reshaping and focusing of units to better achieve U 2000 goals and objectives. Permission to offer this option to an individual must be obtained from the appropriate department/division chair/head, dean, provost, chancellor and/or vice president, and senior vice president for academic affairs (or designee). This option is not an entitlement for any individual.

member/academic professional and the appropriate division/department chair/head, dean, provost, vice president or chancellor and the Senior Vice President for Academic Affairs (or designee).

2. Payment will be made in a lump sum shortly after the last day of regular employment. Termination of employment and submission of the signed release must precede any payment under this agreement.
3. Optional Retirement Plan contributions are subject to limitations under Sections 403(b) and 415 of the Internal Revenue Code, which take into account actual taxable salary and all retirement contributions. The individual should consult with an employee benefits counsellor before making an Optional Retirement Plan election for the last year of employment if he or she wants the cash payment to be considered in determining the contribution for that year.
4. FICA (Social Security plus Medicare) will be withheld from the total payment in B.1 (up to the annual maximum).
5. University-sponsored medical and dental coverage for which the employee was eligible on entering into this Agreement may be continued for two years following their last day of regular employment provided that the employee makes any required employee contribution on a timely basis and that these plans continue to be offered to regular benefits-eligible employees of the University.

The University's contribution towards this coverage will end on the earlier of the following: (i) the date the coverage under this Agreement ends or (ii) the last day of the month in which the employee becomes eligible for coverage under a group medical and/or dental plan subsidized by another employer.

In the event that an employee dies while covered under this agreement, dependent medical and dental coverage will be continued with the University contribution under the same terms as if the employee had lived.

6. Faculty Group Disability Insurance can only be continued at the \$200 monthly coverage level at the employee's expense, subject to the provisions of the group policy.
7. Employees are encouraged to use vacation prior to their last day of regular employment but payment for unused vacation days will be made provided that proper documentation is provided.

5. This plan may not be combined with a Phased Retirement.
6. The faculty member or academic professional may continue Continuing Education and Extension (CEE) activities and may be re-employed with the University on a special contract.
7. The individual has access to his/her retirement plan accounts upon separation from the University.

In addition to regular federal and state taxes, a 10% penalty may be assessed by the Internal Revenue Service if the distribution is made prior to age 55. It is advisable to consult a tax advisor regarding the tax consequences of any distributions from the retirement plans.

Investment companies may have their own restrictions on withdrawals. Please direct questions to the Employee Benefits office.

8. In the event that the employee becomes eligible for group medical and/or dental coverage subsidized by another employer while receiving benefits under this agreement, the employee must notify Employee Benefits within 31 days. University contributions to medical and dental coverage will end under the conditions in B. 5.
9. The terminal agreement must be described in writing and signed by the faculty member or academic professional, and the appropriate division/department chair/head, dean, provost, vice president or chancellor, and the senior vice president for academic affairs (or designee).
10. This program does not replace the employee's benefit continuation rights under the Consolidated Omnibus Budget Reconciliation Act (COBRA).
11. The individual must sign the special release statement on the last day of regular employment and forward it to Employee Benefits. (Release statements signed prior to this date will not be accepted.)

B. The benefits offered under the terminal agreement are:

1. The terminal agreement provides a cash payment equal to one year's current annual Base Salary. This cash payment will not be eligible for a Faculty Retirement Plan contribution. An amount equivalent to that contribution (13% of the cash payment) will be added to the cash payment.

Termination from University employment becomes effective on the last day of regular employment. The last day of regular employment must be mutually agreed upon by the faculty

INTRODUCTION

The terminal agreement is a voluntary option available only to tenured faculty members and academic professionals with continuous appointment for the purpose of facilitating change within units.

It must be demonstrated in a cover letter that the use of the terminal agreement option, which is not available to the faculty and academic professional staff in general, is in the best interest of the University, that is, in keeping with specific programmatic goals or other special circumstances.

Any arrangement must be in writing and signed by the faculty member or academic professional, the appropriate division/department chair/head, dean, provost, vice president or chancellor, and the Senior Vice President for Academic Affairs (or designee) before the terms become binding. An agreement may be changed only by mutual consent of the parties. Any amendment to the original agreement must comply with the policy, must be in writing, must be signed by the parties, and is not effective until signed by the senior vice president for academic affairs (or designee).

- A. This terminal agreement contains the following stipulations:
1. Available only to tenured faculty members and academic professionals with continuous appointment who will be at least 52 years of age and who will have held an academic appointment of at least 75% on a 9-month basis at the University of Minnesota for at least ten consecutive years ending on their last day of regular employment.
 2. The individual must resign and give up tenure prior to receiving any benefit under this Agreement. The last day of regular employment must be mutually agreed upon by the faculty member/academic professional, and appropriate division/department chair/head, dean, provost, vice president or chancellor, and the senior vice president for academic affairs (or designee).
 3. The salary payment will be made only as specified in B.1 below.
 4. Academic administrators who hold tenured faculty or continuous appointment academic professional positions are eligible for these enhanced options, assuming they meet all of the other eligibility requirements set forth in this document. Their base salary, for purposes of calculation of the lump sum payment, must reflect (1) a faculty/academic professional rate appropriate to their discipline and (2) a term of appointment (i.e., 9 month or 12 month) consistent with that of other faculty or academic professionals in their tenure/continuous appointment home unit.

University contributions for the above medical, dental, and life insurance coverage will end on the earlier of a) the date on which the coverage under this program ends, or b) the date on which the leave of absence without salary exceeds 50% of a 100% time appointment.

In the event that an employee dies while covered under this agreement, dependent medical and dental coverage will be continued with the University contribution under the same terms as if the employee had lived.

5. Faculty Group Disability Insurance will be continued during the phased retirement period but, in the event of certification of disability, payments may not exceed the level of the phased retirement actual salary.
6. The Faculty Group Term Life Insurance will be continued during the Phased Retirement period.
7. For individuals in 12-month appointments, vacation will be accrued while the appointment is 67% or greater. Employees are encouraged to use vacation prior to reducing their appointment below 67%. Payment for unused vacation days accrued within the 12 months immediately preceding the last day of employment will be paid following that date provided that proper documentation is provided. Accumulated vacation is lost if it not used within 12 months of the date on which it was accrued.
8. All employee benefits offered under this agreement will cease on the last day of employment.

Definition of Terms

Last Day of Regular Employment is the last day in their unreduced appointment preceding commencement of the phased retirement.

Last Day of Employment is the last day of the phased retirement period.

TERMINAL AGREEMENT

It is proposed that the two existing Regents' policies addressing early retirement, the Phased Retirement policy and the Terminal Leave/Early Retirement policy, remain in effect until April 30, 1995. Revisions to these on-going policies are proposed and, if approved, would go into effect on May 1, 1995. In addition, proposed are enhancements to both of these existing policies which, if approved, would be available for a limited window of opportunity period, from February 1, 1995 to May 31, 1995. (Note that certain terms used within this document are defined at the end of the document.)

plan. (NOTE: Investment companies may have their own restrictions on withdrawals. Please direct questions to the Employee Benefits office.)

The individual has access to his/her retirement plan accounts upon separation from the University and should consult a tax advisor regarding the tax consequences of any distributions.

6. The phased retirement agreement must be described in writing and signed by the faculty member or academic professional, the appropriate division/department chair/head, dean, chancellor, provost or vice president, and the senior vice president for academic affairs (or designee).
7. This program does not replace the employee's benefit continuation rights under the Consolidated Omnibus Budget Reconciliation Act (COBRA).
8. The individual must sign the special release statement on the last day of regular employment (prior to commencement of the phased retirement) and forward it to Employee Benefits. (Release statements signed prior to this date will not be accepted.)

B. The benefits for phased retirement are:

1. Contributions to the faculty member or academic professional's Faculty Retirement Plan will be based on the unreduced salary subject to the application of section 415 of the Internal Revenue Code. Any contributions exceeding the limits under Section 415 of the Internal Revenue Code cannot be paid into the plan, but instead will be paid directly to the employee as cash and will be subject to federal and state income tax.
2. Optional Retirement Plan contributions are also subject to limitations under Sections 403(b) and 415 of the Internal Revenue Code, which take into account actual taxable salary and all retirement contributions. In some cases, these employee contributions may need to be discontinued or reduced.
3. FICA (Social Security plus Medicare) withholding is based on actual earnings.
4. The employee's University-sponsored medical, dental, and/or life insurance coverage under this program will end on the earliest of the following: a) the date on which the phased retirement ends, b) the last date through which any required employee contributions have been paid, or c) the 31st day following the date on which the employee becomes eligible for other group medical and/or dental coverage.

It must be demonstrated in a cover letter that the use of the phased retirement option, which is not available to the faculty and academic professional staff in general, is in the best interest of the University, that is, in keeping with specific programmatic goals or other special circumstances.

Any arrangement must be in writing and signed by the faculty member or academic professional, the appropriate division/department chair/head, dean, chancellor, provost or vice president, and the senior vice president for academic affairs (or designee) before the terms become binding. An agreement may be changed only by mutual consent of the parties. Any amendment to the original agreement must comply with the policy, must be in writing, must be signed by the parties, and is not effective until signed by the senior vice president for academic affairs (or designee).

A. For this option the following stipulations apply:

1. Available only to tenured faculty members and academic professionals who hold a continuous appointment of at least 75% on a nine-month or greater basis and who will be at least 52 years of age on their last day of regular employment.
2. Any agreement must include the proviso that the faculty member or academic professional terminates employment and gives up tenure/continuous appointment no later than five years after the commencement of the phased retirement. The last day of employment must be specified.
3. Based on an annual 100% appointment term, the leave without salary must be for at least 25% and not more than 75% time. The employer's continuation of contributions to the University-sponsored medical, dental, and life insurance plans is dependent upon maintaining a 50% time salaried appointment. For appointments of 25% to 49% time, this coverage may be continued at the employee's expense.
4. This option may not be combined with a Terminal Agreement.
5. The individual may make one withdrawal from the Faculty Retirement Plan each calendar year during the period of phased retirement. The maximum amount available each year is 10% of the Faculty Retirement account balance determined on the first day of the month in which the withdrawal occurs. This withdrawal can only be made from funds in the pre-1989 403(b) portion of the account. In addition to regular federal and state taxes, a 10% penalty may be assessed by the Internal Revenue Service if the withdrawal is made prior to age 59-1/2.

If an individual has an Optional Retirement Plan, and is over the age of 59-1/2, there are no restrictions on withdrawing monies from this

- a) Approval of a resolution relating to University of Minnesota Health System marketing activity, as follows:

WHEREAS, the University of Minnesota Health System (UMHS) has a statewide mission of patient care, education, and research; and

WHEREAS, UMHS has had a longstanding relationship in serving the health care providers and citizens of Hibbing and the surrounding region; and

WHEREAS, the Board of Directors of Mesabi Regional Medical Center (MRMC) has expressed an interest in affiliating with UMHS; and

WHEREAS, such an affiliation is consistent with the UMHS strategic plan and mission;

THEREFORE, BE IT RESOLVED, that the Board of Regents approves the proposed new relationship between UMHS and MRMC by which the University of Minnesota (through UMHS) shall become the sole member of MRMC (a Minnesota non-profit corporation), as recommended by University administration and UMHS Board of Governors; and

BE IT FURTHER RESOLVED, that the Board of Regents authorizes the appropriate officers to finalize the necessary agreements consistent with the recommended terms of the affiliation.

- b) Adoption of amended Regents' Policy on Phased Retirement and Terminal Leave/Early Retirement, as follows:

**Phased Retirement and Terminal
Leave/Early Retirement**

PHASED RETIREMENT

It is proposed that the two existing Regents' policies addressing early retirement, the Phased Retirement policy and the Terminal Leave/Early Retirement policy, remain in effect until April 30, 1995. Revisions to these on-going policies are proposed and, if approved, would go into effect on May 1, 1995. In addition, proposed are enhancements to both of these existing policies which, if approved, would be available for a limited window of opportunity period, from February 1, 1995 to May 31, 1995. (Note that certain terms used within this document are defined at the end of the document.)

INTRODUCTION

The phased retirement is a voluntary option available only to tenured faculty members and academic professionals with continuous appointment for the purpose of facilitating change within units. Permission to offer this option must be obtained from the senior vice president for academic affairs by the appropriate division/departments chair/head, dean, chancellor, provost or vice president, and the senior vice president for academic affairs.

Keffeler addressed the steam plant issue, indicating she has asked Regent Neel, along with Vice Chair Reagan and herself, to work with the administration to look at various aspects of how to proceed with consideration of the draft Environmental Impact Statement. Keffeler assured Board members that any substantive discussions or decisions will come before the Board directly.

Finally, Keffeler referred to the discussion precipitated by the Report of the Citizens' Assessment Committee of the Board of Regents and the recommendation in the report urging the Board of Regents to develop a stronger strategic focus. In response to that recommendation, she expressed the strong support of the Board for the broad outline set forth in U2000 and the strong concern on behalf of the Board that it is time to move to next stages.

RECEIVE AND FILE REPORTS

President Hasselmo noted the receipt and filing of the following reports: Quarterly Summary of Regents' Policy Review; Annual Report on Eastcliff; Annual Report of the Office of Equal Opportunity and Affirmative Action; Report on Fall Quarter Enrollment; and Annual Report on Academic Personnel Actions.

GIFTS

Associate Vice President Fischer presented the 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 gifts as presented.

REPORT OF THE COMMITTEE OF THE WHOLE

Thursday, January 12, 1995

11:15 a.m.

Regent Keffeler, Chair of the committee, reported that the committee received the final report of the Citizens' Committee for the Assessment of the University of Minnesota Board of Regents, presented by Mr. Douglas Baker and Ms. Susan Boren, co-chairs of the committee.

REPORT OF THE COMMITTEE OF THE WHOLE

Thursday, January 12, 1995

2:00 p.m.

Regent Keffeler, Chair of the committee, reported that the committee received a presentation on Academic Health Center strategies for the Health System. The discussion focused on the evolving Minnesota health care environment and its impact on the Academic Health Center.

REPORT OF THE COMMITTEE OF THE WHOLE

Friday, January 13, 1995

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

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

January 13, 1995

A meeting of the Board of Regents of the University of Minnesota was held on Friday, January 13, 1995 at 12:30 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: William Hogan II, Jean Keffeler, Hyon Kim, Mary Page, William Peterson, Darrin Rosha, and Stanley Sahlstrom. President Nils Hasselmo presiding.

Staff present: Chancellor Sargeant; Senior Vice Presidents Robert Erickson and Ettore Infante; Vice Presidents Mark Brenner and John Imholte; Executive Director Steven Bosacker; Associate Executive Director Kenneth Janzen; and Associate Vice President Gerald Fischer.

APPROVAL OF MINUTES

The Board of Regents voted unanimously to approve the minutes of the following meetings:

Facilities Committee - December 8, 1994
Financial Operations & Legislative Committee - December 8, 1994
Faculty, Staff & Student Affairs Committee - December 8, 1994
Educational Planning & Policy Committee - December 8, 1994
Committee of the Whole - December 8, 1994
Board of Regents - December 8, 1994
Audit Committee - December 9, 1994

REPORT OF THE PRESIDENT

President Hasselmo presented his monthly report, which pertained to an update on the partnership proposal for the University's Biennial Request for 1995-97; budget instructions for the 1995-96 budget; an update on administrative reorganization; management reform; national accreditation; a review of human resources, including compensation; the compensation issue in Women's Athletics; issues on the agenda for the NCAA convention; announcement of retirements and resignations; and an update on current searches.

In addition, Hasselmo indicated he will continue to brief the members of the Board on the pending contract for women's basketball coach, Linda Hill-McDonald.

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

REPORT OF THE CHAIR

Chair Keffeler recognized Regent Mary Page on being the recipient of the "Woman of Distinction Award" for January 1995. The award is sponsored by KARE 11 TV, *Twin Cities Business Monthly* and *Mpls/St. Paul Magazine*.

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

January 13, 1995

A meeting of the Board of Regents of the University of Minnesota was held on Friday, January 13, 1995, at 9:30 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Julie Bleyhl, William Hogan II, Jean Keffeler, Hyon Kim, H. Bryan Neel III, Mary Page, Lawrence Perlman, William Peterson, Thomas Reagan, Darrin Rosha, and Stanley Sahlstrom. President Nils Hasselmo presiding.

Staff present: Senior Vice Presidents Robert Erickson and Ettore Infante; General Counsel Mark Rotenberg; Vice President Mel George; Executive Director Steven Bosacker; University Attorneys William Donohue and Lorie Gildea; Associate to the President Bognanno; University Relations Director Marcia Fluer.

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

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents be held on Friday, January 13, 1995, at 9:30 a.m. in the Regents' Room, 238 Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 9:31 a.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

January 12, 1995

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, January 12, 1995, at 2:30 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Julie Bleyhl, William Hogan II, Jean Keffeler, Hyon Kim, H. Bryan Neel III, Mary Page, Lawrence Periman, Thomas Reagan, Darrin Rosha, and Stanley Sahlstrom. President Nils Hasselmo presiding.

Staff present: Senior Vice Presidents Robert Erickson and Ettore Infante; Provost William Brody; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; Associate Vice President Perlmutter; Acting Dean Chou; University Attorneys Mark Bohnhorst, William Donohue, Keith Dunder; Mark Miller, Tracy Smith, and Julie Sweitzer; Associate to the President Bognanno; University Relations Director Marcia Fluer; and William Brady, University Relations.

Others present from the University of Minnesota Health System: Greg Hart, Michael Dougherty, JoAnne Jackson, and Cliff Fearing.

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

RESOLVED, that on the recommendation of the President and the General Counsel as provided by Minnesota State Statute 144.581, Subd. 5, a non-public meeting of the Board of Regents be held on Thursday, January 12, 1995, at 2:30 p.m. in the Regents' Room, 238 Morrill Hall, for the purpose of discussing University of Minnesota Hospital and Clinic marketing activity.

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents be held following the non-public meeting to discuss University of Minnesota Hospital and Clinic marketing activity on Thursday, January 12, 1995, at 3:15 p.m. in the Regents' Room, 238 Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The Board of Regents voted unanimously to approve the resolutions.

The meeting adjourned at 2:31 p.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary

In addition, Carrier reviewed proposed changes to the ongoing Regents' Policy on Phased Retirement and Terminal Leave/Early Retirement.

A motion was made and seconded to recommend approval of the revised Regents' Policy on Phased Retirement and Terminal Leave/Early Retirement and proposed enhancements to the University's terminal agreement and phased retirement agreement options.

Keffeler asked if the Board is being asked to approve the proposed policy revisions and enhancement options without respect to financial or participation limitations. Carrier stated the administrative recommendation is a maximum of 200 terminal agreement option packages, separate from the UEA component.

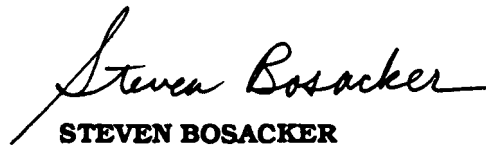
In response to Regent Peterson, Mulvihill stated that employees who participate in the proposed retirement options would also have COBRA (Consolidated Omnibus Budget Reconciliation Act) entitlement, which was just changed as part of the state program.

Carrier agreed with Regent Keffeler's assessment that there is solid legal foundation for offering the enhancements on a selective basis.

Following the discussion, the committee voted unanimously to recommend approval of proposed revisions to the Regents' Policy on Phased Retirement and Terminal Leave/Early Retirement and proposed enhancements to the University's terminal agreement and phased retirement agreement options.

President Hasselmo commended Dr. Carrier and her colleagues for developing the proposed enhancements and policy revisions.

The meeting adjourned at 12:10 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

WHEREAS, the University of Minnesota Health System (UMHS) has a statewide mission of patient care, education, and research; and

WHEREAS, UMHS has had a longstanding relationship in serving the health care providers and citizens of Hibbing and the surrounding region; and

WHEREAS, the Board of Directors of Mesabi Regional Medical Center (MRMC) has expressed an interest in affiliating with UMHS; and

WHEREAS, such an affiliation is consistent with the UMHS strategic plan and mission;

THEREFORE, BE IT RESOLVED, that the Board of Regents approves the proposed new relationship between UMHS and MRMC by which the University of Minnesota (through UMHS) shall become the sole member of MRMC (a Minnesota non-profit corporation), as recommended by University administration and UMHS Board of Governors; and

BE IT FURTHER RESOLVED, that the Board of Regents authorizes the appropriate officers to finalize the necessary agreements consistent with the recommended terms of the affiliation.

Regent Keffeler asked Provost Brody to convey to the employees of the Mesabi Regional Medical Center and the people of the region how much the University is looking forward to working with them.

REGENTS' POLICY ON PHASED RETIREMENT AND TERMINAL LEAVE/EARLY RETIREMENT

Regent Keffeler stated that the proposed revisions to the Regents' Policy on Phased Retirement and Terminal Leave/Early Retirement and proposed enhancements to the University's terminal agreement and phased retirement agreement options are being discussed at the Committee of the Whole meeting so all Regents understand the nature and importance of what is being recommended.

Associate Vice President Carrier reviewed proposed enhancements to the University's terminal agreement and phased retirement agreement options. Enhanced retirement options are needed to increase flexibility, affect modest attrition, decrease hiring, and reshape, refocus, and downsize the institution. The University Education Association (UEA) faculty from the University of Minnesota, Duluth (UMD) are not included.

Carrier reported that general features of the enrichments include: a) availability from February 1, 1995 through May 31, 1995; b) deans and administrators with budget control will have decision-making authority; c) use of enrichments must serve the best interest of the unit and the University as a whole; d) the options are voluntary; and e) length of service will be used as a criterion if eligibility and demand exceeds the packages available.

Diane Mulvihill, Director of the Employee Benefits Department, reviewed comparisons with other organizations and institutions. Carrier discussed an analysis of cost and savings projections based on 100 packages at \$65,000 salary and assumptions on which the analysis was based. The administration is recommending a maximum of 200 terminal agreement option packages because of increased interest on the part of deans and administrators.

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

January 13, 1995

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, January 13, 1995, at 12:00 Noon in the Regents' Room, 238 Morrill Hall.

Regents present: Jean Keffeler, presiding; Julie Bleyhl, William Hogan II, Hyon Kim, Mary Page, William Peterson, Darrin Roshia, and Stanley Sahlstrom.

Staff present: President Nils Hasselmo; Chancellors David Johnson and Donald Sargeant; Senior Vice Presidents Robert Erickson and Ettore Infante; Provost William Brody; Vice Presidents Mark Brenner, Mel George, and John Imholte; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; Associate Executive Director Kenneth Janzen; Associate Vice Presidents Carol Carrier, Josie Johnson, Robert Kvavik, Susan Markham, Roger Paschke, Richard Pfitzenreuter, and George Robb.

Student Representative present: Jessica Phillips.

RECOGNITIONS

Recognition was given to Dr. Patrick Borich, Dean and Director of the Minnesota Extension Service, as he retires from the University of Minnesota after 36-1/2 years of service.

Recognition was given to Dr. Anne Hopkins, Vice President for Arts, Sciences, and Engineering, as she leaves the University of Minnesota to assume the position of Provost and Executive Vice President for Academic Affairs at Miami University of Ohio.

ANNUAL FINANCIAL REPORT

Due to time constraints, Regent Keffeler encouraged Regents to talk to Senior Vice President Erickson and Associate Vice President Paschke personally about the University's Annual Financial Report.

ANNUAL REPORT ON THE STATUS OF THE UNIVERSITY'S RESEARCH

The annual report on the status of research at the University of Minnesota was delayed until the February meeting due to time constraints.

UNIVERSITY OF MINNESOTA HEALTH SYSTEM (UMHS) MARKETING ACTIVITY

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

- Improve the health of the citizens of the state; and
- Create an environment to recruit, develop, and retain highly talented faculty in the health sciences.

Brody reviewed the 1993-94 sources of revenue for the University of Minnesota Health System (UMHS) and the Medical School, including the growing importance of clinical revenues and the reality of reduced state support.

Brody discussed the need for a University Hospital and for the best faculty. He expressed the difficulty of defining a clear, single strategy for a complex organization in a complex health care environment. He noted, however, that most other academic health centers in the United States are looking to Minnesota for the solution.


Brody stated creative approaches to reposition the AHC for the future are being examined and he will need as much flexibility and Board support as possible, as well as support from the Legislature and the citizens of the state.

Regent Perlman emphasized the importance of the statement in the AHC vision to "promote innovation in health care services and medical products" and asked about the statement that the AHC is the "premier provider of specialty health care services in upper Midwest." Brody stated that the AHC must be involved in education, cooperative ventures, and primary care to ensure that patient care programs are at the cutting edge. However, the AHC cannot be everything to everyone and is willing to consider all possibilities to find partners in areas where it makes sense.

In response to Regents Bleyhl and Page, Brody stated that a large part of health care reform is that patients are being taken care of as close to home as possible, and often in their homes, which is a powerful demographic shift. He suggested that the University could be pivotal in helping establish a statewide network.

In summary, Keffeler stated the Board of Regents is prepared to give Dr. Brody support and a great deal of flexibility because it recognizes the AHC is in the difficult position of having to do things differently. She indicated the University needs the kind of synergy that the AHC can help provide as the agenda of the entire University is moved forward.

The meeting adjourned at 2:50 p.m.


STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

January 12, 1995

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, January 12, 1995, at 2:15 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Jean Keffeler, presiding; Julie Bleyhl, William Hogan II, Hyon Kim, H. Bryan Neel III, Mary Page, Lawrence Perlman, William Peterson, Thomas Reagan, Darrin Rosha, and Stanley Sahlstrom.

Staff present: President Nils Hasselmo; Chancellor David Johnson; Senior Vice Presidents Robert Erickson and Ettore Infante; Provost William Brody; Vice Presidents Mel George and John Imholte; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; Associate Executive Director Kenneth Janzen; Associate Vice Presidents Josie Johnson, Susan Markham, and Cherie Perlmutter.

Student Representative present: Jessica Phillips.

ACADEMIC HEALTH CENTER STRATEGIES FOR THE HEALTH SYSTEM

Regent Keffeler and President Hasselmo welcomed Provost William Brody to the University of Minnesota.

Provost Brody led the discussion regarding the strategies of the Academic Health Center (AHC) for the health system. The mission of the AHC includes discovery of new knowledge and dissemination of knowledge. Benefits provided by the AHC include job creation and economic return to the state and health of the state.

Brody reported the AHC is comprised of 5,000 students, seven professional schools and the health system, and 14,000 employees. Its annual budget exceeds \$700 million.

Brody reviewed the following vision for the AHC:

- Provide education and training for the majority of health professionals and medical scientists in the state;
- Be a major international center for scientific discovery, innovation, and technology transfer in health sciences and among the top three public universities in federally-funded research;
- Be the premier provider of specialty health care services in the upper Midwest;
- Support health care delivery for rural Minnesota;
- Promote innovation in health care services and medical products;

In response to Regent Perlman, Boren said the committee's message is not that U2000 is a bad document, but that there is a perception in the University community that the document is not specific enough. The University deserves a more specific vision that engages the community at a level the current document has not done, and it should clarify the path the Board and administration intend to follow to reach established goals and provide a clearer sense of when they might be achieved.

Keffeler thanked the committee for its hard work and recommendations.

The meeting adjourned at 12:25 p.m.

A handwritten signature in cursive script that reads "Steven Bosacker". The signature is written in black ink and is positioned above the printed name and title.

STEVEN BOSACKER
Executive Director and
Corporate Secretary

Perceived Conflicts of Interest

1) Some believe the Regents have failed to enforce their own policies concerning perceived conflicts of interest within their ranks over the past few years. In particular, perceived conflicts of interest regarding employment and political activity have raised questions about the performance of individual Regents and also may undermine the general perception of the standards and values of the Board as a whole.

Recommendation -- While there may have been no actual instances of conflict, the opportunity for conflict and the perception that some possibilities are acceptable send a message the Board should probably reconsider. It is the opinion of the University General Counsel that the Board has responsibility for these matters.

Baker stated the committee wanted to focus on its major recommendations, believing the Board has the opportunity to continue to do vital work and hoping the report will guide the Board in its tasks.

In summary, Boren made the following statement: "You are doing an incredibly tough job as volunteers and residents of this state. You are also making very good progress, and we hope you will have the courage to stay the course and develop a clearer road map to guide the University. Our committee believes that we will have been successful if our report is used to help the University. We will have failed if our recommendations are used by some to divide the University."

Keffeler thanked the members of the committee, stating it is apparent the charge was taken seriously and the Board appreciates the committee's candor and commitment. Although not everything in the report is comfortable, she interprets it as a very reinforcing report and assured the committee the Board will take an equally serious approach in addressing the recommendations.

Regent Page is looking forward to the Board reviewing the report as a group. She thinks the Board is going to create a base on which it can judge whether it is growing and improving.

In response to Regent Hogan, Boren stated that although committee members sensed a lack of support for U2000, they feel it is a good beginning and clearly states the direction the Board would like to see the University head in the future.

In response to Regent Neel, Boren stated she is aware of several board assessments done at private institutions, but she is not aware of a public university of this size that has put itself before a citizen review. Neel suggested that the committee's assessment and report could serve as a model for other higher education institutions.

Regents Reagan and Sahlstrom raised the issue regarding participation in the assessment process by greater Minnesota constituencies. Baker noted that all parts of the state were represented on the committee, and the committee tried to consult with outstate individuals through questionnaires and interviews.

Regent Rosha thinks the assessment was a success because of its balance, and addressed the issue of perceived conflicts of interest.

Keffeler said Regents need individual time to think about the recommendations and she will discuss with Regent Reagan dedicating time for the Board to discuss the recommendations as a group. Reagan suggested it would be a good topic for a Board retreat.

Boren stated the committee commends the Board for its courage to participate in the assessment process and its willingness to improve, and hopes it has been responsive to the Board's request for actionable recommendations. The report is not a report card, but a progress report. It is intended as an endorsement of the Board's active role in governing the University, as well as a challenge to create a clearer road map for the future.

Baker stated that during the interview process admiration was expressed for the Board's work and the spirit of its venture, and noted there is a unity of purpose among Board members that is hopeful and compelling. He highlighted the following major points and related recommendations contained in the report:

Strategic Matters

1) Many believe the University 2000 plan is inadequate in that it lacks specificity and fails to sufficiently articulate how the University will fulfill its land grant mission in the future.

Recommendation -- The Board should develop agreed upon guidelines for a satisfactory vision, mission, and strategy and how it will be developed, implemented, and updated. Sound plan construction will help implementation and commitment and will help the University develop values and standards to guide the institution and help it achieve its new vision.

2) There is a widely held opinion that there is a lack of a compelling and coordinated approach to tell the story of the University's vision and mission.

Recommendation -- A coordinated plan should be developed. Regents can help the administration execute this plan, but must follow the lead of the President and his key associates. The Board should adopt benchmarks using the top 10 comparable universities to ensure sufficient reach and external perspectives are employed.

Role and Priorities

1) There is a divergence of opinion about the Board's appropriate role and confusion about which role the Board is trying to perform, including confusion among Board members.

Recommendation -- The Board should agree on its role and how to effectively perform its oversight and governance duties and then communicate that to its constituencies.

Style

1) The committee heard comments about the sense of urgency of the Board, with some concerns raised about micro-management. The committee holds the view that some of these perceptions arise from the Board's active role and insistence on results, which the committee encourages. However, to the extent that members may occasionally pursue matters below the appropriate administrative level, this should be discouraged.

Recommendation -- Where such comments are valid, Board members should try to change because this hinders effectiveness.

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

January 12, 1995

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, January 12, 1995, at 11:20 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Jean Keffeler, presiding; Julie Bleyhl, William Hogan II, Hyon Kim, H. Bryan Neel III, Mary Page, Lawrence Perlman, William Peterson, Thomas Reagan, Darrin Rosha, and Stanley Sahlstrom.

Staff present: President Nils Hasselmo; Senior Vice Presidents Robert Erickson and Ettore Infante; Vice Presidents Mark Brenner and Mel George; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; Associate Executive Director Kenneth Janzen; Associate Vice Presidents Dennis Cabral and Josie Johnson.

Student Representative present: Jessica Phillips.

**REPORT OF THE CITIZENS' COMMITTEE FOR THE ASSESSMENT OF THE
UNIVERSITY OF MINNESOTA BOARD OF REGENTS**

Regent Keffeler stated the governance function of the Board of Regents is the single most important function for the University and it is important it be done as well as possible. In that spirit, the Board appointed an independent citizens' committee to help it look at how it governs the University and how its efforts might be improved. She welcomed the members of the Citizens' Committee for the Assessment of the University of Minnesota Board of Regents and introduced its co-chairs, Douglas Baker and Susan Boren.

Boren thanked the Board for giving the committee an opportunity to gain an in-depth perspective on its role and the challenges faced by the Board and the University. She thanked the committee members for their work and introduced those present: Jean Burkhardt, Peggy Lucas, Josephine Reed-Taylor, Tom Renier, George Shapiro, Don Stella, and Tim Wolf. Members not present included Bill George, Marv Hanson, and Ezell Jones.

Boren reported that based on a series of interviews and questionnaire results, the committee recommends the Board discuss a perception gap between how it sees its performance and how others rate the Board. The perspective and judgment of committee members were added to input received, and the committee believes it is significant that a very diverse group reached consensus on most of the major points in its report.

Regent Bleyhl suggested the policy should include a definition of what is included in course fees.

In response to Regent Rosha, Infante stated that specific tuition bands will be included as part of the annual tuition plan.

**STATUS OF CONTINUING EDUCATION & EXTENSION:
EVOLUTION TO UNIVERSITY COLLEGE**

Senior Vice President Infante introduced the discussion, noting that the evolution of Continuing Education & Extension (CEE) to University College is very important for the University because it must be integrally connected to the life-long learning process.

Hal Miller, Dean of CEE, stated that outreach and access is an important part of University 2000. The University must respond to a changing world by providing life-long learning to traditional and non-traditional students.

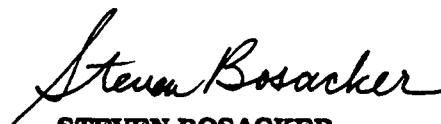
The mission of University College is to bring the University to the community and the community to the University. Miller discussed components of the mission and how CEE is the platform for University College. Non-credit courses will expand in University College and it will provide open access to credit courses.

Miller discussed the mix of students University College will serve, including 18-year-olds not admitted to a freshman-admitting college or General College, as well as employed, place-bound, or time-restricted individuals. Miller responded to Regent Sahlstrom that this information has not been widely disseminated. He noted it must be made clear University College is not a place for developmental work. Regent Rosha suggested the community colleges might be a better option for some students. Infante agreed 18-year-olds who need developmental work would be better served by General College or the community colleges, and noted University College will not necessarily lead to a degree and most of its students will be in the employed, place-bound category.

Miller discussed both what is new about University College and the transition tasks that are underway. Sahlstrom suggested a challenge for all colleges will be to encourage faculty to work in outreach and continuing education and interact with the coordinate campuses and county extension offices to ensure an effective evolution to University College.

Infante and Miller agreed with Regent Hogan's suggestion to schedule a dialogue at the next meeting about what is being done toward the evolution to University College.

The meeting adjourned at 11:15 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

- Award from the Alfred P. Sloan Foundation of an initial three-year grant of \$1.633 million to the College of Agriculture for the creation of a Center for the Study of the Food Retail and Service Industry;
- Award from the Pew Charitable Trusts of \$170,000 to the University of Minnesota, Twin Cities, Macalester College, Metropolitan State University, Minneapolis Community College, St. Olaf College, and the University of Minnesota, Morris for a two-year collaborative project as part of the Preparing Future Faculty (PFF) Program;
- Award of an Army Research Office/Multidisciplinary University Research Initiative Grant of \$1.06 million per year for five years to the University of Minnesota Corrosion Research Center, Department of Chemical Engineering to identify novel polymer electrolytes and electrode catalysts for fuel cells; and
- Actions taken and recommendations made by the MHECB at its December 15, 1994 meeting.

In response to Regents Sahlstrom and Bleyhl, Infante stated that the proposed free-standing minor in Sustainable Agriculture Systems is part of an area of significant thrust within the University.

In response to Regent Sahlstrom, Vice President Brenner discussed reasons for reduced enrollment in the Graduate School and stated he will provide a full report at the February meeting. In response to Regent Hogan, Infante reviewed enrollment trends and reviewed the impact of the economy on enrollment.

Regent Kim has heard concerns that the inflexibility of the University's programs has resulted in reduced international enrollment. Brenner noted that there are fewer casual applications because the application fee for international students was increased, and he will discuss that further in February.

In response to issues raised by a number of Regents, Infante and Regent Roshia commented on the roles of the Higher Education Board and the Minnesota Higher Education Coordinating Board. The University Board of Regents is independent under the constitution.

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

REGENTS' POLICY ON TUITION

Senior Vice President Infante presented a revised Regents' Policy on Tuition to the committee for review, and noted it will be presented for approval at the February meeting. He reviewed the significant statements of principle on which the proposed policy is based.

Infante indicated that major concerns about the proposed policy relate to elimination of variations in upper division rates and fees. The Graduate and Professional Student Assembly (GAPSA) and the Minnesota Student Association (MSA) have approved resolutions regarding rates and fees issues. Student Representative Poulter noted that GAPSA's concerns relate to potential proliferation of fees, no requirement for Regents' approval of the fees, and lack of student involvement in the process. Infante responded that the policy will be revised to provide that academic and course fees will be approved by the Board of Regents as part of the annual budget.

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning and Policy Committee

January 12, 1995

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, January 12, 1995, at 9:50 a.m. in Room 300, Morrill Hall.

Regents present: Stanley Sahlstrom, presiding; Julie Bleyhl, William Hogan II, Hyon Kim, William Peterson, and Darrin Rosha.

Staff present: Chancellors David Johnson and Donald Sargeant; Senior Vice President Ettore Infante; Vice Presidents Mark Brenner and John Imholte; Associate Executive Director Kenneth Janzen; Associate Vice Presidents Dennis Cabral and Josie Johnson.

Student Representatives present: Scott Burnes and Shawn Poulter.

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:

- Approval by the Minnesota Higher Education Coordinating Board (MHECB) of the following programs:
 - Master of Science and Ph.D., Water Resources Science, University of Minnesota, Twin Cities (UMTC) and University of Minnesota, Duluth (UMD);
 - Post-baccalaureate Certificate, Solid Waste Management, UMTC;
 - Master of Computer and Information Sciences, UMTC;
 - Bachelor of Arts, American Indian Studies, UMD; and
 - Bachelor of Science, Environmental Science, UMTC;
- Approval by the Graduate School Executive Committee of the discontinuation of the free-standing graduate minor program in Interfacial Engineering; degree title change of the Master of Arts in Education with an emphasis in Music Education, UMD to the Master of Music degree with an emphasis in Music Education, UMD; and establishment of a free-standing minor in Sustainable Agriculture Systems for the master's and Ph.D. degrees;
- Report on the impact of Fall 1994 enrollment statistics;

WHEREAS, the University administration, with the assistance of a special Subcommittee on Compensation, has developed a report that responds to the express questions posed by the Legislature's request and that also addresses broader issues of coaching salaries; and

WHEREAS, the report includes a review and affirmation of the University's compliance with federal laws in terms of coaching salaries; and

WHEREAS, the report also contains recommendations by the Subcommittee on Compensation that would revise salary principles and structures for University coaches; and

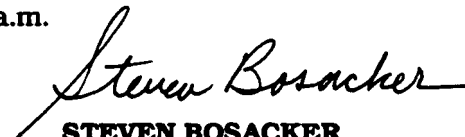
WHEREAS, the Subcommittee has recommended further refinement and consultation of its proposals prior to implementation;

NOW THEREFORE BE IT RESOLVED, that the Board of Regents directs the University President:

- To forward the attached report, including the recommendations of the Subcommittee on Compensation, to the Minnesota Legislature.

Neel thanked Hale and Denny for their work on this immense project. Hasselmo stressed he hopes to continue work with the committee as faculty compensation and civil service salary structures are being reviewed and will be discussed later.

The meeting adjourned at 9:20 a.m.


STEVEN BOSACKER
Executive Director and
Corporate Secretary

Regent Keffeler stated that she would vote against the policy because she is concerned the University may be asking committees to make decisions and recommendations more properly left as the responsibility of those in the regular management structure. In response, Regent Hogan and Infante emphasized the strength of the academic tradition and value of peer reviews in settling grievances. Imholte reported the policy had been reviewed and supported unanimously by the University Senate.

The committee voted unanimously to recommend adoption of the proposed Regents' Policy on Student Academic Grievance, with Regent Keffeler abstaining from the vote.

LEGISLATIVE REPORT ON ATHLETIC COACHING SALARIES

Regent Neel introduced President Hasselmo as well as Sandra Hale and Chuck Denny of the Subcommittee on Compensation for Coaches in Women's Athletics, whose charge was to assist in the development of salary principles for coaches and to consider measures for establishing adequate and equitable systems that will attract and retain outstanding coaches. Neel noted the report is to be submitted to the Minnesota Legislature.

Hasselmo commended the committee for its work. The committee's discussions included a long-term effort to deal with salary concerns, the consent decree, and salary equity in athletics. He reminded the committee that the report is to be submitted to the Legislature by January 15, 1995.

Hale explained the committee did not review past contract decisions, but reviewed written materials and talked with a number of University employees. She stressed that the University of Minnesota is in compliance with the Equal Pay Act, Title VII, and Title IX.

The committee studied the women's athletic department in the context of the entire University, suggesting that a comprehensive salary structure would provide a more equitable salary balance. They reviewed internal equity, price controls, marketability, and structures used in other universities and private companies. Each coach's compensation could involve these components: base pay (knowledge, skills, experience), incentive pay (special activities, generating income), camps, media contracts, and endorsements pay. The committee recommended that information within its report be developed, modified, and tested with the assistance of an external consultant.

Denny spoke briefly to the implementation steps, emphasizing that the University choose carefully which institutions it considers peer institutions in acquiring compensation data. He urged the University to then create its own system.

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

WHEREAS, the Minnesota Legislature has requested the Board of Regents to report by January 15, 1995, on its policies and practices to comply with Title VII, Title IX, and the Equal Pay Act as they relate to coaches of men's and women's salaries; and

WHEREAS, the Board respects the interest of the Legislature and is committed to providing fair and equitable salaries for all University athletic coaches; and

FIVE-YEAR STATUS REPORT ON MINORITY FACULTY AND ACADEMIC ADMINISTRATORS

Senior Vice President Infante introduced the report, noting achievement of the stated goals and the challenges still ahead.

Associate Vice President and Associate Provost Johnson reviewed the report. The report fulfills a 1988 directive from the Board of Regents to hire and double the number of minority faculty (144) by 1994, raise the minority student body population to 10 percent, and raise the minority student graduation rate to 50 percent. Johnson reported that minority faculty numbers rose 9.2 percent to 283. Although the goal was met, Johnson noted the University needs to: correct the ethnic imbalance of faculty at the collegiate and disciplinary levels; more evenly distribute faculty between lower and upper divisions; improve the faculty retention rate; seek administrative experience for faculty of color; and employ a system to mentor faculty of color.

Johnson also reviewed a survey conducted of departing faculty. They discovered faculty left because of better offers, the hostile environment at the University of Minnesota, and racial and sexual harassment. The administration needs to respond to those concerns by: requesting colleges to limit the committee service of minority faculty; providing administrative service whenever possible; attempting to provide mentors for new faculty members; and continuing to encourage departments and units to follow the general administrative and regental guidelines.

Lastly, Johnson noted the diversity challenges: continue to hire minority faculty; mentor faculty in structured programs; create opportunities for junior minority faculty to obtain promotion and tenure; continue to work to improve the environment for minority faculty; and seek the commitment for diversity from all.

In response to Regent Sahlstrom, Johnson explained that "eminent credentialing" was a way of recognizing other types of success or knowledge possessed by faculty, i.e., life experiences, knowing the culture, being part of the group.

REGENTS' POLICY ON STUDENT ACADEMIC GRIEVANCE

Senior Vice President Infante reviewed the proposed Regents' Policy on Student Academic Grievance, noting the four levels of operation and the process at each level. He explained that the policy addresses the academic aspect of the State Postsecondary Review Entity (SPRE) mandate that institutions effectively respond to student concerns and complaints.

A motion was made and seconded to approve the Regents' Policy on Student Academic Grievance as presented.

In response to issues raised by the committee, Vice President Imholte stressed the clarity of a single policy rather than the current situation of several different policies in colleges and on campuses, therefore providing an equitable review by unbiased parties. In addition, this is a good example of culture change -- ultimate decisions made by managers while honoring, respecting, and including the academic traditions over the centuries. The records for grievances will be kept in the University Grievance Office. If problems arise, changes could be made to the system.

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff and Student Affairs Committee

January 13, 1995

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Friday, January 13, 1995, at 8:00 a.m. in Room 238, Morrill Hall.

Regents present: H. Bryan Neel III, presiding; William Hogan II, Jean Keffeler, Mary Page, and Stanley Sahlstrom.

Staff present: Chancellor David Johnson; Senior Vice President Ettore Infante; Vice Presidents Mel George and John Imholte; Executive Director Steven Bosacker; Associate Vice Presidents Carol Carrier and Josie Johnson; and Director Pat Mullen.

Student Representatives present: Colleen Foster and Valerie Nowacki.

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 items:

- Appointment of Kathryn Martin, currently the dean of the College of Fine and Applied Arts at the University of Illinois, as Chancellor of the University of Minnesota, Duluth, effective August 1, 1995.
- Appointment of Gail Skinner West as Acting Director of the Minnesota Extension Service, effective immediately.;
- Appointment of Mike Martin as Interim Dean for the College of Agriculture, effective February 1, 1995;
- Vice President Anne Hopkins is leaving effective March 1, 1995. She has been named Provost and Executive Vice President for Academic Affairs at Miami University in Oxford, Ohio; and
- Appointment of Edward Ehlinger as Director of the Boynton Health Service, effective February 1, 1995. Dr. Ehlinger is currently the Director of Personal Health Services for the Minneapolis Department of Health and Family Support.

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

the need to review and possibly expand the list of who should receive information relating to the University's asset and debt management.

With regard to the litigation issue included in the October resolution, it was noted that the General Counsel's Office is completing its review and will report its findings directly to the Board of Regents.

STATE AND FEDERAL LEGISLATIVE REPORT

Director of State Relations Donna Peterson presented a status report on legislative activities.

Peterson reported that the Legislature went into session January 3, 1995. Leadership lists for committees that relate to higher education were distributed. She commented on the new committee structure in the House of Representatives, indicating that a positive aspect of having a University of Minnesota division under the Higher Education Committee gives the University an opportunity to provide nine legislators with an in-depth understanding of the University of Minnesota. She also provided an update on recent informational events hosted by various University constituencies.

Regent Keffeler commented on the financial straits facing the state and stressed the need for presenting a focused plan and the importance of lobbying for the University's core agenda.

Regent Reagan asked if the University is making its case that it has greater and different needs than the other higher education systems in the state.

Peterson responded that the University of Minnesota is often compared to other institutions in an "undergraduate mode" without consideration of the research and service aspects of the University. In that regard, the challenge is to educate legislators on the importance of the University to the economy of the state.

The meeting adjourned at 11:05 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

pated in a meeting of the Advisory Committee in which Mr. Troy Murray of Cambridge Associates presented a report and evaluation of the University's investment strategy and performance. Copies of that report were provided to the Regents.

In discussing the reporting role of the Advisory Committee, it was the consensus of committee members that the Advisory Committee would be more effective as a formal advisor to the Senior Vice President for Finance, but with at least one Regent serving ex-officio on the committee at all meetings. The direct connection with the Regents would come through the ex-officio participation of the Regent and through the periodic reports the Advisory Committee makes to the Financial Operations and Legislative Committee. A flow chart identifying roles and responsibilities for the management of the University's assets and debt was presented.

Professor Timothy Nantell, Chair of the Advisory Committee, commented that the Advisory Committee concurs with the reporting role proposed.

Regent Keffeler expressed concern that communication to the Financial Operations and Legislative Committee through the ex-officio Regent places an undue burden on any regent.

Regent Perlman responded that the presence of a Regent would be to enrich the discussion, not to provide a means of communication to the Board of Regents.

The committee engaged in discussion regarding the line of reporting and responsibility for the Advisory Committee.

The Advisory Committee, as noted in the flow chart, would report directly to internal administration and would provide periodic reports to the Board of Regents. The timeline of the reports to the Board of Regents was left undefined.

Senior Vice President Erickson added that the line of reporting for the Advisory Committee was designed with two safety mechanisms to foster communication between the committee and the Regents: 1) a member of the Board of Regents will as an ex-officio member; and 2) the Board of Regents may request periodic reports. The two mechanisms should serve to ensure that the Board will be kept informed of the issues.

The issue of how members of the Advisory Committee are selected was raised. In the past, committee members have been selected by the Senior Vice President and the Board has been informally informed of the membership.

After some discussion, it was the consensus of the committee that the Advisory Committee members will be recommended by the Senior Vice President for Finance and ratified annually through presentation of the recommendations in the Senior Vice President's Monthly Report

Vice President George presented a brief report regarding development of a strategy for communicating the larger context of the management and performance of the University's assets and debt.

George reported there are three basic opportunities for communication: 1) the quarterly report; 2) the investment report; and 3) communication with the Legislature. He commented on the three areas, noting the need to be more proactive in communicating information to the press and the Legislature, and

be undertaken and a bond resolution will be presented to the Regents for the issuance of replacement bonds. Risks in the transaction were also noted in the docket material.

Regent Neel asked if our bond rating is secure. Paschke responded that he has been assured the University's bond rating is secure.

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

Senior Vice President Robert Erickson presented a resolution relating to the purchase of goods/services over \$250,000. 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, the appropriate staff are authorized to award pending purchases/contracts over \$250,000 to the following:

- Extrel FTMS for a Fourier Transform Ion Cyclotron Resonance Mass Spectrometer for \$529,650 for the Chemistry Department.

The committee voted unanimously to recommend approval of the resolution.

Erickson also noted that he wanted the committee to be aware of an additional item. The University entered into a contract with Arthur Andersen & Co. to undertake a diagnostic review of the University's policies, procedures, internal controls and administrative infrastructure relating to sponsored research. The contract authorizes the expenditure of \$150,000 for this work. Erickson stated that additional expenses may be necessary during the next month for the review to be completed. It is not anticipated that the expenses will exceed an additional \$100,000 and no action is requested at this time, however, the committee should be aware of this possibility.

RESPONSE TO REGENTS' RESOLUTION ON ASSET AND DEBT MANAGEMENT COMMITTEE/BOARD RELATIONSHIP

Chair Page reported that a resolution was passed by the Board of Regents in October 1994 directing that a review be completed of the appropriate roles and responsibilities of the Board of Regents regarding the oversight of University investments; that the Office of the General Counsel review the University's legal position regarding the investment losses in the portfolio managed by Piper Capital Management; and that a strategy for communicating the larger context of the management and performance of the University's assets and debts be developed.

Chair Page stated that based on the resolution, three regents were asked to review this issue in more depth. Regents Neel, Perlman and Page participated in this review. They met with the Asset and Debt Management Advisory Committee, along with representatives from the General Counsel's Office, to review oversight roles and responsibilities. Additionally, Regent Page partici-

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Financial Operations & Legislative Committee

January 12, 1995

A meeting of the Financial Operations & Legislative Committee of the Board of Regents was held on Thursday, January 12, 1995, at 9:45 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Mary Page, presiding; Jean Keffeler, Bryan Neel III, Lawrence Perlman, and Thomas Reagan.

Staff present: Senior Vice President Robert Erickson; Vice President Mel George; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; Associate Vice Presidents Susan Markham and Roger Paschke; Controller Karen Lauritzen; and Director of Audits Gail Klatt.

Student Representatives present: Tim Allison and Sara Monroe.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Erickson presented the Senior Vice President's Monthly Report for January 1995.

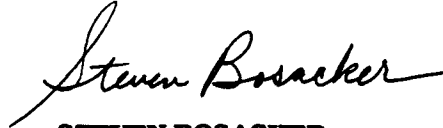
Erickson called attention to the section relating to Central Reserves, noting two items listed for approval under the 1994-95 General Contingency Fund that are over \$250,000. The first item was \$850,000 for the Cancer Center operating funds startup and the second item was \$350,000 for General Counsel outside legal fees. The amount requested for the General Counsel outside legal fees reflects the balance of funding that was committed by the President to fully fund the annual budget plan for the Office of the General Counsel.

Referring to the Miscellaneous section, Erickson reported that pursuant to the Regents' Policy on Delegation of Budget Authority, a request is being made to authorize the expenditure of \$1,025,265 from the indirect cost recovery (ICR) fund. The additional allocations are possible due to an increase in ICR funds above budgeted estimates. The item is before the committee because Board policy requires reporting of all adjustments to the budget and requires specific approval of changes in centrally-allocated budgets for amounts that exceed \$250,000.

Erickson called on Associate Vice President Paschke who provided an update on progress relating to the restructuring of the Series 1993A General Obligation Bonds. Paschke reported that the administration has been working on various arrangements necessary to complete the transaction. At this point, given the changes in the market and the University's objective of at least \$1 million in savings, the repurchase part of the transaction has not been completed. Consistent with the resolution approved by the Board of Regents in December 1994, once the existing bonds have been repurchased, a request for proposal will

Erickson recognized Project Managers Don Hau and Roger Wegner and Mr. Jerry Lauer from Utility Accounting for the extraordinary work they have done in recent months for Facilities Management.

The meeting adjourned at 9:15 a.m.

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

STEVEN BOSACKER
Executive Director and
Corporate Secretary

- B. Centennial Hall Fire Alarm System Replacement
Scope/Budget Increase, Twin Cities Campus
Original estimated cost of the project: \$300,000
Increase in budget: \$310,000
Total estimated cost: \$610,000
Funding: Housing Services, Twin Cities Campus
Estimated completion date: September 1995

- C. Sanford Hall Lobby & ADA Upgrade Renovation
Scope/Budget Increase, Twin Cities Campus
Original estimated cost of the project: \$89,000
Increase in budget: \$81,000
Total estimated cost: \$170,000
Estimated completion date: June 1995

Linda McCracken-Hunt, Director of Project Development, reviewed details for the proposed scope/budget increases for each project.

Student Representative Poulter expressed concern about consideration of students in construction planning so that there is not a lot of noise during final exams.

McCracken-Hunt stated that the concern for students' study time is taken into consideration when all projects on campus are planned. The window for construction opportunity in Minnesota is limited and it is sometimes difficult to schedule construction when it doesn't interfere with student study time.

The committee voted unanimously to recommend approval of the resolution.

QUARTERLY REPORT ON FY95 CAPITAL BUDGET

Associate Vice President Markham presented the Quarterly Report on the FY95 Capital Budget.

A list of seven amendments to the budget was presented. It was noted that the amendments supplement existing projects in process with additional funding needed to complete the facilities program. They are within the scope of the Regents' Policy on Agenda Guidelines. A summary of project progress for the second quarter of FY95 was also included in the docket materials.

Markham distributed a chart reviewing actual cash disbursements from Facilities Management for 1993 and 1994 by quarter. Information provided on the chart depicts progress made in increasing cash flow so that funds are not just sitting within the plant fund.

Markham commented on the capital budgeting process, indicating that this will be the third year of the capital budgeting process with each year showing improvement on documentation being provided. Continual improvement needs to be made on narrowing the capital expenditures to programmatic priorities.

The committee voted unanimously to recommend approval of the Quarterly Report on FY95 Capital Budget.

Erickson stated he will be reporting to the committee in February regarding the commencement of condemnation action relating to the railroad property in Minneapolis located by the University's day care center. The item will be on the agenda for action at the March meeting.

Erickson reported that he has been informed by the federal government that they will not accept the terms for the transfer of the Waseca property without release of the mineral rights. It is the policy of the University of Minnesota that the University retain all mineral rights when transferring property. Erickson requested that an exception to the policy be made for this transaction. Approval of this Monthly Report will authorize the transaction.

Vice President George presented a proposal relating to the Friends of Eastcliff Steering Committee requesting that a change in the committee structure be approved. George reported that the structure of the committee was not defined at the time of its conception. The proposal requests that the committee structure consist of 8-12 members to include at least one member of the Board of Regents, the Chair of the Eastcliff Technical Advisory Committee, the Vice President for Institutional Relations, the President's spouse, and at least five citizen members. Additionally, it is requested that the citizen members serve staggered three-year terms, to begin on July 1 of each year, instead of renewable one-year terms. George also recognized the work of the volunteers.

Erickson called on Chancellor Sargeant who provided information about a proposal for the building of a new high school on University property in Crookston. Sargeant provided information on the proposal indicating that the school board is currently exploring three sites, with the University site being the most favorable one at this time. Planning is in the early stages, but will move rapidly, with a public hearing scheduled for February. Sargeant stated that collaboration could benefit both parties. Sargeant will report back to the committee with a final proposal.

There were no concerns raised by committee members.

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

AMENDMENTS, FY 1995 CAPITAL BUDGET

The committee reviewed the following resolution relating to amendments to the FY95 Capital Budget:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY 1995 Capital Budget is hereby amended to incorporate the following projects:

- A. **Primary Electrical System Repair & Replacement**
Scope/Budget Increase, Twin Cities Campus
Original estimated cost of the project: \$1,235,000
Increase in budget: \$765,000
Total estimated cost: \$2,000,000
Funding: Facilities Management Primary Electric Infrastructure Account
Estimated completion date: October 1996

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

January 13, 1995

A meeting of the Facilities Committee of the Board of Regents was held on Friday, January 13, 1995, at 8:15 a.m. in Room 300, Morrill Hall.

Regents present: Darrin Rosha, presiding; Julie Bleyhl, Hyon Kim, William Peterson, and Thomas Reagan.

Staff present: Chancellor Sargeant; Senior Vice President Robert Erickson; Vice President Mel George; Associate Vice Presidents Susan Markham and Roger Paschke; and Associate Executive Director Kenneth Janzen.

Student Representatives present: Scott Burnes and Shawn Poulter.

**REGENTS' POLICY ON DELEGATION OF AUTHORITY
REAL ESTATE TRANSACTIONS**

The committee reviewed a proposed Regents' Policy on Delegation of Authority, Real Estate Transactions presented by Associate Vice President Paschke and Assistant Treasurer Ryan Johnson.

Johnson reviewed details of the proposed policy, indicating that it defines the roles and responsibilities for corporate officers on real estate transactions.

Regent Rosha expressed concern about the reporting limits relating to the purchase or sale of real estate where items below \$250,000 do not need to come to the Board for approval.

Senior Vice President Erickson stated that the limit could be lowered if desirable. Additionally, he could add a section to his Senior Vice President's Monthly Report listing real estate transactions under consideration and if committee members had questions regarding a particular sale or purchase, they could be raised before any transactions are formalized.

Regent Rosha stated that the item was for information and will be before the committee for action in February.

It was noted that provisions contained in the new policy would require amendments to two additional policies: Delegation of Authority; General Delegations, and Board Operations and Agenda Guidelines. Copies of those changes were contained in the docket materials.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Erickson presented the Senior Vice President's Monthly Report for January 1995.

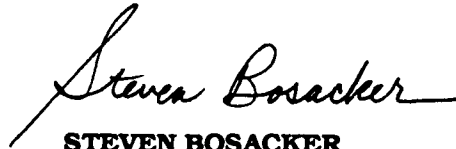
Klatt reported the following audit reports were issued since the last Quarterly Report:

CUFS Application Control Review

Diagnostic Audit of the UMD Kirby Student Center

Regent Hogan suggested approval of the Quarterly Audit Report with the possibility of further discussion at the next meeting. The committee voted unanimously to recommend approval of the Quarterly Audit Report.

The meeting adjourned at 9:58 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

It is recommended that the University implement the recommendations contained in the report in two phases. The first phase would be to conduct a needs assessment of the five major areas and develop a detailed implementation plan. The second phase would involve the implementation of the approved work plans in each major area.

It was noted in the report that the diagnostic review indicates there was a perception that the compliance issues that surfaced were attributable to control weaknesses at the Medical School. The diagnostic review however, indicates that there are potential compliance weakness throughout the University.

Regent Hogan inquired how the University compared with other research universities. Roth replied that many things must be going well or the institution would not have been able to build the existing \$300,000,000 research program. Overall the University is about average (above in some things, and below in others) in its research management policies, procedures, and controls; but because of the institution's size and complexity its potential for problems is greater.

Regent Keffeler commented that because of the Audit Committee's emphasis on oversight there may be the impression that the only interest the Board has is in an efficiently managed institution. One of the phrases President Hasselmo uses is that "we must change our ways to preserve our values," and that, too, is the Board's aim. The objective of the Audit Committee is to support the ability of the organization to achieve its true mission, with the help of everyone present.

Erickson returned to the point that this review has been the first part of a diagnostic phase. Erickson intends to return to the committee in February with a proposal that will provide a much closer look at the specific issues. Keffeler suggested that this might involve a bid process. Erickson responded that he believed the further diagnostic work was within the original scope of the review. Phase two would involve implementation and would increase the scope.

DIRECTOR OF AUDITS' QUARTERLY REPORT

Director Klatt presented her Quarterly Report. There are 34 essential recommendations, which is a large increase from the previous report because a number of audit reports have been recently completed. Klatt said there was no reason to be concerned about the increased number. A review of the status of essential recommendations indicated satisfactory progress in dealing with them.

Klatt noted that the other outstanding issues concerned the CAREMARK and Urology audits. The CAREMARK audit was now complete and General Counsel Rotenberg reported that this included the legal review. A final report should be issued in the next month. After further discussion with Rotenberg regarding the legal status of the Urology audit the following motion was made:

RESOLVED, that if there is resistance to settling the issue of releasing appropriate information regarding the Urology audit, the General Counsel will consult with the Regents' Audit Committee at the earliest possible time before pursuing litigation in accord with discussion in the Audit Committee on November 8, 1993 and reported to the Board on November 10, 1993.

The committee voted unanimously to recommend approval of the resolution.

Senior Vice President Erickson said the format used in reporting quarterly on issues raised by the management letter will be similar to that used in the past with CUFS. However, it is difficult to identify the qualitative differences in changing a culture. Hasselmo suggested an illustration of an appropriate outcome connected with the use of CUFS. Central administration has come to use and depend on CUFS but middle management still uses shadow systems. This inhibits the free flow of information. A mark of progress in changing the culture will be when the replacement of shadow systems in the departments can be reported. Further committee discussion agreed that movement away from shadow systems was a good example of the outcome of culture change.

REPORT ON THE CONDUCT OF SPONSORED RESEARCH AND PROPOSED ACTIONS

Senior Vice President Infante introduced the item, indicating that as a result of a presentation to the Audit committee in July 1994, Arthur Andersen & Co. was engaged to undertake a diagnostic review of the University's policies, procedures, internal controls, and administrative infrastructure relating to sponsored research. The objective of the review was to perform an assessment of the University's internal controls over sponsored programs and the extent to which policies, procedures, and practices comply with applicable regulations.

The need for the review was based on the following two factors:

- 1) There has been a dramatic increase in sponsored funding for research during the past five years and the controls at the University of Minnesota, as well as many other institutions, have not kept pace with the substantial growth in research funds.
- 2) Commensurate with the substantial growth is a corresponding increase in the complexity of reporting requirements for the federal government.

Senior Vice President Erickson noted that the review proposed additional activity to implement its recommendations. The implications of this proposal are being studied and the administration will bring the committee a recommendation in February.

Acting Vice President for Research Brenner reiterated the value of the review was in the information the outside consultant provides about the University's control administration of sponsored programs and in the integration of this knowledge into the University's administrative operations.

Brenner, on another topic, noted that the diagnostic review of Institutional Review Board (IRB) operations was essentially done, but that it deserved separate attention and would be presented to the Board in February.

Mr. James H. Roth, Arthur Andersen & Co., presented the principal findings in five major categories: 1) Financial Management Systems; 2) Office of Research and Technology Transfer Systems and Processes; 3) Non-financial Regulatory Compliance; 4) Written Policies and Procedures; and 5) Training and communication. Roth reviewed the findings and the recommendations in each category.

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

January 12, 1995

A meeting of the Audit Committee of the Board of Regents was held on Thursday, January 12, 1995 at 8:30 a.m., in Room 300, Morrill Hall.

Regents present: William Hogan II, presiding; Julie Bleyhl, Jean Keffeler, and Mary Page.

Staff present: President Nils Hasselmo; Senior Vice Presidents Robert Erickson and Ettore Infante; Vice Presidents Mark Brenner and John Imholte; General Counsel Mark Rotenberg; Associate Vice Presidents Josie Johnson, Susan Markham, and Tony Potami; Associate Executive Director Kenneth Janzen; Director of Audits Gail Klatt; and Controller Karen Lauritzen.

Student Representatives present: Timothy Allison and Jessica Phillips.

Others present: Mark Chronister and Jon Kilmer, from the firm of Coopers & Lybrand.

MANAGEMENT REFORM AT THE UNIVERSITY

President Hasselmo discussed management reform at the University in response to questions raised at the Board's Audit Committee meeting in December. His memorandum to the Board of Regents, included in the committee docket, provided the basis for his remarks and addressed three key areas:

- The ownership and leadership of management changes at the University of Minnesota.
- The change in culture necessary to establish effective management and the ability of the University to make its systems function.
- Specific steps that must be taken to respond to specific issues raised in the management letter from Coopers and Lybrand for the year ended June 30, 1994.

In response to Regent Hogan, Hasselmo agreed the enlarged scope of the Audit Committee's agenda is helpful in moving forward the culture change necessary at the institution. Such changes do not happen overnight, but he believed progress is being made. He noted that issues raised in the management letter were discussed at the last Administrative Council meeting with a presentation from Mark Chronister of Coopers & Lybrand.

Regents Bleyhl and Page commented on the need for identification of the outcomes or expectations of the culture change. It is important to have a plan of attack, but it would be helpful to have a better understanding in people's minds of the end results expected so that expectations can be reinforced.

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

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

January 12-13, 1995

January 30, 1995

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**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

BOARD OF REGENTS' MEETING

AND

REGENTS' COMMITTEE MEETINGS

**January 12-13, 1995
January 30, 1995**

Office of the Board of Regents

220 Morrill Hall

taken. She asked whether there is a link in terms of the culture and the way we make decisions, and our ability to make our systems functional.

Hogan said that hiring human resources or bringing in outside consultation can only go so far. It is senior management that has to take the leadership. He recommended that the management team return to the committee with a report that responds to the Management Letter. The response should not only address financial issues, but also the larger picture of the University's ability to make its systems functional.

Regent Page reminded the committee that there are many pressures on management and the Regents may be able to help reduce less important tasks. There was general agreement that the Board needs to be clear about priorities.

The meeting adjourned at 9:58 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

EXTERNAL AUDITOR'S REPORT TO MANAGEMENT

Mark Chronister, from the firm of Coopers & Lybrand, presented the External Auditor's Report to Management (Management Letter). This year Coopers & Lybrand returned to a more traditional auditor's format and listed "Reportable Conditions" in the Management Letter. These "involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure" of the University.

Before discussing the reportable conditions, Chronister commented on the Perspective section of the Management Letter, which provides a context for the remainder of the report. Oversight and accountability control has been at the forefront of management action in the last year with progress being made through investment in appropriate human resources. Chronister noted the Letter listed five areas, some of which are showing improvement, that need to have the linkage between the decision-making process and the financial reporting system strengthened.

The reportable conditions contained in the Management Letter are: 1) the implementation of CUFS was done without internal control procedures being fully developed and documented, as noted earlier in the committee meeting; 2) procedures for sponsored project revenue recognition have not produced accurate and timely accounting of billed and unbilled receivable; 3) the accounting function of the University needs to develop beyond service and assistance to establishing policy and oversight; and 4) Administrative Information Systems (AIS) security needs to be assessed and redesigned. Chronister noted that management provided a supportive response to each of the concerns raised by the Management Letter.

The committee discussion opened with questions regarding the extent of participation in the development of the management responses contained in the Management Letter. Concerns were raised that, given the schedule for release of the document, there was not time for the President, his Administrative Council, or even the Regents' Audit Committee members to review it carefully. Vice President Erickson replied that the intent is to get to the point where the Management Letter is provided at the same time as the audited Financial Statements in November. Producing the Letter in December was a first step in that direction. Unfortunately, delay in the close of the audit delayed the Management Letter until several days prior to the Audit Committee meeting.

Regent Keffeler said the more important issue is ownership of the changes called for in the document. She noted that the problems of changing the culture, controls, and defining roles have been discussed throughout her six-year tenure on the Board. The University can no longer say it is someone else's problem. Keffeler asked what is being done to see that this very core part of the change in culture is made a high priority at the University.

Erickson noted that there are two transition task forces at work as a result of governance reorganization. Their purpose is to define and establish the decision-making responsibility for University offices.

Regent Hogan said that a part of what is being raised is the role of management, including the President and his senior administrative group, in providing the leadership for the needed changes.

Keffeler commented that she could not imagine an organization where senior management would not be concerned about the release of a document like this without working through very carefully what steps are going to be

The risks associated with these security problems, Klatt noted, are that improper access can lead to defalcation, destruction of data, or unauthorized changes to data. In addition, financial operations could operate on misleading information, and in any case, inefficiency becomes a problem.

Klatt introduced Controller Lauritzen to review management's plans to deal with the security problems. Lauritzen first noted that the University arrived at this situation because the purchased system lacked desired security functions, there is low security awareness at the institution, the timeline for installation was very aggressive, continuity in management leadership was missing, and the post-implementation focus was on making the system available and functional rather than secure.

Lauritzen indicated there are steps one can take in the short term to improve security. These include reduction of physical access so that we limit it to authorized persons. For a longer range we have engaged an outside security expert who will examine our systems and interfaces and made recommendations. This process will take about eight weeks. In addition, we need to raise security awareness and develop a stronger internal control competency. One step in achieving the latter will be to hire an Assistant Controller whose experience and primary function will be developing the internal control environment.

Director of Audits Klatt concluded the report by noting the ways in which the findings related to CUFS can be leveraged to improve the control environment and applications in other major systems at the University.

Regent Hogan inquired about the general satisfaction with our current status following the review and implementation of short-term control measures. Klatt responded that CUFS is the system chosen, and it is management's job to make it work. However, it is wrong to say the status quo is fine. Controls are below average for generally accepted standards. They need to be improved as cost effectively as possible.

Regent Keffeler noted that at the time of purchase the system was used at other institutions, and she wondered whether those institutions have similar control problems. Klatt was not sure, although the University has made numerous modifications or patches to the system so that a comparison may not be meaningful.

Hogan suggested that maybe the University should just get rid of the patches and get back to the original system so that we could use security functions that are available. Klatt noted that procedures throughout the University are based on the modified system so that moving back would be very difficult.

Hogan said a software migration plan is needed that gets us away from the current impasse, along with a timeline for the plan and a budget that is not too costly. Vice President Erickson indicated the planning was already under way. At the next meeting the administration will provide a time frame and identify the deliverables for the plan.

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

December 9, 1994

A meeting of the Audit Committee of the Board of Regents was held on Friday, December 9, 1994, at 8:30 a.m., in Room 300, Morrill Hall.

Regents present: William Hogan II, presiding; Jean Keffeler, and Mary Page.

Staff present: Senior Vice Presidents Robert Erickson and Ettore Infante; Vice President John Imholte; Associate Vice Presidents Pfutzenreuter and Potami; Associate Executive Director Kenneth Janzen; Director of Audits Gall Klatt; and Controller Karen Lauritzen.

Student Representatives present: Timothy Allison and Jessica Phillips.

Others present: Mark Chronister, from the firm of Coopers & Lybrand.

SENIOR VICE PRESIDENT'S REPORT

Senior Vice President Erickson did not have a report this meeting.

DIRECTOR OF AUDITS REPORT (CUFS)

Director of Audits Klatt presented the Department of Audits CUFS Review. Coopers & Lybrand commented in 1991 that CUFS was implemented without a normal control review, and that review has now been completed. The purpose of the review was to evaluate CUFS system, user, and interface controls. The objectives of such controls are to protect assets, assure proper authorization of transactions, and safeguard the accuracy and continuity of transactions.

Klatt said that the findings of the review are that there are weaknesses in the security of CUFS. It is not always clear who owns or is responsible for data, and therefore who can change it. Policies and procedures for access to data were developed but never actually released. In response to Regent Hogan, Klatt replied that the policies were not released because at the time of installation the primary focus of attention was to make the system very friendly to the user and to get it operational. Decisions such as this are not unusual in system installations, but the time over which the special conditions lasted and the number of accommodations made are not common practice.

Additional findings are that the CUFS did not have the very best security when it was purchased, and the University is not making the best use of the security it has. The management of data also suffers from the lack of clarity as to who is responsible for it. The problems of CUFS' security systems include an inability to identify unusual access to the system, and a lack of a complete tracing trail of individual transactions.

4. OVERSIGHT AND ACCOUNTABILITY

4.01 All consulting activities of the faculty will be reported and monitored annually in accord with the guidelines of the Regents' Policy on Consulting and Outside Affiliations. Additionally, the faculty shall annually complete a Consultation Validation/ Survey Form as specified by the dean.

4.02 Financial accountability will be verified regularly by the School's Office of Patient Accounting, and Office of Finance. The University auditor, the dean, the provost for the health sciences, the vice president for finance, or the president may request information or an audit of the private practice activity at any time and such shall be granted.

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

Chair Sahlstrom reported the committee engaged in an extensive discussion relating to the Regents' Policy on Tuition; reviewed University awards procedures; and reviewed a report on the Federal Student Loan Program on direct lending.

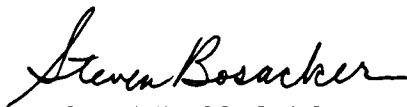
REPORT OF THE AUDIT COMMITTEE

Regent Hogan, Chair of the committee, reported that the committee did not have a report at this time.

REPORT OF THE CHAIR

Chair Keffeler recognized Regent Rosha, indicating that he has announced he will not seek another term as Regent. She stated she is proud to have served on the Board with Regent Rosha and he will be missed.

The meeting adjourned at 5:25 p.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary

provost for the health sciences, will first appoint the chair of the committee who will, in turn, recommend committee composition from members of the faculty practice.

1.03 The Faculty Practice Committee will have the responsibility of managing clinical activities and making recommendations on faculty payout formula to the dean, based upon participant production and assessment of overhead and recovery costs.

2. PARTICIPATION AND SCOPE OF POLICY

2.01 Full-time dental faculty, licensed to practice dentistry in the state of Minnesota, are eligible to participate in the school's internal Private Practice.

2.02 All participating faculty shall execute individual contracts binding them to the terms of this and other applicable policies, including School of Dentistry policies and procedures for patient registration, records management, and patient accounting. The contracts, which will be countersigned by the dean and the provost for the health sciences, shall be reviewed and renewed biennially.

2.03 Participating faculty shall adhere to University of Minnesota and School of Dentistry policies and procedures related to business and personnel practices.

2.04 Faculty will obtain verified professional liability insurance coverage for the scope of their private practice activity at limits acceptable to the University, and such coverage shall include the Regents of the University of Minnesota as an additional insured. Evidence of such coverage shall be filed with the dean.

3. SOURCES AND USES OF FUNDS

3.01 Private practice income, salary level and total compensation will be reviewed and established annually and administered through the dean's office, in concurrence with the provost for the health sciences. The total level of compensation for those in participating in this plan is considered public information.

3.02 Participating faculty shall pay operating expenses through income of the Private Practice Plan. Operating expenses, when applicable, are to include facility costs, professional payments, salaries, and fringe benefits of clinical/technical staff, bad debt, marketing and advertising, laboratory costs, laboratory supplies, office supplies, shipping and mailing costs, equipment, or any other expenditure categories necessary for operation and maintenance of the private practice activity.

3.03 The private practice plan shall annually provide to the dean's fund a total amount of not less than 6% of the annual overhead cost. Overhead costs which vary from generalists to specialist, and specialist to specialist, are calculated according to a payout formula and equal 40 to 60% of the gross income.

pending purchase/contracts over \$250,000 to the following:

- Costar for plastic labware to be furnished for the period January 1, 1995 to December 31, 1995 and distributed by University Stores at an estimated \$400,000.
 - Cisco Systems for networking products to be furnished to the Networking Services Department for the period January 1, 1995 to December 31, 1995 at an estimated \$300,000.
- c) Approval of a resolution relating to strategy for the 1995 legislative session:

The concept of involving former Minnesota governors as well as prominent University of Minnesota graduates, such as Nobel recipient Norman Borlaug, in the University's 1995 lobbying effort before the state legislature is a good one. Regents Reagan and Anderson will discuss the proposal with State Relations Director Donna Peterson to coordinate a strategy.

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

Regent Page reported that the committee also received a report on structural imbalances in non-sponsored funds; reviewed the Quarterly Purchasing Report and the Quarterly Report on Asset and Debt Management.

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 amended Regents' Policy on the School of Dentistry Private Practice Plan, as follows:

HEALTH SCIENCES

School of Dentistry Private Practice Plan

I. ORGANIZATION

1.01 The private clinical practice of the faculty in the School of Dentistry shall be organized under the terms of the Regents Policy on Consulting and Outside Affiliations which permits one day/week for such activities (48 days for a term appointee), under the direction of the dean of the School of Dentistry (dean).

1.02 A Faculty Practice Committee will be appointed on an annual basis by the dean and will be composed of participating faculty. The dean, in concurrence with the

- e) Approval of a resolution relating to the purchase of Coleraine Minerals Research Laboratory on the Duluth campus, 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 acquisition of the Coleraine Minerals Research Laboratory in Coleraine, Minnesota, owned by USX Corporation for the sum of \$1.00, subject to the University's receipt of a grant of \$600,000.

- f) Approval of a resolution relating to the conveyance of a temporary construction easement to the City of Minneapolis for the Fifth Street Extension, as follows:

RESOLVED, on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the necessary documents to dedicate for public roadway right-of-way purposes approximately .67 acre of land between 15th Avenue and 18th Avenue SE for the bridge extension of 5th Street SE and to grant the City of Minneapolis a temporary easement for construction of said bridge extension encumbering approximately 1.68 acres of land.

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

Regent Rosha reported that the committee also reviewed the proposed sale of property on Ontario Street in Minneapolis; reviewed the June 30, 1994 Real Estate Inventory and 1993-94 Real Estate Lease Report; and received an update on the campus master planning.

REPORT OF THE FINANCIAL OPERATIONS & LEGISLATIVE COMMITTEE

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

- a) Approval of the Senior Vice President's Monthly Financial Operations and Legislative Report as presented in the docket material and filed in the Regents' Office, including the following resolution relating to restructuring of bonded debt:

RESOLVED, that for the purpose of generating additional savings of at least \$1 million, the appropriate administrative officers are authorized to undertake the repurchase of all or a portion of the Series 1993A bonds and the subsequent reissuance of replacement bonds. It is understood that the repurchase of the 1993A bonds may be completed without a request for proposal (RFP) process. It is further understood that an open RFP process, resulting in a recommendation to the Board of Regents of a bond resolution and a financing plan, will be used for the issuance of replacement bonds.

- b) Approval of a resolution regarding 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

- 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 an amendment/schematic plans to the FY95 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY 1995 Capital Budget is hereby amended to incorporate the following project:

- A. Student Life Housing, Crookston Campus
Estimated cost of the project: \$2,200,000
Funding: Skyberg Hall Building Reserve Fund and a University Internal Loan
Estimated completion date: April 1996

- c) Approval of a resolution relating to amendments to the FY95 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY 1995 Capital Budget is hereby amended to incorporate the following projects:

- A. Campus Center Access Road Project
Duluth Campus
Estimated cost of the project: \$800,000
Funding: UMD Plant Funds and UMD Parking Funds
Estimated completion: September 1996
- B. Sanford Hall Roof Replacement
Scope/Budget Increase, Twin Cities Campus
Original estimated cost of the project: \$185,000
Increase in budget: \$439,000
Total revised estimated cost: \$624,000
Funding: Twin Cities Housing Services
Estimated completion: September 1995
- C. Comstock Hall Courtyard Waterproofing System
Replacement, Scope/Budget Increase
Twin Cities Campus
Original estimated cost of the project: \$106,000
Increase in budget: \$144,000
Total revised estimated cost: \$250,000
Funding: Twin Cities Housing Services
Estimated completion: July 1995

- d) Approval of a resolution relating to the sale of land at the Crookston campus to the City of Crookston for Valley Ventures Park, 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 approximately five acres of land located near the Crookston campus, to the City of Crookston, for the sum of \$2,000.

Environmental Quality Board on behalf of the University to ensure the accuracy and adequacy of the final Environmental Impact Statement and, upon completion of the final EIS, the Administration is directed to report the final EIS findings to the Board of Regents.

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

Regent Keffeler reported that recognition was given to student athletes and coaches and to members of the Civil Service Committee.

The committee delayed review of the Annual Financial Report until January.

REPORT OF THE FACULTY, STAFF, AND STUDENT AFFAIRS COMMITTEE

Regent Neel, 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 the Unit II Addendum Collective Bargaining Agreement with Graphic Arts International Union, Local 1M, as follows:

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the President, the Senior Vice President for Academic Affairs, and the Senior Vice President for Finance and Operations, the Board of Regents approves this addendum labor agreement as outlined in the docket for December 8, 1994.

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

Chair Neel reported that the committee reviewed a proposed Regents' Policy on Student Academic Grievance; reviewed a report on the Universal ID Card Program as part of the User-Friendly Strategic Initiative; and reviewed information on voluntary separation and early retirement.

REPORT OF THE FACILITIES COMMITTEE

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

and expenditure budgets for all current, non-sponsored funds for each resource responsibility center and compiled according to the current organizational structure of the University.

- d) Approval of a resolution relating to the State Capital Budget Request (Emergency Only), as follows:

RESOLVED, that the Board of Regents approve the Emergency Capital Budget Request as presented in the docket.

- e) Approval of a resolution relating to the Steam Service Draft Environmental Impact Statement, as follows:

WHEREAS, the University's steam service facilities are in need of major upgrade to ensure future reliability and environmental improvement; and

WHEREAS, in July 1991 the Board of Regents adopted five objectives for evaluating improvement alternatives for the steam service facilities including:

- ensuring reliable steam service and supply;
- obtaining the lowest cost steam possible;
- maintaining maximum fuel price protection through fuel flexibility or pricing guarantees;
- minimizing adverse environmental and health impacts; and
- minimizing business risk to the University.

WHEREAS, following an extensive competitive selection process to identify a preferred vendor and renovation proposal, Foster Wheeler Power Systems, Inc. was selected in April 1992 as best meeting the Regents evaluation criteria and objectives; and

WHEREAS, in June 1992, the Regents requested the initiation of a voluntary Environmental Impact Statement (EIS) for its proposed project; and

WHEREAS, on November 28, 1994, the Minnesota Environmental Quality Board released a draft Environmental Impact Statement on the University's steam service facilities for public comment through January 11, 1995, and it is in the interest of the University and the public to ensure the accuracy and adequacy of the final EIS; and

WHEREAS, the University's Administration is reviewing the preliminary findings and analysis presented in the EIS;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents extends its appreciation to staff of the Minnesota Environmental Quality Board (EQB) for their extensive work to date, an encourage broad public participation in the EQB's review and comment period of the Draft Environmental Impact Statement; and

BE IT FURTHER RESOLVED, that the Administration is hereby authorized to submit comments to the Minnesota

4. The University will establish a compensation pool of \$16,900,000 for the operations and maintenance and state specials funds for fiscal year 1996 representing an annual increase of approximately 3.3% over the fiscal year 1995 base. This compensation pool is to cover the financial impacts associated with salary and benefit cost increases related to these funds. The compensation pool has been established as an overall wage and benefit planning guideline and is not intended to represent an across the board compensation increase. The establishment of wage and benefit increases for fiscal year 1996 will be guided by the following principles. For each employee group (academic discipline or staff category), increases in the total compensation package will be based on the position of the group in relation to other comparable employee groups outside the University. Specific classifications within each employee group will also be subject to appropriate internal equity considerations. Pending further review of compensation structures, contract negotiations, appropriate consultation with faculty and staff governance and final appropriations provided to the University for fiscal year 1996 by the State of Minnesota, the budget presented to the Board of Regents will include necessary salary and benefit cost increases.
5. The allocation of resources from central reserves shall insure a reasonable financial reserve necessary to protect the University from fluctuations in overall revenues and to provide funds for unforeseen financial needs. The administration shall submit a fiscal year 1996 central reserves operating budget to the Board of Regents consistent with a long term plan to restore central reserves to an acceptable level. The plan shall include a redefinition of central reserves to more clearly define the role, purpose and use of central reserves within the overall financial framework of the University. The plan shall include the removal of recurring expenditures from central reserves consistent with the long term plan.
6. The allocation of resources from indirect cost recovery funds shall continue the process of aligning indirect cost recovery revenue with the expenses for which indirect costs are paid by allocating a greater share of the indirect cost recovery revenue to the units performing research and to facilities management for the maintenance and operation of research laboratories.
7. The fiscal year 1996 operating budget plan submitted to the Board of Regents shall include implementation of the 5th and final year of the 1991 restructuring and reallocation plan.

BE IT FURTHER RESOLVED, that the University engage in a contingent financial planning process in order to effectively respond to the potential financial dilemma of a lower than projected state of Minnesota contribution to the financial partnership.

BE IT FURTHER RESOLVED, that the fiscal year 1996 operating budget presented to the Board of Regents for review in May 1995 and final approval in June 1995 will include revenue

c) Approval of a resolution relating to Resource Allocation Guidelines, 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 1996 - 1997 University of Minnesota biennial budget proposal is derived from the *University 2000*'s mission, vision, strategic areas, goals, and action plans; and

WHEREAS, the *University 2000* vision is premised on partnerships within the University community, of faculty, staff and students, with the State of Minnesota, other educational institutions, business and industry, University alumni, local communities, and the citizens of Minnesota; and

WHEREAS, the University, its faculty, students, and staff have contributed to major reallocation of resources and effort in support of the University's mission and *University 2000*, through their actions and support;

NOW, THEREFORE, BE IT RESOLVED, that to achieve these goals, the Board of Regents of the University of Minnesota adopt the following resource allocation guidelines for preparation of the budget for fiscal year 1996:

1. The allocation of financial resources will be directed to programs and activities where support is critical to achieving the University's strategic directions in six major areas; (1) research, (2) graduate and professional education, (3) undergraduate education, (4) outreach and access to the University, (5) a user friendly University community, and (6) diversity.
2. The preparation of the 1996 annual operating budget shall proceed from the framework established in the University's 1996 - 1997 Biennial Budget Partnership Proposal. For fiscal year 1996, this proposal is predicated upon (1) an increase in state resources of \$32,000,000, compared to the amount appropriated for fiscal year 1995, (2) a tuition revenue increase of \$8,500,000 representing an overall increase of 4.8% from the 1995 budgeted estimate of tuition revenue, (3) other new income of \$500,000 and (4) internal reinvestments totaling \$14,100,000. Total new investments will equal \$55,100,000, including net new resources of \$41,000,000.
3. The University will establish a strategic investment pool amounting to \$5,100,000 for fiscal year 1996. These funds will be allocated specifically for the purpose of strengthening key disciplines, targeted recruitment and retention of faculty, research and education grant matches and excellence through diversity.

1. For the critical measure of Characteristics of Entering Students, the Board of Regents reaffirms the performance goal to have 80% of the entering freshmen class on the Twin Cities campus (excluding General College) be from the upper 25% of their high school graduating classes by the year 2000; this goal excludes General College because of its different mission; the Board further approves a second performance goal, institution-wide, for the mean high school rank of entering freshmen in the year 2000 to be at the 77th percentile.
2. For the critical measure of Graduation Rate, the Board of Regents reaffirms an institutional performance goal to graduate, within five years, at least 50% of the freshmen who enter in Fall 1996.
3. For the critical measure of Underrepresented Groups/Diversity, the Board of Regents reaffirms an institutional performance goal to increase by at least 50% the graduation rate within five years of freshman students of color, leading to a graduation rate of at least 33% for students who enter in Fall 1996; the Board further approves an institution-wide aspirational goal for students of color to represent at least 16% of entering freshmen in the year 2000, consistent with applicable legal requirements governing the recruitment and admission of students.
4. For the critical measure of Sponsored Funding, the Board of Regents approves two institutional performance goals: a) in the year 2000, to receive \$375,000,000 in sponsored funding from all sources, which is a 5% average annual increase; and b) in the year 2000, to maintain its mean rank of 15th in federal funding for research and development.
5. For the critical measure of Investment Per Student, as measured by instructional direct expenditure per student, the Board of Regents approves an institutional performance goal to achieve a funding level of 2% above the mean for comparable institutions in dollars of instructional direct expenditure per student.

BE IT ALSO RESOLVED, that the Board of Regents directs the administration of the University of Minnesota to continue to develop performance goals for each of these five critical measures and incorporate them into the long-term and annual academic planning and budgetary process, the biennial request, and the capital planning process; and that the President provides to the Board of Regents for review and discussion, and action as appropriate, an annual progress and performance report based on these measures and associated performance goals and in light of changing external circumstances; and

BE IT FURTHER RESOLVED, that the Board of Regents directs the administration of the University of Minnesota to continue to develop additional institutional-level critical measures and performance goals for review and approval by the Board as required to assess institutional performance.

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

REPORT OF THE COMMITTEE OF THE WHOLE
November 10, 1994

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

- a) Approval of a resolution relating to appointments to the University of Minnesota Health System Board of Governors, as follows:

RESOLVED, that on the recommendation of the Regents' Nominating Committee for the University of Minnesota Health System (UMHS) Board of Governors, the following appointments are hereby approved: Michael Dougherty, reappointed for a three-year term expiring December 1997; Arthur Kydd, reappointed for a three-year term expiring December 1997; W. James Corbett, appointed for an initial three-year term expiring December 1997; Henry T. Smith, appointed for an initial three-year term expiring December 1997; Kathryn Tunheim, appointed for an initial three-year term expiring December 1997; and Alison Page, appointed as the student member for a one-year term expiring December 1995.

- b) Approval of a resolution relating to University 2000 Critical Measures, as follows:

WHEREAS, the establishment and application of critical measures and performance goals serve to evaluate the progress of the University of Minnesota in reaching its stated goals and objectives in the six strategic areas of research, scholarship, and artistic activity; graduate and professional education; undergraduate education; outreach and access; user-friendly community; and diversity; to guide institutional, collegiate, and support unit self improvement; to serve as an important link between planning, performance evaluation, and resource allocation through the budget process; and to provide a means for comparison with other institutions in the search of best practices for the accomplishment of institutional goals; and

WHEREAS, the University administration has undertaken a process of consultation with appropriate internal and external University constituencies in the development of appropriate measures to evaluate progress toward the achievement of University 2000;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the five critical measures "Characteristics of Entering Students", "Graduation Rate", "Underrepresented Groups/Diversity", "Sponsored Funding", and "Investment per Student", for measuring institutional performance in realizing the goals of University 2000; and

BE IT ALSO RESOLVED, that the Board of Regents reaffirms the performance goals which were part of University 2000 approved in January 1994 and approves additional goals for these critical measures as follows:

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

December 8, 1994

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, December 8, 1994, at 4:55 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Julie Bleyhl, William Hogan II, Jean Keffeler, Hyon Kim, Bryan Neel III, Mary Page, Thomas Reagan, Darrin Rosha, and Stanley Sahlstrom. President Nils Hasselmo presiding.

Staff present: Senior Vice Presidents Robert Erickson and Ettore Infante; Vice President Mark Brenner; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; Associate Executive Director Kenneth Janzen; and Associate Vice President Gerald Fischer.

APPROVAL OF MINUTES

The Board of Regents voted unanimously to approve the minutes of the following meetings:

Audit Committee - November 10, 1994
Facilities Committee - November 10, 1994
Financial Operations & Legislative Committee - November 10, 1994
Educational Planning & Policy Committee - November 10, 1994
Committee of the Whole - November 10, 1994
Board of Regents - November 10, 1994

REPORT OF THE PRESIDENT

President Hasselmo presented his monthly report, which pertained to the draft Environmental Impact Statement on the University of Minnesota Steam Service Facilities; compensation of coaches in Women's Athletics; the formation of a "Blue Ribbon" football panel; the state budget forecast; the "partnership initiative" with the state of Minnesota; proposed changes to the Tuition Policy; critical measures; and recognition of student athletes.

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

RECEIVE AND FILE REPORTS

President Hasselmo reported there were no receive and file reports.

GIFTS

Associate Vice President Fischer presented the 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.

the EIS. He suggested that the Board could authorize the officers to take any necessary action, and Keffeler noted a telephone meeting could be convened if necessary.

Regent Rosha is not convinced an outside party should be brought in until the University has assessed where the information differs and received reaction from the EQB. If there is clear disagreement at that point, then an outside party without previous biases could be asked to make a judgment. In response to Rosha, Markham discussed the information in the EIS related to cogeneration and fuel flexibility.

In response to Keffeler, Markham stated that changing the base project would require amending the permit application. She stated the consequences of delay cannot be understated for the University and urged a timely decision. If the Board decides to remain with the project, there are a number of mitigation options identified in the contract as well as in the EIS that the Board may want the administration to develop further.

In response to Neel, Markham stated there is significant risk with the current system and an emergency shut-down plan is in place in the event of inadequate capacity.

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

ANNUAL FINANCIAL REPORT

The presentation regarding the Annual Financial Report was postponed until the January meeting due to time constraints.

The meeting adjourned at 4:45 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

- minimizing business risk to the University.

WHEREAS, following an extensive competitive selection process to identify a preferred vendor and renovation proposal, Foster Wheeler Power Systems, Inc. was selected in April 1992 as best meeting the Regents evaluation criteria and objectives; and

WHEREAS, in June 1992, the Regents requested the initiation of a voluntary Environmental Impact Statement (EIS) for its proposed project; and

WHEREAS, on November 28, 1994, the Minnesota Environmental Quality Board released a draft Environmental Impact Statement on the University's steam service facilities for public comment through January 11, 1995, and it is in the interest of the University and the public to ensure the accuracy and adequacy of the final EIS; and

WHEREAS, the University's Administration is reviewing the preliminary findings and analysis presented in the EIS;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents extends its appreciation to staff of the Minnesota Environmental Quality Board (EQB) for their extensive work to date, and encourage broad public participation in the EQB's review and comment period of the Draft Environmental Impact Statement; and

BE IT FURTHER RESOLVED, that the Administration is hereby authorized to submit comments to the Minnesota Environmental Quality Board on behalf of the University to ensure the accuracy and adequacy of the final Environmental Impact Statement and, upon completion of the final EIS, the Administration is directed to report the final EIS findings to the Board of Regents.

In response to Regent Bleyhl, Senior Vice President Erickson stated that information regarding legal provisions of the Foster Wheeler contract and the University's options and penalties will be included in the final presentation.

In response to Regent Reagan, Markham stated that the University is getting outside assistance on the response to the draft EIS and Foster Wheeler is participating.

Regent Page was stunned that the draft EIS assumed an in-house operation and asked about the impact on the University's financial situation. Markham stated she cannot speak for the EQB staff, but expressed concern about the implications of such an assumption on costs and guarantees. As a result, there are not apples to apples comparisons in the draft EIS at this point. Paschke stated funding would be the same through debt issuance, but an in-house operation would impact guarantees. Erickson also noted that special expertise results in doing things more efficiently at a lower cost.

Regent Hogan suggested it would be helpful to have an independent adviser make a presentation to the Board on this issue and Reagan supported the suggestion. Regent Neel stated he would like to get through the first phase of the process before any more money is spent.

President Hasselmo agreed with Keffeler that he would like the Board to have the benefit of administrative consideration before taking action. He raised a concern about identifying an arbiter to resolve this issue because of the judgments that must be made, and stated the administration intends to use outside expertise to assist in evaluating

A motion was made and seconded, and the committee voted unanimously to recommend approval of the proposed request for emergency funding.

In response to Regent Sahlstrom, Senior Vice President Erickson stated the request will be submitted, although it is uncertain that funding will be available.

STEAM PLANT ENVIRONMENTAL IMPACT STATEMENT

Regent Keffeler introduced the discussion regarding the draft Environmental Impact Statement (EIS) for the University's steam service facilities. The spirit of the Board and administration in approaching the discussion phase of the voluntary EIS process is that the Board established criteria, made the best decision based upon information available at the time, and now has an opportunity to deliberate those same considerations based upon expanded information. The Board is faced with a difficult balancing act as it engages this topic and she does not want the Board to be perceived as stampeding to any particular alternative. The Board intends to engage in this in a good faith and open-minded way and requests the assistance of everyone who cares about this decision to approach it in a similar vein.

Associate Vice President Markham reviewed the purpose of the draft EIS and the Foster Wheeler Case A and Case B. She discussed the seven alternatives studied.

Markham reviewed the analyses contained in the draft EIS related to air quality, water quality, solid and hazardous waste, land use considerations, and mitigation measures. She urged the Board to read the entire document prior to any further deliberation.

Associate Vice President Paschke reviewed preliminary issues of concern in the draft EIS related to the Board of Regents' objectives, including the comparison of fuel efficiency projections. He noted the administration was careful to try to get an apples to apples comparison of the different bids during the initial process, and will work with the Environmental Quality Board (EQB) staff and consultants to get that same kind of comparison on the assumptions used.

Markham stated the public comment period on the draft EIS ends January 11, 1995, followed by preparation of the final EIS and a 10-day comment period. Once the final EIS is released, it will be presented to the Board for extensive discussion. She noted the earliest possible date a permit will be issued is mid-April.

Markham presented the following resolution to the committee for approval:

WHEREAS, the University's steam service facilities are in need of major upgrade to ensure future reliability and environmental improvement; and

WHEREAS, in July 1991 the Board of Regents adopted five objectives for evaluating improvement alternatives for the steam service facilities including:

- ensuring reliable steam service and supply;
- obtaining the lowest cost steam possible;
- maintaining maximum fuel price protection through fuel flexibility or pricing guarantees;
- minimizing adverse environmental and health impacts; and