

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

MINUTES

BOARD OF REGENTS' MEETING

AND

REGENTS' COMMITTEE MEETINGS

May 12-13, 1994

May 17, 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

May 12-13, 1994

May 17, 1994

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

May 12, 1994

A meeting of the Audit Committee of the Board of Regents was held on Thursday, May 12, 1994 at 8:00 a.m., in Room 300, Morrill Hall.

Regents present: Regent Hogan, Chair; Regents Bleyhl, Keffeler, and Page.

Staff present: Senior Vice Presidents Erickson and Infante; General Counsel Rotenberg; Associate Executive Director Janzen; Controller Lauritzen; and Director of Audits Klatt.

Student Representatives present: Narciso Aleman and Sara Nienow.

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

DIRECTOR OF AUDITS REPORT

Director of Audits Klatt presented her first report to the committee since assuming her position. She noted that there have been no audits issued since the last meeting of the committee, although there were twelve audits in various stages of preparation. She indicated that she has spent her first several weeks in office reviewing the work of the Department of Audits. Ms. Klatt said that among the issues she has under consideration are an examination of the rating criteria for audit recommendations, an analysis of the tentative annual audit plan presented in April by Acting Director Willie, and a review of MALG closing activities.

In response to a question from Regent Hogan, Ms. Klatt said the close-out of MALG was moving at a satisfactory pace. She noted that reduced staff made it difficult to complete inventories of supplies and products. However, she indicated this problem was being addressed.

REQUEST FOR PROPOSALS/EXTERNAL AUDITOR'S CONTRACT

Senior Vice President Erickson introduced the administration's recommendation regarding the Request for Proposals (RFP) for the next external auditor contract. He noted that the policy of rotating external auditors every five years was a good one and should normally be retained. However, because the Audit Director and the Controller are new to the University, continuity would be helpful. The administration's recommendation is to suspend the RFP process for a maximum of two years, to negotiate with Coopers and Lybrand for a one-year contract, and to review the situation at the end of the first year.

During the discussion, the Regents expressed satisfaction with the audit relationship with Coopers and Lybrand but raised questions about the extent of work with the firm outside of the primary audit contract. Senior Vice President Erickson distributed a summary of the contracted consulting and audit work with Coopers and Lybrand over the last five years. He noted that the amount of this work had been reduced in recent years. He also indicated, in response to Regent Keffeler, that the nature of the supplemental work done by Coopers and Lybrand would not compromise the independence of their primary audit function.

After clarifying the intent of the action under consideration, it was moved and seconded to recommend the following resolution:

RESOLVED, that the Board of Regents authorizes an exception to a request for proposal process for the external auditor contract for a maximum of two years.

BE IT FURTHER RESOLVED, that the administration is authorized to proceed with the negotiation of a one-year contract with Coopers and Lybrand, with a review at a later date for a possible second year contract. The negotiated contract will be brought to the Board of Regents for approval at a subsequent meeting.

The committee voted unanimously to recommend approval of the resolution.

UPDATE ON IRB PROCESS

Vice President for Research Petersen introduced the topic of the Institutional Review Board (IRB) to the committee by reviewing the material distributed in the docket. She provided historical background and context for the development of procedures to protect human subjects in research. She noted the IRB panels work on the basis of certain ethical principles; are responsible for prospective reviews, continuing reviews, and the investigation of allegations; and follow various procedures and educational programs in accord with the level of risk for human subjects. She also described the changes and increase in size of the IRB office in the past year. In conclusion, Vice President Petersen emphasized the primary role of the IRB is to protect human subjects and not to work as a corrective agency or a disciplinary group. Infractions are referred to other University procedures such as the Academic Misconduct procedure.

Regent Hogan asked a series of questions regarding the activities of the IRB panels that inquired into the assurance these activities gave that the risks to human subjects were pro-actively investigated. He noted that in his experience in private industry, every research project was independently-investigated to be sure that human subject protocols were not violated. With the large number of projects at the University, he asked how such assurance could be managed.

Vice President Petersen and Senior Vice President Infante made the point that private industry was involved in production while the University was involved in discovery, and these require different protocols. In addition, Vice President Petersen noted that the IRB process did involve identification of

research projects with the highest risk, and a more thorough monitoring of these projects.

Discussion of the monitoring of high risk projects indicated that IRB panels were dependent on the primary investigators. Regents suggested that a process more independent of the investigators, done on a sampling basis, would give better assurance that there were not systemic problems.

Several IRB panel members and Regent Keffeler raised the question of whether faculty resources are available to do the kind of review for which the Regents were asking. Vice President Petersen noted that the doubling of the IRB office personnel, and the computerization of their activity, need to be examined to see how far they can carry this responsibility.

Regent Hogan asked that Senior Vice President Infante and Vice President Petersen come back to the committee in June with recommendations as to the use of sampling in the IRB process. Regent Keffeler indicated that her concern was not that there is a problem in research, but that the University is in a position where it needs to be able to demonstrate the facts with reasonable assurance.

Vice President Petersen said she will provide a report to the committee in June.

The final item on the agenda, Update on Contracts and Grants Administration, was delayed until the June meeting due to time constraints.

The meeting adjourned at 10:00 a.m.

Barbara Muesing

**BARBARA MUESING
Executive Director and
Corporate Secretary**

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

May 12, 1994

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, May 12, 1994, at 11:15 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Rosha, presiding; Regents Bleyhl, Kim, Perlman, Peterson, and Reagan.

Staff present: Senior Vice President Erickson; Vice President Allen; Associate Executive Director Janzen; and Associate Vice Presidents Hewitt, Markham, and Paschke.

Student Representatives present: Tom Donarski and Sara Rogers.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Erickson presented the Senior Vice President's Monthly Report for May 1994, and a motion was made and seconded to recommend approval.

Senior Vice President Erickson noted a letter regarding the Radisson Metrodome Hotel's ground lease and loan agreement restructuring.

He also noted a letter regarding the selection of Facilities Management by the Minnesota Safety Council to receive a Meritorious Achievement in Occupational Safety award.

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

SCHEMATIC PLANS, FY 94 CAPITAL BUDGET

A motion was made and seconded to recommend approval of the following resolution relating to schematic plans for the FY94 Capital Budget:

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

- A. Wulling Hall Remodeling, Twin Cities Campus
Estimated cost of the project: \$1,928,500
Funding: State Capital Appropriation; State Operating Appropriation; and Unrestricted University Resources
Estimated completion date: January 1995

Linda McCracken-Hunt, Director of Project Development, reported that this project is intended to renovate the building to provide access under the Americans with Disabilities Act via a new entrance, elevator, and remodeled toilet rooms. Interior spaces will be remodeled to accommodate and consolidate administrative and student affairs functions in the College of Education.

The committee voted unanimously to recommend approval of the resolution.

AMENDMENTS, FY 94 CAPITAL BUDGET

A motion was made and seconded to recommend approval of the following resolution relating to schematic plans for the FY94 Capital Budget:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY 1994 Capital Budget is hereby amended to incorporate the following projects:

- A. Parking Structures, Structural Repairs, Twin Cities Campus
Estimated cost of the project: \$472,000
Funding: Parking Services Deferred Maintenance Funds
Estimated completion date: November 1994
- B. Centennial Hall, Basement Renovation & Elevator Modernization, Scope/Budget Increase, Twin Cities Campus
Cost of project approved to date: \$290,000
Increase in scope: \$516,000
Total estimated cost of project: \$806,000
Funding: Housing Services Funds and an Insurance Settlement
Estimated completion date: September 1994
- C. Horticultural Science Greenhouses Exolite Reglazing
Scope Increase, St. Paul Campus
Original estimated cost: \$75,000
Increase in scope: \$270,000
Total estimated cost of project: \$345,000
Estimated completion date: September 1994

Director of Project Development, Linda McCracken-Hunt, provided information on changes in the scope of the Centennial Hall project and the Greenhouses reglazing project.

The committee voted unanimously to recommend approval of the resolution.

REAL ESTATE TRANSACTION FOR ACTION

Five-Year Lease for 2301 University Avenue SE, Minneapolis

A motion was made and seconded to recommend approval of the following resolution relating to a lease at 2301 University Avenue SE in Minneapolis:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute a 5-year lease with University Technology Centers, Inc. for the use of 9,636 square feet of office space at 2301 University Avenue SE, Minneapolis, by the Minnesota Daily.

The committee voted unanimously to recommend approval of the resolution.

REAL ESTATE TRANSACTIONS FOR REVIEW

Purchase of 40 Acres, Elm Street and 19th Avenue SE, Minneapolis

The committee reviewed a proposed purchase of 40 acres of land located east of 15th Avenue SE, adjacent to the University Child Care Center.

Associate Vice President Hewitt reported that the Chicago and NorthWestern Railroad will be ceasing its operations at this location and removing the railroad track by June 1, 1994. The University is exploring several possible uses of the property, including student housing and a women's soccer stadium. Mr. Hewitt reported if agreements are reached on a possible purchase, the item will be brought back to the committee for approval.

In response to a question, Senior Vice President Erickson reported that there is no proposed use for the property at this time, however, it is valuable land adjacent to the campus and will provide flexibility for the University's use in the future.

Sale of 200 Acres, Research and Field Studies Center, Rice Lake Township, St. Louis County (Duluth Campus)

The committee reviewed the proposed sale of approximately 200 acres of land at the Research and Field Studies Center in Duluth.

Associate Vice President Hewitt reported that the land is no longer needed for educational or research-related activities by the Duluth Campus. The land will be surveyed into eight parcels, five of which are currently leased to the Arrowhead Youth Soccer Association, Duluth Lakepark Little League, Duluth Radio Flying Club, Lakewood Berry and Produce Farm, and the City of Duluth. The five parcels, which total approximately 120 acres, will be first offered to existing tenants. The remaining unsold parcels will be marketed through a local real estate broker.

Lease with Option to Purchase Staples Irrigation Center, Wadena County

Vice President Allen and Associate Dean Mike Martin reviewed a proposal for the execution of a one-year lease for the Staples Irrigation Center, consisting of 320 acres of land and several buildings. The proposed lease would contain two options: (a) an option to purchase the land at \$1 as of July 1, 1995 and continue the lease for the buildings for 20 years, the option to be exercised contingent upon the 1995 Legislature providing annual funding for the operation of the facility in the amount of \$300,000; and (b) an option to purchase the buildings at \$1 during the first five years of the lease.

Associate Dean Martin reported that the Staples Irrigation Center is located adjacent to the Staples Technical Institute and is owned by the Brainerd-Staples Regional Technical Center. It is proposed that the facility will be operated as a joint program of the University's Agricultural Experiment Station/West Central Experiment Station and the Agricultural Utilization Research Institute (AURI). The mission of the program will be to 1) develop the potential of the land, water, and climatic resources appropriate for this region of Minnesota; 2) establish economically and environmentally sound practices for a balanced and sustainable development of the region; and 3) work for the common goals of all the concerns elements of the community.

In response to a question, Associate Dean Martin talked briefly about the relationship between the University and the Agricultural Utilization Research Institute.

The meeting adjourned at 11:55 a.m.

Barbara Muesing

BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Financial Operations & Legislative Committee

May 12, 1994

A meeting of the Financial Operations & Legislative Committee of the Board of Regents was held on Thursday, May 12, 1994, at 10:15 a.m., in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Page, presiding; Regents Keffeler, Neel, Perlman, and Reagan.

Staff present: Senior Vice President Erickson; Vice President Allen; Associate Executive Director Janzen; Associate Vice Presidents Paschke and Pfitzenreuter.

Student Representatives present: Tom Donarski and Sara Nienow.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

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

Senior Vice President Erickson presented the Senior Vice President's Monthly Report for May 1994. He noted the resignation of Associate Vice President Mike O'Connor.

He called on Associate Vice President Paschke who reported on the completion of an evaluation of the asset allocation strategy for the endowment funds of the University and the University of Minnesota Foundation. Mr. Paschke reported that a copy of the complete analysis and recommendations has been provided to all members of the Board in preparation for discussion and action by the committee in June.

The committee briefly discussed current market activity.

The committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report for May 1994.

LEGISLATIVE UPDATE

Director of State Relations Peterson presented a summary from the 1994 legislative session, highlighting the following:

Higher Education Supplemental Budget Bill

Items relating to the University included:

- U2000 was funded for \$9,145,000 (vetoed by the Governor)
- Language included indicating that the University is expected to focus on improving the actual classroom instruction and experience of

undergraduates. The University is to report its plans to accomplish the changes as part of the 1995 biennial budget.

- Language included directing the University to report on the policies and practices, planned or implemented, to comply with Title VII, Title IX, and the Equal Pay Act as they relate to coaches of men's and women's athletics by January 5, 1995.

Bonding

- The University of Minnesota received \$68.7 million authorization for bonding as follows:
 - Higher Education Preservation and Renewal - \$15,000,000
 - Facility Renewal - \$9,000,000
 - Archival Research Facility - \$2,700,000 for planning
 - Carlson School of Management - \$25,000,000 to be matched by a minimum of \$20,000,000 in non state money
 - Mechanical Engineering - \$13,000,000, contingent on the commitment of \$6,700,000 in non state funds
 - Duluth Medical School - \$4,000,000 - to construct an addition

Ms. Peterson reported there is no debt service on any authorization, except for the Duluth Medical School.

She further reported that bonding approved for other higher education systems included \$56,950,000 for the State University System; \$36,945,000 for the Community Colleges; and \$45,505,000 for the Technical Colleges. She also indicated the systems are paying one-third of their debt service with the exception of the health and safety dollars.

Ms. Peterson provided a summary of the appropriations bills for the Institute of Agriculture, Forestry, and Home Economics.

Ms. Peterson reported that the actual bills are available on request.

Ms. Peterson and Regent Reagan noted the major role played by the Alumni Association in delivering the University's message to the legislature.

PURCHASE OF GOODS/SERVICES OVER \$250,000

A motion was made and seconded to recommend approval of the following resolution relating to the purchase of goods/services over \$250,000:

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

- To ADIA Personnel Services for temporary clerical services as called for by University of Minnesota Human Resources' SOS Program for the period 7/1/94 to 6/30/95 at an estimated annual volume of \$500,000.
- To Kelly Temporary Services for temporary clerical services as called for by University of Minnesota Human Resources' SOS Program for the period 7/1/94 to 6/30/95 at an estimated annual volume of \$450,000.

- To U.S. West for \$1,623,330 for a 10-year lease beginning July 1, 1994 to provide communications conduit space to route cable for campus voice, data, and video services.

The committee voted unanimously to recommend approval of the resolution.

QUARTERLY MANAGEMENT REPORT

Associate Vice President Pfutzenreuter presented the quarterly management report as of March 31, 1994 which included: 1) a balance sheet as of March 31, 1994, for all funds, both current and noncurrent; 2) a statement of changes in fund balances for the period ending March 31, 1994, including data for the period ending March 31, 1993; and 3) budget status reports as of March 31, 1994 for the collegiate units and summarized to the vice president and coordinate campus levels.

Mr. Pfutzenreuter reported that the docket material also included a new format for reporting quarterly that would provide the committee with a review of the University's total financial status rather than only the expenditures as in previous reports.

Carol Flecke, Director of Financial Reporting & Budget Administration, reviewed the new format for the committee.

Regent Keffeler stated she is pleased with the format, indicating that the importance of the new format cannot be overstated. She stated she would like the addition of a column that would forecast a year-end balance.

After a short discussion, Regent Keffeler moved to recommend approval of the new format.

The committee voted unanimously to recommend approval of the new reporting format.

REGENTS' POLICY ON DELEGATION OF AUTHORITY: BUDGET MODIFICATIONS

The committee reviewed a proposed Regents' Policy on Delegation of Authority: Budget Modifications. Associate Vice President Pfutzenreuter distributed an updated draft of the proposed policy. He reported that the proposed policy governs the administration's authority on behalf of the Board of Regents to approve adjustments to the annual operating budget.

Summarizing the policy, Mr. Pfutzenreuter reported that the President or his designee may approve certain changes to the University's operating budget. For centrally-allocated funds, changes in revenue in excess of \$250,000 will require prior approval of the Board of Regents. Transfer of funds in excess of \$250,000 between Resource Responsibility Centers for the purpose of initiating new or expanding the scope of academic programs or support services or for resolving operating deficits will require prior approval of the Board of Regents. He further reported that the policy provides that all adjustments to the budget shall be reported to the financial Operations and Legislative Committee of the Board of Regents through the quarterly management report.

Regent Perlman suggested some clarifying language for the policy that was noted by Associate Vice President Pfitzenreuter, who indicated that the policy will be back with the changes for action in June.

The meeting adjourned at 11:08 a.m.

Barbara Muesing

**BARBARA MUESING
Executive Director and
Corporate Secretary**

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff and Student Affairs Committee

May 12, 1994

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, May 12, 1994, at 11:15 a.m. in Room 300, Morrill Hall.

Regents present: Regent Neel, presiding; Regents Anderson, Hogan, Keffeler, Page, and Sahlstrom.

Staff present: Chancellors Johnson and Sargeant; Senior Vice President Infante; Executive Director Muesing; Associate Vice Presidents Carrier and Johnson.

Student Representatives present: Gina Brunko and Rachel Paulose.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

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

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

- Status report on the search for the Executive Director and Corporate Secretary of the Board of Regents;
- Appointment of Melvin D. George as Vice President for Institutional Relations, effective July 1, 1994;
- Appointment of Mario Bognanno as Associate to the President, effective June 16, 1994;
- Resignation of Vice President Marvalene Hughes to assume the position of President of California State University at Stanislaus, effective August 1, 1994;
- Appointment of Associate Professor Michael McDonald as Director of the Minnesota Sea Grant College Program;
- Appointment of Dr. Byron Crouse as Chair of the Department of Family Medicine, University of Minnesota, Duluth School of Medicine;
- Appointment of Ivonne Tjoe Fat, Educational Coordinator of the Minority Student Program at the University of Minnesota, Morris, to the Supreme Court of Minnesota Board of Continuing Legal Education by Justice Alan Page;

- Promotions, honors, and awards received by University faculty, staff, and students;
- Campus programs, events, and other campus news, including the second annual publication of the *Gopher Guide*, and
- Appointment of the following individuals to the Minnesota Landscape Arboretum Foundation Board of Trustees: Patrick Rowland (one-year term, June 1994-June 1995); Priscilla Brewster, (three-year term, June 1994-June 1997); and John Wheelihan, (three-year term, June 1994-June 1997).

In response to Regent Sahlstrom, Dr. Infante discussed the impact the new archives facility will have on the University and throughout the state.

Regent Keffeler noted the administration is considering a review of the University's use of awards, and asked that a discussion be scheduled regarding that issue.

Regent Neel emphasized the importance of moving ahead with the University's interactive communication efforts, and Dr. Infante stated progress has been made.

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

PROMOTION AND TENURE RECOMMENDATIONS

A motion was made and seconded to recommend approval of the 1994-95 promotion and tenure recommendations.

Senior Vice President Infante noted that the promotion and tenure process is one of the most important activities of the University, and stated that the recommendations are presented with pride.

In response to Regent Keffeler, Dr. Infante discussed the stability and profile of the University's faculty. He stated that young faculty are willing to stay at the University if given the opportunity, and noted that the group being recommended for tenure this year is the best he has seen in ten years. He noted that the number of faculty is decreasing, and expressed concern regarding faculty salaries in light of the current competitive situation.

In response to Regent Neel, Dr. Infante stated that he believes the promotion and tenure process generally works well. He noted that problems are pointed out to units, and there is a feeling of mutual respect.

Regent Hogan noted that 3 of the 25 recommendations involving persons of color were for non-reappointment, and Dr. Infante stated that faculty are informed when they are not progressing toward promotion and tenure.

The committee discussed the emphasis on teaching in the promotion and tenure review process. Regent Keffeler suggested scheduling a discussion at a future meeting to discuss how the University is emphasizing the teaching component of its mission to ensure proper balance of teaching, research, and outreach. She stated that if the higher education funding bill had not been vetoed, it would have instructed the University to revise its faculty incentive system. Dr. Infante noted that the veto only pertained to the money portion, and the instruction remains.

The committee voted unanimously to recommend approval of the following resolution:

RESOLVED, that on the recommendation of the Senior Vice President for Academic Affairs and Provost, the promotion and/or tenure recommendations on pages 1-6 of the docket materials presented to the Board of Regents on May 12 and 13, 1994, are hereby approved, effective with the beginning terms of appointment in 1994-95.

RESOLVED, that on the recommendation of the Chancellor of the University of Minnesota, Duluth (UMD), in accord with the Agreement between the Regents of the University of Minnesota and the University Education Association, the UMD promotion and/or tenure recommendations on page 7 of the docket materials presented to the Board of Regents on May 12 and 13, 1994, are hereby approved, effective with the beginning terms of appointment in 1994-95.

The meeting adjourned at 12:00 Noon.

Barbara Muesing

**BARBARA MUESING
Executive Director and
Corporate Secretary**

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Educational Planning and Policy Committee

May 12, 1994

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, May 12, 1994, at 10:15 a.m. in Room 300, Morrill Hall.

Regents present: Regent Sahlstrom, presiding; Regents Bleyhl, Hogan, Kim, Peterson, and Rosha.

Staff present: Chancellor Johnson; Senior Vice President Infante; Vice President Allen; Executive Director Muesing; Associate Vice Presidents Cabral and Johnson.

Student Representatives present: Narciso Aleman and Joan Jensch.

Regent Sahlstrom welcomed Regent Hyon T. Kim as a member of the Educational Planning and Policy Committee.

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 Graduate School's proposal to offer the Ed.D. in Educational Administration in cooperation with St. Cloud State University;
- Approval by the College of Liberal Arts Assembly to change the name of the Institute of Languages and Literature to the Institute of Linguistics and Asian and Slavic Languages and Literature and to merge the three separate units of German, Scandinavian, and Dutch into a single Department of German, Scandinavian, and Dutch, effective July 1, 1994;
- Approval by the University Senate of the Report of the Review Committee on Awarding Credit for Advanced Placement and International Baccalaureate at the University of Minnesota, and acceptance of the report by the Senior Vice President for Academic Affairs and the President's Cabinet;
- Establishment of the Large Lakes Observatory, which will be part of the University's new initiative in water resources and housed at the University of Minnesota, Duluth (UMD);
- Actions taken by the MHECB at its meeting on April 21, 1994, and announcement by MHECB that the School of Social Work, College of

Human Ecology, and the Sexual Violence Program have been awarded a two-year, \$240,000 contract to establish the Minnesota Higher Education Center Against Violence and Abuse;

- National reports, including *Summary Report 1992: Doctorate Recipients from United States Universities* and reclassification of the University of Minnesota, Morris (UMM) from a Liberal Arts II institution to a Liberal Arts I institution by the Carnegie Foundation for the Advancement of Teaching;
- Revised Regents' Policy on Associate Degree Program Liberal Education Requirements; and
- Revised Regents' Policy on International Education.

In response to Regent Sahlstrom, Dr. Infante stated that the establishment of the Large Lakes Observatory is one of several initiatives designed to coordinate activities related to water quality.

Regent Sahlstrom expressed a concern regarding the number of new programs approved by MHECB. Dr. Infante stated that MHECB has not discontinued programs, and noted that the University has discontinued a number of programs which are duplicated at other institutions.

Dr. Infante discussed costs associated with administration of state and federal contracts and grants, and Regent Hogan asked that a discussion of that issue be scheduled at a future meeting.

Chancellor Johnson discussed the reclassification of UMM from a Liberal Arts II institution to a Liberal Arts I institution by the Carnegie Foundation for the Advancement of Teaching, stating that this should be a source of pride for the University. Regent Kim and Dr. Johnson discussed a new exchange program between UMM and Yonsei University in Seoul, South Korea.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report, including the revised Regents' Policy on Associate Degree Program Liberal Education Requirements and the revised Regents' Policy on International Education.

REPORT ON COLLABORATIVE EFFORTS WITH OTHER HIGHER EDUCATION SYSTEMS

Senior Vice President Infante introduced the discussion regarding collaborative instructional endeavors with other institutions. He noted Associate Vice President Cabral's efforts to establish these instructional relationships with other institutions.

Dr. Cabral provided a status report on the Twin Cities Higher Education Partnership, noting three programs have been approved to date. He reviewed examples of the University's collaborative instructional efforts, which include complementary, reciprocal, pioneering, and supportive relationships with a variety of other institutions. In summary, he stated that the University has a strong collaborative presence in all sectors of the state, nationally, and internationally.

In response to Regent Hogan, Dr. Infante and Dr. Cabral discussed plans for future development of collaborative opportunities.

Regent Kim noted many collaborative activities by the Medical School, stating she would like to see further collaboration with Pacific Rim institutions.

The meeting adjourned at 11:05 a.m.

Barbara Muesing

**BARBARA MUESING
Executive Director and
Corporate Secretary**

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

May 12, 1994

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, May 12, 1994, at 1:30 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Keffeler, presiding; Regents Anderson, Bleyhl, Hogan, Kim, Neel, Page, Perlman, Peterson, Reagan, Rosha, and Sahlstrom.

Staff present: President Hasselmo; Chancellors Ianni, Johnson, and Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Hopkins, Hughes, and Petersen; General Counsel Rotenberg; Deputy Vice President Chou; Executive Director Muesing; Associate Executive Director Janzen; Associate Vice Presidents Johnson, Perlmutter, Pfitzenreuter, Tschida, and Zetterberg.

Student Representative present: Rachel Paulose.

PERSONNEL

President Hasselmo announced that Vice President Marvalene Hughes has resigned in order to accept the position of President of California State University at Stanislaus, effective August 1, 1994. He thanked Dr. Hughes for her leadership during the past four years.

1995 BUDGET PLAN MODIFICATIONS

President Hasselmo introduced the discussion, stating that the proposed budget continues the five-year restructuring and reallocation plan and begins implementation of University 2000. He noted that discussions at future meetings will focus on the University's priorities based on the emerging strategic planning effort, specific action plans under University 2000, the 1995 Biennial Request, and structural budget imbalances.

Associate Vice President Pfitzenreuter reviewed modifications to the proposed Budget Plan for fiscal year 1995, including expansion of the proposed Guaranteed Tuition Plan to the Crookston, Duluth, and Morris campuses. He noted that the University of Minnesota Health System (UMHS) operating and capital budgets will be presented for approval at the June meeting.

In response to Regent Perlman, Senior Vice President Infante discussed distribution of funding for the Minority Encouragement Program and Minority Fellowships.

Senior Vice Presidents Erickson and Infante reviewed responses to questions previously raised by Regents. They reported that the Budget Plan will impact 226 positions, the status of balances and reserves will be monitored and a report on

structural budget imbalances will be presented in July, and discussed the need to redirect the distribution of indirect cost recovery funds among units.

In response to Regents Neel and Perlman, Mr. Pfutzenreuter discussed structural budget imbalances and units where there is concern. He stated that the updated University financial plan will be presented to the Board in July, and a review and analysis of the use of operating balances for ongoing operations, including an action plan to address structural imbalances, will be presented in October.

Regent Keffeler emphasized that the proposed Budget Plan forecasts a draw down of approximately \$60 million from carryforward balances. She stated that the administration has advised the Board that the forecast is based on the best information available now and better information will be available in July and October, and noted that the actual draw down may be less than the \$60 million currently projected.

In response to Regent Neel's request for specific information regarding total reserves, Mr. Pfutzenreuter reviewed Attachment 18 - Resource & Expenditure Budget Plan. He stated that updated information for each Resource Responsibility Center will be presented to the Board in July, and then the administration will begin its analysis. Mr. Erickson emphasized the seriousness with which the administration is approaching the issue of structural budget imbalances.

UPDATE ON BUDGETARY PLANS FROM SOME ACADEMIC UNITS

Senior Vice President Infante introduced the discussion regarding an update on budgetary plans of some academic units.

Dr. Julia Davis, Dean of the College of Liberal Arts (CLA), discussed resource management initiatives undertaken to maximize existing resources. She reviewed curricular and programmatic changes, and noted concerns about implementation of the new liberal education requirements and CLA's ability to meet its service responsibilities to the rest of the institution. Dean Davis expressed concern about maintaining quality and retaining top faculty, noting that 10 percent of CLA students cannot get into their chosen majors because there are not enough faculty.

Dr. John Red Horse, Dean of the College of Liberal Arts (CLA) at the University of Minnesota, Duluth (UMD), reviewed the impact of \$500,000 in budget reductions, including layoff of 40 percent of support personnel, cuts in orientation and advising programs, elimination of tenure track faculty, and the loss of top faculty. He noted that internal and systemwide reallocation has enabled CLA to launch several initiatives, including a new advising model, an interdisciplinary program in Environmental Studies, and diversity initiatives. In summary, Dean Red Horse emphasized the importance of good management of the University's human resources in order to retain the best faculty and staff.

Dr. David Thawley, Dean of the College of Veterinary Medicine (CVM), discussed the College's five-year plan for progress based on internal reallocation of \$1 million. Specific goals included enhancement of the DVM curriculum; emphasis on preparation of academic veterinarians; discipline foci; and species foci on dairy production medicine, swine production medicine, poultry production medicine, and canine and feline health management. He reviewed the research spectrum of the college and discussed structural changes and reallocations. Dean Thawley noted that while some changes have been controversial, the College is proud of what has been accomplished and is excited about its future.

Dr. Thomas Shaughnessy, University Librarian, discussed the widening gap between the costs of scholarly books and journals and the University Libraries'

acquisitions budget. He noted that the average cost per subscription increased by 66 percent from 1990-95, while the acquisition budget increased by 34 percent. Dr. Shaughnessy noted that positive results of the budget crisis include increasing expenditures for electronic databases to keep pace with the rapidly changing world, reaching out to colleagues throughout the United States and North America, and increasing use of University Libraries by citizens of the state.

In response to concerns expressed by Regents, Deans Davis and Red Horse discussed the impact of the budget situation on advising, student access to majors, graduation rates, and the recruitment and retention of minority faculty.

In response to Regent Anderson's suggestion to increase enrollment, Dean Davis stated that would be a good idea if CLA's budget was increased to match the increased number of students. She indicated that CLA does not have enough faculty to serve current students, noting that CLA is 66.5 faculty members below the mean when considering the average number of faculty serving the same number of students in Big 10 institutions.

Dean Davis agreed with Regent Neel that the University must become more effective and innovative, noting that changes are being made as fast as possible. With regard to access, she stated that there comes a point where the University can reduce quality or decide not to increase enrollment without additional resources.

In summary, President Hasselmo stated that the University's agenda for change depends on leadership from the Deans. He noted that students pay over 40 percent of the cost of instruction in spite of the state's one-third formula, stating that the University must make its case for the state to fund current students. This would enable the University to increase enrollment, and provide all students with a quality education and an opportunity to graduate on time.

The meeting adjourned at 3:35 p.m.

Barbara Muesing

BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

May 12, 1994

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, May 12, 1994, at 3:35 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Anderson, Bleyhl, Hogan, Keffeler, Kim, Neel, Page, Perlman, Peterson, Reagan, Rosha, and Sahlstrom. President Hasselmo presided.

Staff present: Senior Vice President Infante; General Counsel Rotenberg; Vice President Petersen; Deputy Vice President Chou; University Attorney Bohnhorst; and Executive Director Muesing.

Others present: Health System President Hart; Hospital Attorney Dunder.

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

RESOLVED, that on the recommendation of the President and the General Counsel and as provided by Minnesota State Statute 144.581 Subd. 5, a non-public meeting of the Board of Regents be held on Thursday, May 12, 1994, at 3:30 p.m. in the Regents' Room, 238 Morrill Hall, for the purpose of discussing University of Minnesota Hospital and Clinic marketing activity and contracts.

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705 Subd. 1d, a second non-public meeting of the Board of Regents be held following the non-public meeting to discuss Hospital marketing activity and contracts on Thursday, May 12, 1994, in the Regents' Room, 238 Morrill Hall, for the purpose of discussing attorney-client matters.

The Board of Regents voted unanimously to approve the resolutions.

The meeting adjourned at 3:36 p.m.

Barbara Muesing

BARBARA MUESING
Executive Director &
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

May 13, 1994

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, May 13, 1994, at 8:30 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Keffeler, presiding; Regents Anderson, Bleyhl, Hogan, Kim, Neel, Page, Perlman, Peterson, Reagan, Rosha, and Sahlstrom.

Staff present: President Hasselmo; Chancellors Johnson, Ianni, and Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Hopkins, Hughes, and Petersen; General Counsel Rotenberg; Deputy Vice President Elzay; Executive Director Muesing; Associate Executive Director Janzen; Associate Vice Presidents Markham, Pfutzenreuter, and Robb; Assistant Vice President Vikmanis.

Student Representative present: Rachel Paulose.

Regent Keffeler noted that Athena Yiallourou, Executive Director of the Board of Overseers of the University of Cypress, was present at the meeting.

OATH OF OFFICE TO REGENT KIM

Senator Sandra Pappas administered the oath of office to Regent Hyon T. Kim.

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, 1993 to March 31, 1994 for the Board of Regents' Office, the Office of the President, and Eastcliff Maintenance are hereby approved.

**REPORT OF THE NOMINATING COMMITTEE -
UNIVERSITY OF MINNESOTA HEALTH SYSTEM BOARD OF GOVERNORS**

Regent Keffeler presented an amendment to the Bylaws of the University of Minnesota Health System (UMHS) Board of Governors. A motion was made and seconded, and the committee voted unanimously to recommend approval of the following amendment:

Article II, Section 1, c -- Public Members

The Board of Regents shall appoint nineteen (19) public members. The public members shall be appointed or reappointed by the Board of

Regents upon the recommendation of the Board of Regents' Nominating Committee. Public members shall be selected for their proven or potential governance skills as evidenced by community leadership, occupation, and current or previous governance experience or otherwise. In selecting public members, the Board of Regents considers it desirable to have broad representation of women and minority groups. At least one member of the UMHS Board of Governors shall be elected from a representative of each Congressional District. No employees of the University shall be eligible to serve on the Board of Governors except as an ex-officio member, or as a student member.

Regent Reagan made a motion to recommend approval of the following slate of candidates, and the motion was seconded:

RESOLVED, that on the recommendation of the Regents' Nominating Committee for the University of Minnesota Health System Board of Governors, the following appointments are hereby approved:

For an initial term expiring in December 1995:

Paul Bowlin, M.D., from the 5th Congressional District
N. Larry Bentson, At Large

For an initial term expiring in December 1996:

Rose Fagerstrom, from the 7th Congressional District
Ronald E. Lund, At Large

For an initial term expiring in December 1997:

W. Duncan MacMillan, At Large
Patricia A. McCullough, At Large
Benjamin Vander Kooi, Jr., from the 2nd Congressional District

Regent Keffeler opened the floor for nominations. Regent Hogan nominated Archie Givens and Regent Reagan nominated Elizabeth (Becky) Malkerson.

Regent Peterson asked if the two individuals were nominated for specific congressional seats. Regent Keffeler noted that the Bylaws amendment clarifies that there are not designated representatives of congressional districts, and stated that the Board must ensure that each district is represented. Regents Hogan and Reagan stated they intended their nominees to be at large members.

Following the discussion, a roll call vote was taken as follows:

Regent Anderson
Absent

Regent Bleyhl
Slate

Regent Hogan
Paul Bowlin, M.D.
Rose Fagerstrom
Archie Givens
Ronald E. Lund
Elizabeth Malkerson
Patricia A. McCullough
Benjamin Vander Kooi, Jr.

Regent Kim
Slate

Regent Neel
Paul Bowlin, M.D.
Rose Fagerstrom
Archie Givens
Ronald E. Lund
W. Duncan MacMillan
Patricia A. McCullough
Benjamin Vander Kooi, Jr.

Regent Page
Paul Bowlin, M.D.
Rose Fagerstrom
Archie Givens
Ronald E. Lund
Elizabeth Malkerson
Patricia A. McCullough
Benjamin Vander Kooi, Jr.

Regent Perlman
Slate

Regent Peterson
Paul Bowlin, M.D.
Rose Fagerstrom
Archie Givens
Ronald E. Lund
W. Duncan MacMillan
Patricia A. McCullough
Benjamin Vander Kooi, Jr.

Regent Reagan
Slate

Regent Rosha
Paul Bowlin, M.D.
Rose Fagerstrom
Archie Givens
Ronald E. Lund
Elizabeth Malkerson
Patricia A. McCullough
Benjamin Vander Kooi, Jr.

Regent Sahlstrom
Slate

Regent Keffeler
Paul Bowlin, M.D.
Rose Fagerstrom
Archie Givens
Ronald E. Lund
Elizabeth Malkerson
Patricia A. McCullough
Benjamin Vander Kooi, Jr.

Regent Keffeler suggested proceeding with the agenda while the Executive Director tallied the vote.

REPORT OF THE FACULTY CONSULTATIVE COMMITTEE

Professor Judith Garrard, Chair of the Faculty Consultative Committee (FCC), presented her final report for the academic year. In light of the Governor's veto of the Higher Education Supplemental Bill to provide \$9.1 million to jump start University 2000, the FCC urges the Board to consider generating an additional \$2.5 million for the Strategic Investment Pool by increasing tuition from 4.2 percent to 5 percent.

Professor Garrard stated faculty are concerned about the recent report that the University's salaries at the full professor level rank 30th out of 30 of the top ranked public universities and 25th out of 30 at the associate professor level. She noted the University is gradually losing ground as other outstanding institutions recruit its most talented faculty and its most promising prospective students.

In summary, Professor Garrard introduced Professor John Adams and Professor Carl Adams, incoming Chair and Vice Chair of the FCC. Regent Keffeler thanked Professor Garrard for her leadership during the past year, and stated the Board looks forward to working with Professor Adams in the coming year.

ACADEMIC PLAN

A motion was made and seconded to recommend approval of the 1994-95 Academic Plans of the collegiate units.

Senior Vice President Infante stated that the presentations to the Board by the Director of University Libraries and the Deans of the College of Liberal Arts, the College of Veterinary Medicine, and the College of Liberal Arts at the University of Minnesota, Duluth illustrate that the Academic Plans are being implemented. He noted that current information indicates that enrollments are on track regarding these plans.

The committee voted unanimously to recommend approval of the following resolution:

RESOLVED, that the Academic Plans of the collegiate units prepared for the 1994-95 academic year be approved.

BUDGET PLAN

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

WHEREAS, the University of Minnesota has embarked upon an ambitious institutional strategic plan to enhance its reputation as a global, land-grant, research University; and

WHEREAS, the University of Minnesota faculty, staff, and students are a valued human resource; and

WHEREAS, the University of Minnesota is committed to maintaining services of high quality; and

WHEREAS, the University of Minnesota recognizes that the core academic programs, physical infrastructure, and general support structure must be preserved; and

WHEREAS, the University of Minnesota is committed to improving program quality through year four of the five-year restructuring and reallocation plan.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the University of Minnesota budget for fiscal 1995 as follows:

The annual revenue and expenditure plan for current, non-sponsored funds and projected expenditures for sponsored funds except for that portion of the annual budget plan representing the University of Minnesota Hospital and Clinic described in the President's April 7, 1994 recommended budget plan for fiscal year 1995 subject to minor modifications transmitted to the Board of Regents by the President on May 2, 1994 and May 9, 1994.

The budget plan approved by the Board of Regents includes the following attachments which are included in the President's recommended budget:

Attachment 10 -- Fund Forecast - Centrally Allocated Accounts

Attachment 13 -- University of Minnesota System 1994-95 Tuition Plan

Attachment 17 -- Student Services Fees

Attachment 18 -- Resource and Expenditure Budget Plan

The budget plan also includes 1) strategic investments, 2) year four of the five-year restructuring and reallocation plan, 3) a guaranteed tuition plan, and 4) special fees.

Student Representative Paulose spoke in support of the 3 percent tuition increase recommended by the Board in January. She expressed concerns regarding the additional 1.2 percent tuition increase to enhance the learning environment and the impact of the tuition increase on access.

In response to Regent Hogan, President Hasselmo discussed efforts to address the historical problem of course access in the College of Liberal Arts (CLA). In addition to the University's restructuring and reallocation efforts, it must be determined whether the State of Minnesota will fund current students according to the statutory formula.

In response to Regent Sahlstrom, Dr. Infante stated that state scholarship funds have kept pace with tuition increases, but federal programs have not. He stated that funding from the Strategic Investment Pool is proposed for scholarships and aid, and Regent Sahlstrom noted the University of Minnesota Foundation Board of Trustees has discussed a fundraising effort for that purpose.

Dr. Infante responded to Regent Keffeler's suggestion to increase non-resident graduate tuition to generate additional income. He stated the intent is to gradually increase those rates, noting that such increases will not raise significant funds because most non-resident graduate students become teaching assistants and pay resident rates.

In response to concerns raised by Regent Roshia, Dr. Infante discussed the proposed Institute of Technology computing fee of \$50 per quarter and the prospect of

similar fees in the future. Regent Rosha noted his intent to present a resolution asking the administration to recommend changes related to the fee process and the Board's role in that process.

Regent Keffeler noted the recommendation to set aside special funds for an agreement with the National Association of State Universities and Land Grant Colleges (NASULGC) for recruiting graduate students from historically black colleges. She asked if similar funds are available for recruiting students of color from Minnesota, and President Hasselmo and Dr. Infante provided an overview of similar pipeline projects.

Regent Rosha expressed concern about policy issues related to varying rates of tuition increases, and a discussion ensued regarding the impact on the Budget Plan if the undergraduate tuition increase was limited to 3 percent and tuition rates were increased in other areas. Regent Keffeler suggested that the Board request the administration to provide forecasts and benchmarks indicating where tuition rates should be in various units, units where tuition should be gradually increased for market reasons, and recommendations for achieving those goals. President Hasselmo indicated that access should not depend on the ability to pay, and stated that raising tuition in certain areas based on the market would skew enrollments.

Following the discussion, the committee voted unanimously to recommend approval of the Budget Plan.

CAPITAL PLAN

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the FY 1995 Capital Budget; accepts the FY 1995-2000 Capital Improvement Program and directs the administration to continue to develop and refine the program; and reaffirms its prior year capital expenditure authorization.

The meeting adjourned at 10:05 a.m.

Barbara Muesing

BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

May 13, 1994

A meeting of the Board of Regents of the University of Minnesota was held on Friday, May 13 1994, at 10:15 a.m., in the Regents' Room, 238 Morrill Hall.

Regents present: Anderson, Bleyhl, Hogan, Keffeler, Kim, Neel, Page, Perlman, Peterson, Reagan, Rosha, and Sahlstrom. President Hasselmo presided.

Staff present: Chancellors Ianni, Johnson, and Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Hopkins, Hughes, and Petersen; General Counsel Rotenberg; Executive Director Muesing; Associate Executive Director Janzen; Associate Vice Presidents Kvavik and Pfitzenreuter.

APPROVAL OF MINUTES

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

Audit Committee - April 6, 1994
Facilities Committee - April 7, 1994
Financial Operations & Legislative Committee - April 7, 1994
Faculty, Staff & Student Affairs Committee - April 7, 1994
Educational Planning & Policy Committee - April 7, 1994
Committee of the Whole - April 7, 1994
Committee of the Whole - April 8, 1994
Board of Regents - April 8, 1994
Committee of the Whole - Open Forum - April 26, 1994

REPORT OF THE PRESIDENT

President Hasselmo presented his monthly report, which pertained to the 1994 Legislative Session; the 1996-97 Biennial Request Process; Council on Liberal Education - diversified core curriculum and designated themes; and the appointment of Dr. Mario (Mike) Bognanno as Associate to the President and Dr. Melvin D. George as Vice President for Institutional Relations.

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

REPORT OF THE CHAIR

Chair Keffeler recognized Barbara Muesing, Executive Director and Corporate Secretary of the Board of Regents, presenting her with a certificate of appreciation on behalf of the Board. She reported that Ms. Muesing has taken a position as Outreach Director at the University of Minnesota Crookston.

Rachel Paulose, Chair of the Student Representatives, presented Ms. Muesing with a plaque in appreciation of her support for the Student Representatives.

Chair Keffeler reported that she will be appointing the Presidential Assessment Committee to conduct the annual assessment of President Hasselmo. The assessment will be completed during the month of June with a final report to be reported on at the July meeting.

She further reported that there will be a Board of Regents' retreat held in August. The retreat will be held in northern Minnesota and the final dates will be transmitted to the Board.

Chair Keffeler reported that the annual meeting of the Board of Regents will be held in June at which time the meeting dates for the next year will be established.

RECEIVE AND FILE REPORTS

President Hasselmo noted the receipt and filing of the Quarterly Report on Grants and Contracts, and the Minnesota Association of Extension Educators Salary Study.

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 May 12, 1994

Chair Keffeler reported that the committee received an update on budgetary plans from some academic units in preparation for the May 13 discussion on the Budget.

REPORT OF THE COMMITTEE OF THE WHOLE May 13, 1994

Chair Keffeler reported that the committee voted unanimously to recommend:

- a) Approval of resolution re Summary of Expenditures, as follows:

RESOLVED, that the Summary of Expenditures for the period July 1, 1993 to March 31, 1994 for the Board of Regents Office, the Office of the President, and Eastcliff Maintenance are hereby approved.

- b) Approval of amendment to the University of Minnesota Health System Board of Governors Bylaws, as follows:

Article II, Section 1, c -- Public Members

The Board of Regents shall appoint nineteen (19) public members. The public members shall be appointed or reappointed by the Board of Regents upon the recommendation of the Board of Regents' Nominating Committee. Public members shall be selected for their proven or potential governance skills as evidenced by community leadership, occupation, and current or previous governance experience or otherwise. In selecting public members, the Board of Regents considers it desirable to have broad representation of women and minority groups. At least one member of the UMHS Board of Governors shall be elected from each Congressional District. No employees of the University shall be eligible to serve on the Board of Governors except as an ex-officio member, or as a student member.

- c) Approval of resolution re Appointments to University of Minnesota Health System Board of Governors, as follows:

RESOLVED, the following appointments to the University of Minnesota Health System (UMHS) Board of Governors are hereby approved:

For an initial term expiring in December 1995:

Paul Bowlin, M.D.

Rose Fagerstrom

For an initial term expiring in December 1996:

Archie Givens

Ronald E. Lund

For an initial term expiring in December 1997:

W. Duncan MacMillan

Patricia A. McCullough

Benjamin Vander Kooi, Jr.

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

Regent Reagan moved the following resolution relating to amending the UMHS Bylaws as follows:

RESOLVED, that the Bylaws of the UMHS be amended to provide for 21 public members under Article II, Section 1.c.

The Board of Regents voted unanimously to approve the resolution.

Regent Reagan then moved the following resolution relating to appointments to the UMHS Board of Governors:

RESOLVED, the following appointments to fill the two available positions as public members of the UMHS Board of Governors are hereby approved:

For an initial term expiring in December 1995:
N. Larry Bentson
For an initial term expiring in December 1996:
Elizabeth (Becky) Malkerson

The Board of Regents voted unanimously to approve the resolution.

Regent Keffeler continued her report, indicating that the committee voted unanimously to recommend:

- a) Approval of resolution re Academic Plan, as follows:

RESOLVED, that the Academic Plans of the collegiate units prepared for the 1994-95 academic year be approved.

Documentation is filed supplement to the minutes, No. 22,334.

- b) Approval of resolution re FY 95 Budget Plan, as follows:

WHEREAS, the University of Minnesota has embarked upon an ambitious institutional strategic plan to enhance its reputation as a global, land-grant, research University; and

WHEREAS, the University of Minnesota faculty, staff, and students are a valued human resource; and

WHEREAS, the University of Minnesota is committed to maintaining services of high quality; and

WHEREAS, the University of Minnesota recognizes that the core academic programs, physical infrastructure, and general support structure must be preserved; and

WHEREAS, the University of Minnesota is committed to improving program quality through year four of the five-year restructuring and reallocation plan.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the University of Minnesota budget for fiscal 1995 as follows:

The annual revenue and expenditure plan for current, non-sponsored funds and projected expenditures for sponsored funds except for that portion of the annual budget plan representing the University of Minnesota Hospital and Clinic described in the President's April 7, 1994 recommended budget plan for fiscal year 1995 subject to minor modifications transmitted to the Board of Regents by the President on May 2, 1994 and May 9, 1994.

The budget plan approved by the Board of Regents includes the following attachments which are included in the President's recommended budget:

Attachment 10 -- Fund Forecast - Centrally Allocated Accounts

Attachment 13 -- University of Minnesota System 1994-95 Tuition Plan

Attachment 17 -- Student Services Fees

Attachment 18 -- Resource and Expenditure Budget Plan

The budget plan also includes 1) strategic investments, 2) year four of the five-year restructuring and reallocation plan, 3) a guaranteed tuition plan, and 4) special fees.

Documentation is filed supplement to the minutes, 22, 335.

c) Approval of resolution re Capital Plan, as follows:

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the FY 1995 Capital Budget; accepts the FY 1995-2000 Capital Improvement Program and directs the administration to continue to develop and refine the program; and reaffirms its prior year capital expenditure authorization.

Documentation is filed supplement to the minutes, No. 22,336

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

Chair Keffeler reported that the committee also received a report from the Faculty Consultative Committee and that the oath of office was administered to Regent Kim.

**REPORT OF THE FACULTY, STAFF &
STUDENT AFFAIRS COMMITTEE**

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

- a) Approval of the Senior Vice Presidents' Monthly Faculty, Staff & Student Affairs Report as contained in the docket material and including supplemental items.
- b) Approval of resolution re Promotion and Tenure Recommendations, as follows:

RESOLVED, that on the recommendation of the Senior Vice President for Academic Affairs and Provost, the promotion and/or tenure recommendations on pages 1-6 of the docket material for the Faculty, Staff & Student Affairs Committee, presented to the Board of Regents on May 12 and 13, 1994, are hereby approved, effective with the beginning terms of appointment in 1994-95.

RESOLVED, that on the recommendation of the Chancellor of the University of Minnesota, Duluth in accord with the Agreement between the Regents of the University of Minnesota and the University Education Association, the UMD promotion and/or tenure recommendations on page 7 of the docket material for the Faculty, Staff & Student Affairs Committee, presented to the Board of Regents on May 12 and 13, 1994, are hereby approved, effective with the beginning terms of appointment in 1994-95.

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

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 resolution re Schematic Plans, FY 94 Capital Budget, as follows:

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

- A. Wulling Hall Remodeling, Twin Cities Campus
 Estimated cost of the project: \$1,928,500
 Funding: State Capital Appropriation; State Operating Appropriation; and Unrestricted University Resources
 Estimated completion date: January 1995

- c) Approval of resolution re Amendments, FY 94 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY 1994 Capital Budget is hereby amended to incorporate the following projects:

- A. Parking Structures, Structural Repairs, Twin Cities Campus
Estimated cost of the project: \$472,000
Funding: Parking Services Deferred Maintenance Funds
Estimated completion date: November 1994
 - B. Centennial Hall, Basement Renovation & Elevator Modernization, Scope/Budget Increase, Twin Cities Campus
Cost of project approved to date: \$290,000
Increase in scope: \$516,000
Total estimated cost of project: \$806,000
Funding: Housing Services Funds and an Insurance Settlement
Estimated completion date: September 1994
 - C. Horticultural Science Greenhouses Exolite Reglazing Scope Increase, St. Paul Campus
Original estimated cost: \$75,000
Increase in scope: \$270,000
Total estimated cost of project: \$345,000
Estimated completion date: September 1994
- d) Approval of resolution re Real Estate Transaction relating to five-year lease for 2301 University Avenue SE, Minneapolis, 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 a 5-year lease with University Technology Centers, Inc. for the use of 9,636 square feet of office space at 2301 University Avenue SE, Minneapolis, by the Minnesota Daily.

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

Chair Rosha reported that the committee also reviewed three proposed real estate transactions: 1) purchase of 40 acres of land between Elm Street and 19th Avenue SE in Minneapolis; 2) sale of 200 acres of land at the Research and Field Studies Center on the Duluth campus; and 3) lease with option to purchase the Staples Irrigation Center in Wadena County.

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 re 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:

- To ADIA Personnel Services for temporary clerical services as called for by University of Minnesota Human Resources' SOS Program for the period 7/1/94 to 6/30/95 at an estimated annual volume of \$500,000.
 - To Kelly Temporary Services for temporary clerical services as called for by University of Minnesota Human Resources' SOS Program for the period 7/1/94 to 6/30/95 at an estimated annual volume of \$450,000.
 - To U.S. West for \$1,623,330 for a 10-year lease beginning July 1, 1994 to provide communications conduit space to route cable for campus voice, data, and video services.
- c) Approval of the Administration's proposed format for the Quarterly Management Report.

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

Chair Page reported that the committee also received a legislative update; reviewed the Quarterly Management Report; and reviewed a proposed Regents' Policy on Delegation of Authority: Budget Modifications.

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 Liberal Education Requirements, as follows:

ASSOCIATE DEGREE PROGRAM

Liberal Education Requirements

WHEREAS, the University requires study in the liberal arts and sciences as part of all baccalaureate degrees; and

WHEREAS, the University seeks to maintain uniform standards in liberal education for all sub-baccalaureate degrees; and

WHEREAS, the University wishes to stand with the other public systems of post-secondary education in promulgating uniform minimum standards in liberal arts education for sub-baccalaureate degrees:

THEREFORE, BE IT RESOLVED, that the following guidelines be adopted by the Regents for implementation by all units of the University as policy for awarding associate degrees:

1. Programs using the term "Associate" in their title should encompass the equivalent of at least six full-time quarters, thereby requiring at least 90 credits of work;
 2. Programs should meet the following minimum requirements for study in the liberal arts and sciences.
 - a. Programs designated as Associate of Arts (A.A.) must include at least 60 credits of study in the liberal arts and sciences.
 - b. Programs designated as Associate of Science (A.S.) must include at least 45 credits of study in the liberal arts and sciences.
 - c. Programs designated as Associate of Applied Science (A.A.S.) or as Associate of (name of subject of emphasis) must include at least 30 credits of study in the liberal arts and sciences.
 3. Programs that do not include at least 30 credits of study in the liberal arts and sciences should be labeled certificate, diploma or some other designation that contains neither the term associate nor the term degree.
- c) Adoption of amended Regents' Policy on International Education, as follows:

INTERNATIONAL EDUCATION

Encouraging the enrollment of international students in the University, U.S. student enrollment in universities overseas, and the interchange of Minnesota and foreign university faculty is based on the enlightened self interest of the University in meeting its objectives in their broadest and fullest sense.

Basic and applied research studies of the effects of international education, especially when that education is the result of personal experience in a culture other than one's own,

demonstrate both the unique results of a foreign sojourn and its motivating effect.

Learning about one's country and self in the context of a broader, more diverse world, while learning about other peoples and cultures, is a liberal education in its fullest meaning. The motivation to put this learning into practice is high and long-lasting. The sojourn abroad truly has life-long effects on individuals, their families, and their society.

Policy Statement

The University of Minnesota recognizes that a great university ideally builds and extends its service, its potential for research, its scholarly standing, and enhances its contribution to the education of students and citizens of the state by providing an international dimension in its educational programs. This is true in all fields of study: in the professions, the sciences, the arts, the humanities, and the social sciences.

The University recognizes that, in this interdependent world, the welfare of the state and the well-being of its citizens are linked to the welfare of all mankind. Thus, it is urgent that the teaching, research, and service of the University support the economic and social development of the state, the nation, and other countries; protect the global environment; lead individuals and groups to better understanding of themselves and others; and contribute toward international understanding, world peace, and community self-awareness.

The University, in serving the community, recognizes that its major responsibility is to educate students from Minnesota in a manner that provides them with the understanding, skills, and knowledge that will allow them to be creative and useful citizens of the state, the nation, and the world. In this process of education, students from other countries and Minnesota students who have studied overseas play an essential role.

To accomplish these goals, the University of Minnesota encourages and seeks to have students from abroad enrolled in its undergraduate, professional, and graduate colleges in such numbers and with such geographic origins as to have an impact on the achievement of the University's educational goals. It also seeks to provide opportunities for study abroad for Minnesota students and to afford them guidance and assistance in integrating these experiences with regular university study in meeting their educational objectives at the University of Minnesota. Finally, the University of Minnesota encourages the development of an international dimension in the teaching, research, and service of its faculty through the exchange of persons, ideas, and materials with other countries.

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

Chair Sahlstrom reported that the committee also reviewed a Report on Collaborative Efforts with Other Higher Education Systems.

REPORT OF THE AUDIT COMMITTEE

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

- a) Approval of resolution re External Auditor Contract, as follows:

RESOLVED, that the Board of Regents authorizes an exception to a request for proposal process for the external auditor contract for a maximum of two years.

BE IT FURTHER RESOLVED, that the administration is authorized to proceed with the negotiation of a one-year contract with Coopers and Lybrand, with a review at a later date for a possible second year contract. The negotiated contract will be brought to the Board of Regents for approval at a subsequent meeting.

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

Chair Hogan reported that the committee also reviewed the Director of Audits' Report and received an update on the Institutional Review Board process. The update on research contracts and grants administration was delayed due to time constraints.

OLD BUSINESS

Regent Sahlstrom noted a recent article in the Minnesota Daily relating to the Punchinello Players, a theater group on the St. Paul campus. He noted that the group will be disbanded due to space limitations. Regent Sahlstrom paid tribute to the players, indicating it would be a contribution to the educational experience if space could be found to accommodate the group.

The meeting adjourned at 10:55 a.m.

Barbara Muesing

BARBARA MUESING
Executive Director &
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

May 17, 1994

A special meeting of the Board of Regents of the University of Minnesota was held on Tuesday, May 17, 1994, at 8:30 a.m., in Room 300, Morrill Hall.

Regents participating by telephone: Bleyhl, Keffeler, Neel, Page, Peterson, Reagan, Roshka, and Sahlstrom. President Hasselmo presided.

Staff present: Senior Vice Presidents Erickson and Infante; Associate Executive Director Janzen.

**APPOINTMENT OF PROVOST OF UNIVERSITY OF MINNESOTA
HEALTH SCIENCES CENTER**

President Hasselmo called the meeting to order, stating that the purpose of the meeting was to appoint the Provost of the University of Minnesota Health Sciences Center.

President Hasselmo presented his recommendation of Dr. William R. Brody as Provost of the University of Minnesota Health Sciences Center and Professor of Radiology. He stated that he is recommending a three-year initial appointment, effective September 1, 1994, with the first year's salary at the rate of \$290,000. Following the three-year term, the appointment will be renewable annually, following annual performance evaluations by the President.

President Hasselmo reported that in recommending the salary for the position, he consulted with the Task Force on Compensation for Senior Administrators, chaired by Mr. Charles M. Denny, Jr. He stated that the Task Force gathered 1993-94 salary information for positions comparable to the University of Minnesota's Health Sciences Provost and provided information regarding a recommended range.

President Hasselmo spoke briefly about Dr. Brody's qualifications, indicating that his talents and experience span medicine and engineering in both academic health centers and the private sector.

The Board of Regents voted unanimously to approve the appointment of Dr. William R. Brody as Provost of the University of Minnesota Health Sciences Center and Professor of Radiology.

The meeting adjourned at 8:50 a.m.

Barbara Muesing

**BARBARA MUESING
Executive Director &
Corporate Secretary**

MBA/M661

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

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

June 9-10, 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

June 9-10, 1994

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

June 9, 1994

A meeting of the Audit Committee of the Board of Regents was held on Thursday, June 9, 1994 at 8:15 a.m., in Room 300, Morrill Hall.

Regents present: Regent Hogan, presiding; Regents Bleyhl, Keffeler, and Page.

Staff present: Senior Vice Presidents Erickson and Infante; Vice President Petersen; General Counsel Rotenberg; Associate Vice Presidents Brenner, Pfutzenreuter, and Potami; Associate Executive Director Janzen; and Director of Audits Klatt.

Student Representatives present: Sara Nienow, Jessica Phillips, and Cecil Smith.

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

Chair Hogan welcomed the 1994-95 student representatives to the committee, Jessica Phillips and Cecil Smith.

NEW BUSINESS

Senior Vice President Erickson reported that the area of purchasing is scheduled to be reviewed by Controller Lauritzen and will be scheduled as an item for discussion on a future agenda.

UPDATE ON IRB PROCESS

Vice President Anne Petersen led a discussion regarding Institutional Review Board (IRB) process in the Human Subjects Office. It was noted that this presentation is a followup to the report presented at the May 1994 meeting of the Audit Committee and responds to issues and questions raised by the committee members at that time.

Vice President Petersen introduced the item by stating that the United States and the University of Minnesota play prominent roles in research. She emphasized the fundamental assumption of honesty and credibility in research with discovery being the ultimate goal of a researcher.

Through the use of visual aids, Vice President Petersen continued her presentation, reviewing the oversight process of research involving human subjects which involves: 1) continuing review by the IRB Committee; 2)

continuing review by drug and device companies; and 3) continuing review for federally-sponsored drug trials or multi-center cooperative group studies. Studies that might fail to protect human subjects or that might bypass the IRB were noted, as well as examples of naive perceptions. Approaches to assess the extent of unreported problems and to help improve quality assurance were also reviewed. Proposed samplings of projects was noted as an approach to assess problems.

In response to a question, Vice President Petersen indicated that risk factors would be used to determine what projects might be selected as part of a sampling plan. She hesitated to identify any risk screens in a public meeting, stating that researchers may misinterpret the intention of the sampling as being accusatory rather than investigatory.

Regent Keffeler stated that it is quite common to identify areas of high risk in an audit agenda setting process, stating that it generally has the effect of educating the community on areas of potential risk so they can be avoided. She asked why this proposed process would be different.

Vice President Petersen stated that the kind of scrutiny that is proposed in this sampling is a new approach of looking at research conduct and will be establishing a new precedent. The proposed approach will be viewed by other institutions around the country, and it is imperative that it be done in a sensitive, appropriate and rigorous method.

Regent Keffeler asked if future discussions could address the nature of the reviews that will be done. She further requested that the proposed Regents' Policy on Human Subjects before the Educational Planning & Policy Committee be presented to the Audit Committee for review before action is taken. In addition, Regent Keffeler asked that the process for monitoring contract compliance be reviewed at a future meeting.

General Counsel Rotenberg spoke briefly indicating that the important aspect of the process is to protect the integrity of the IRB process from the claim or suspicion that the University's research on human subjects is not being conducted according to federal law and the ethics that govern the research. And to protect it from claims that it is overzealously imposing itself into research domains.

Regent Hogan expressed concern about the time commitments being placed on the faculty and individuals on the Institutional Review Board. He also requested that Vice President Petersen integrate the approach being developed with the external and internal auditors.

EXTERNAL AUDITOR'S CONTRACT

A motion was made and seconded to recommend approval of the external auditor's contract for FY 95. Senior Vice President Erickson reported that a copy of the contract was not included in the docket materials but is available for review if committee members wish.

Regent Keffeler stated that she is not comfortable voting on the item without adequate review of the proposed contract. The motion was withdrawn and administration was requested to put the item on the agenda in July for action and to provide information relating to the item in the docket materials.

UPDATE ON RESEARCH CONTRACTS AND GRANTS ADMINISTRATION

This item was delayed until July due to time constraints.

The meeting adjourned at 9:45 a.m.

Barbara Muesing

**BARBARA MUESING
Executive Director and
Corporate Secretary**

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

June 9, 1994

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, June 9, 1994, at 1:50 p.m. in Room 300, Morrill Hall.

Regents present: Regent Rosha, presiding; Regents Bleyhl, Kim, Peterson, and Reagan.

Staff present: Senior Vice President Erickson; Associate Executive Director Janzen; and Associate Vice President Hewitt and Paschke.

Student Representatives present: Scott Burnes, Shaun Poulter, and Sara Rogers.

Regent Rosha welcomed the new Student Representatives for 1994-94, Scott Burnes and Shaun Poulter.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Erickson presented the Senior Vice President's Monthly Report for June 1994, and a motion was made and seconded to recommend approval.

Senior Vice President Erickson provided an update on the Radisson Metrodome Hotel. He reported that the lessee and operator of the Hotel, the Maddux Hotel Corporation (Maddux), has informed the University that it has reached an agreement with Citicorp to restructure its obligations. He reported that the Radisson Metrodome has requested the University's consent, indicating that by consenting, the University is not amending the terms of its agreements with Maddux or assuming any additional obligations to Citicorp. He stated it is his recommendation that the University consent to Maddux's agreement with Citicorp.

Mr. Erickson noted that there are still unresolved issues with the Maddux Hotel Corporation relating to parking fees and a restructuring of its future rent obligations. He stated the University will continue its discussions with Maddux and keep the Board apprised.

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

SCHEMATIC PLANS, FY 94 CAPITAL BUDGET

A motion was made and seconded to recommend approval of the following resolution relating to schematic plans for the FY94 Capital Budget:

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

- A. **Physics Building, Condensed Matter Research Facility
Remodeling Project, Twin Cities Campus**
Estimated cost of the project: \$2,955,700
Funding: State Capital Appropriation; State Operating
Appropriation; Departmental Grant; and Central Resources
Estimated completion date: September 1995

Linda McCracken-Hunt, Director of Project Management, reviewed details of the project.

In answer to a question, Ms. McCracken-Hunt reported that the remodeled portion of the facility will be in full compliance with the Americans with Disabilities Act.

Professor Marvin Marshak, Department of Physics, commented briefly, indicating that the project is funded in part by the National Science Foundation, is a peer reviewed allocation, and cannot be used for new space.

The committee voted unanimously to recommend approval of the resolution.

AMENDMENTS, FY 94 CAPITAL BUDGET

The committee reviewed the following proposed amendments to the FY94 Capital Budget:

Millard Hall 4th Floor Biochemistry Renovation Project Twin Cities Campus

Director McCracken-Hunt reported that the renovation of existing Biochemistry space in Millard Hall is requested to provide for the recruitment of a new department head. The project scope includes small scale renovation and improvements to serve the laboratory and office needs of the incoming Department Head. The central office suite will also be upgraded to provide better space utilization along with furnishing improvements. Ms. McCracken-Hunt reported that the cost estimate for the project is approximately \$750,000 and will be defined by the July meeting. Funding is provided from internal resources available to the Medical School and internal cost recovery. Estimated completion is November 1994.

ULITES Lighting Retrofit Project Twin Cities Campus

Director McCracken-Hunt reported that as part of the University's policy to conserve energy and generate annual operating cost savings, Facilities Management has initiated an Energy Conservation Measure Project. The project consists of replacing approximately 29,250 incandescent, mercury vapor and fluorescent lights at an average cost of \$97 per light over a two year period. Ms. McCracken-Hunt reported that the majority of the lights to be replaced are incandescent and that the fluorescent lights consist of those not replaced as part of the fluorescent light replacement project. Estimated cost of the project is

\$2,850,000 with funding provided by an internal University loan provided by the Office of the Treasurer. Estimated completion is February 1996.

REAL ESTATE TRANSACTION FOR ACTION

**Lease with Option to Purchase Staples Irrigation Center
Wadena County**

A motion was made and seconded to recommend approval of the following resolution relating to a lease with option to purchase Staples Irrigation Center in Wadena County:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute a one-year lease for the Staples Irrigation Center, consisting of 320 acres of land described as the South One-Half of Section 26, Township 134 North, Range 33 West, Wadena County, and the buildings located thereon (Office Building, Well Shed, Farm Shop, Pole Barn, Chicken Coop, Plot Shop Building and Farm House). The lease would contain two options: (a) an option to purchase the land at \$1 as of July 1, 1995 and continue the lease for the buildings for 20 years, said option to be exercised contingent upon the 1995 Legislature providing annual funding for the operation of this facility in the amount of \$300,000; and (b) an option to purchase the buildings at \$1 during the first five years of the lease.

The committee voted unanimously to recommend approval of the resolution. Regent Bleyhl abstained from voting.

NEW BUSINESS

Regent Reagan indicated that it might be helpful if Board members could be given an opportunity to tour some of the projects that are presented to the committee.

Senior Vice President Erickson responded that tours could be arranged.

The meeting adjourned at 2:30 p.m.

Barbara Muesing

**BARBARA MUESING
Executive Director and
Corporate Secretary**

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Financial Operations & Legislative Committee

June 9, 1994

A meeting of the Financial Operations & Legislative Committee of the Board of Regents was held on Thursday, June 9, 1994, at 3:00 p.m., in Room 300, Morrill Hall.

Regents present: Regent Page, presiding; Regents Anderson, Keffeler, Neel, Perlman, and Reagan. Regent Hogan joined the committee.

Staff present: Senior Vice President Erickson; Associate Executive Director Janzen; Associate Vice Presidents Paschke and Pfutzenreuter.

Student Representative presents: Sara Nienow and Cecil Smith.

Chair Page welcomed the 1994-95 student representatives, Sara Nienow and Cecil Smith.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

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

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

He called attention to information contained in the docket materials relating to basic policy issues. Mr. Patrick Spellacy, Director of Financial Policy Development, described progress made in developing policies and procedures, especially relating to the financial area. He reported that a new Financial Policy Manual was issued in June, which included a number of consolidated and improved policies. In addition, a process has been put into place by which future policies can be developed.

Associate Vice President Pfutzenreuter reviewed a plan that will provide a linkage between University and Regents' policies.

The committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report for June 1994.

PURCHASE OF GOODS/SERVICES OVER \$250,000

A motion was made and seconded to recommend approval of the following resolution relating to the purchase of goods/services over \$250,000:

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

- To Coca-Cola Company to furnish soft drink syrups, cans, premix and related equipment estimated at \$486,000 for Duluth campus for the 3 year period of 7/1/94 to 6/30/97.
- To MSUS/PALS, which is the on-line library system of the Minnesota State University system, for storage of Information Access Company (IAC) files to be accessed by participating libraries and Minitex at a cost of \$250,000 for the period of 6/10/94 to 6/30/96.
- To Professional Food Service Management for food service for Morris campus estimated at \$300,000 for the period of 7/1/94 to 6/30/95.
- To Turnquist Inc. for copy paper estimated at \$410,000 to be furnished for the period of 7/1/94 to 6/30/95 and stocked in University Stores.
- To Turnquist, Inc. for xerographic paper estimated at \$561,450 to be furnished for the period of 7/1/94 to 6/30/95 and stocked in University Stores.
- To Twin City Wholesale Drug for pharmaceuticals estimated at \$600,000 to be furnished for the period of 5/1/94 to 4/30/95 for Boynton Health Service Pharmacy.

The committee voted unanimously to recommend approval of the resolution.

**REGENTS' POLICY ON DELEGATION OF AUTHORITY:
BUDGET MODIFICATIONS**

A motion was made and seconded to recommend adoption of the following Regents' Policy on Delegation of Budget Authority - Annual Operating Budget Adjustments - Current, Non-Sponsored Funds, as follows:

Delegation of Budget Authority

**Annual Operating Budget Adjustments - Current, Non-Sponsored
Funds**

This policy governs the administration's authority on behalf of the Board of Regents to approve adjustments to the annual operating budget.

The University's annual operating budget is defined as planned resources and expenditures categorized within current, non-sponsored funds. The annual operating budget shall enhance the University's overall mission, be approved by the Board of Regents, include all anticipated resources and planned uses for the resources, ensure that planned expenditures are supported by identifiable resources, and be entered into the University financial system before the fiscal year begins.

During the course of the fiscal year, unanticipated revenues may become available, unexpected expenditures may be necessary, deviations may occur in estimated carry forward funds, or better information may become known which may require changes to

the Board of Regents approved University annual operating budget.

The President or his designee may approve changes to the University's operating budget. For centrally allocated funds, changes in revenue in excess of \$250,000 will require prior approval of the Board of Regents. Transfer of funds in excess of \$250,000 between Resource Responsibility Centers for the purpose of initiating new or expanding the scope of either an academic program or a support service or for resolving operating deficits will require prior approval of the Board of Regents. All adjustments to the budget shall be reported to the Financial Operations and Legislative Committee of the Board of Regents through the quarterly management report.

The committee voted unanimously to recommend adoption of the Regents' Policy on Delegation of Budget Authority: Annual Operating Budget Adjustments - Current, Non-Sponsored Funds

ASSET ALLOCATION FOR THE ENDOWMENT FUNDS OF THE UNIVERSITY OF MINNESOTA

Associate Vice President Paschke presented a resolution reflecting proposed revisions for the Regents' Policy on Investment Guidelines for Endowment Funds. He reported that revising the guidelines will increase the diversification of the endowment portfolio and provide additional opportunities for maximizing the investment return on the endowment.

Mr. Paschke summarized the proposed revisions, indicating that the recommendations include:

- continue long-term allocation strategy targeting 80 percent (maximum 90 percent) of endowment invested in equities and equity-related alternatives and 20 percent (minimum 10 percent) invested in fixed income alternatives;
- within 30 percent international equity allocation and 10 - 15 percent allocation to alternative investments, target approximately 5 percent of endowment for direct investment in China or China-related markets;
- authorize experienced University of Minnesota managers to participate selectively in emerging market debt;
- limit endowment allocation to maximum of 25 percent for any one manager; and
- review endowment fund spending policy of 5.5 percent (annual rate of 5 percent) to determine if sustainable in the future.

Mr. Paschke added that spending policy review will help ensure that the real value of the endowment is not eroded as a result of too high a spending rate.

With regard to investing in foreign markets, Regent Reagan cautioned the Administration to take human rights into consideration. Mr. Paschke responded that the issue has been discussed, indicating that one recommendation for addressing the issue is that the University would only invest in private enterprise, not in government-owned or controlled businesses.

He added that he has also visited with representatives from the University's China Center who have indicated they view the investments as a positive experience.

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

In answer to a question, Mr. Paschke described how the University's money managers are evaluated. Regent Anderson stated, in the past, the committee received presentations from the University's money managers and he would like to propose those presentations be scheduled again on the agenda.

Senior Vice President Erickson responded that it could be arranged.

Questions were raised regarding the endowment allocation of 25 percent for any one manager. Concerns were raised that the allocation of 25 percent for one manager was high. Mr. Paschke responded that the Asset and Debt Management had also discussed this issue and the 25 percent is considered the maximum limit, indicating that 15 to 20 percent would be the range targeted. There was some discussion that rather than a percentage, a specified amount be allocated. It was requested that the Asset and Debt Management Committee and the Foundation review that issue and report back to the committee.

The original motion was withdrawn and Regent Keffeler moved that the resolution be approved with the limit endowment allocation changed to a maximum of 20 percent for any one manager. The motion was seconded and the committee voted unanimously to recommend approval of the resolution.

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 December 31, 1993 which was included in the report:

- Endowments and reserves on March 31, 1994 were \$1.0 billion for the University and \$338.7 million for the University Foundation. Faculty retirement assets totaled \$977.7 million.
- The Permanent University Fund (PUF) is valued at \$137.3 million and is included in the endowment assets of the University.
- The Consolidated Endowment Fund returned 5.4 percent and 7.9 percent for the past quarter and 12 months respectively versus the benchmark returns of 2.2 percent and 5.9 percent (60 percent equities/20 percent international equities/20 percent fixed income), and 3.2 percent and 3.6 percent returns for the composite index of endowment and Foundation funds.
- Performance of University Domestic Equity Managers for the past 12 months ranged from 5.9 percent and 3.4 percent compared to the Standard and Poors 500 return of 1.5 percent.

- Performance of University International Equity Managers for the past 12 months was 37.1 percent and 28.2 percent compared to the EAFE Index return of 22.5 percent.
- Performance of University Fixed Income Managers for the past 12 months ranged from 9.1 percent to 2.0 percent compared to the Lehman Brothers Government Corporate Index return of 2.8 percent.
- The performance of the Long-Term Reserves was 7.3 percent for the past 12 months compared to the fixed income benchmark return of 4.9 percent. For all periods, the performance of the long-term reserves exceeded the benchmark returns.
- The average yield for the Short-Term Reserves was 5.8 percent for the past 12 months vs. 3.2 percent for Treasury Bills and 2.9 percent for Money Market Funds.

The committee engaged in a short discussion relating to the report.

Regent Keffeler introduced an item for the committee's consideration. She reported that the University of Minnesota recently took steps to assure participation by minority-owned firms in its building and construction activities and is generally reviewing its academic and administrative programs to explore diversity opportunities. In that regard, she stated that she would like to propose the following policy for consideration relating to asset management and the use of "emerging investment managers":

BE IT RESOLVED, that it is the policy of the Board of Regents of the University of Minnesota to encourage the use of emerging investment managers in managing the use of University assets to the greatest extent feasible within the bounds of financial and fiduciary prudence, and to take affirmative steps to remove any barriers to the participation of emerging investment managers in such opportunities.

BE IT FURTHER RESOLVED, that the annual investment report submitted to the Board of Regents shall identify the emerging investment managers used by the University, the percentage of the University's assets under the investment control of emerging investment managers, the investment results of all portfolio managers, including emerging investment managers, and the actions the University has undertaken to increase the use of emerging investment managers, including encouraging other investment managers to use emerging investment managers as subcontractors when the opportunity arises.

It was noted in previous correspondence to the Board that the term "emerging investment manager" is used to signify a fully-credentialed financial firm, meeting the federal standards for minority-owned business or woman-owned business, with more than \$10 million and less than \$40 million under management.

Regent Keffeler stated that she believes the language in the resolution sets a tone of encouragement, but is also appropriately supportive of the Board's

investment objectives and consistent with the Board's fiduciary responsibilities. She continued that it is not her intention to set a percentage of the portfolio that ought to be managed by emerging investment managers, nor is she implying that the standards for greater return or any other regard ought to be different for emerging investment managers.

Senior Vice President Erickson commented, indicating that he agrees with providing opportunities for emerging investment managers, however, he has concerns. He stated that the University has a standard of accountability and the use of emerging investment managers poses a risk. He stated that the resolution is broad and there needs to be clear expectations from the Board. He stated he would prefer the Board set a specific amount to be set aside for investment by emerging investment managers.

Professor Timothy Nantell, Chair of the Asset and Debt Management Committee, stated that the committee, in its advisory capacity, agrees with Administration that an explicit policy statement would be desirable.

The committee engaged in an extensive discussion. Regent Keffeler emphasized that the resolution is not meant to criticize the current process, but is intended to recognize change and address it affirmatively.

Regent Hogan addressed the committee, thanking Regent Keffeler for initiating the discussion and expressing support for the resolution.

Patricia Mullen, Director of the Office for Equal Opportunity and Affirmative Action, spoke to the committee, indicating that it might be beneficial for the administration to review the issue during the next month and continue the discussion at the July meeting.

Committee members and administrators agreed there should be continued discussion on the issue. Chair Page stated the item will be on the agenda in July for action.

QUARTERLY PURCHASING REPORT

Karen Triplett, Director of Purchasing Services, presented the Quarterly Purchasing Report for January, February, and March, highlighting the following:

A total of 94,068 transactions were processed for a value of \$64,724,928. Of the total, 25 were justified sole source awards totaling \$927,935.

- There were two Regents' policy violation.
- Ten change orders exceeded \$100,000.
- Thirteen purchase awards were made that were over \$100,000 and under \$250,000.

The meeting adjourned at 5:30 p.m.

Barbara Muesing

BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff and Student Affairs Committee

June 9, 1994

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, June 9, 1994, at 2:00 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Neel, presiding; Regents Anderson, Hogan, Keffeler, Page, and Sahlstrom.

Staff present: Chancellor Sargeant; Senior Vice President Infante; Vice President Hughes; Associate Vice Presidents Riley and Zetterberg.

Student Representatives present: Gina Brunko, Colleen Foster, Valerie Nowacki, and Rachel Paulose.

Regent Neel thanked Student Representatives Gina Brunko and Rachel Paulose for their service to the committee during the past year. He introduced Colleen Foster and Valerie Nowacki, the new Student Representatives on the committee.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

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

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

- Promotions, honors, and awards received by University faculty, staff, and students, including the election of Regents' Professor Eville Gorham to the American Academy of Arts and Sciences and the National Academy of Sciences;
- Appointment of Associate Vice President Nicholas Barbatsis as University Grievance Officer;
- Campus programs and events, including the announcement of Campus Kick Off Days from September 22-October 1, 1994; and
- Other news, including 1) five Humphrey Institute students have been named Presidential Management Internship finalists; 2) the President's four ethnic minority advisory committees have submitted their recommendations on improving retention and graduation rates for students of color system-wide and improving recruitment and retention of faculty of color; and 3) 37 undergraduate students from

the Twin Cities, Duluth, and Morris campuses recently participated in the 8th National Conference on Undergraduate Research.

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

REPORT ON STUDENT RECRUITMENT/ADMISSIONS/ENROLLMENT

Vice President Hughes noted this would be her last presentation before the committee, and she expressed appreciation for the opportunity to serve the University of Minnesota.

Dr. Hughes led the discussion on student recruitment, admissions, and enrollment, and introduced Wayne Sigler, Director of the Office of Admissions. Dr. Sigler discussed the issues and challenges related to freshman recruitment and admissions, including consistent goals and "staying power", resources and time for market development, increased retention and graduation rates, access and recruitment of students of color, scholarships, greater involvement of volunteers, continued improvement in physical appearance and ambiance of the campus, expanded efforts to create a more user-friendly campus, recognition of the competitive environment for top students, and promotion of more active pride in the University.

In response to Regent Sahlstrom, Mr. Sigler discussed the involvement of alumni and colleges in recruitment efforts. Regent Sahlstrom suggested an increase in efforts to recruit students from National Guard and Reserve units that have scholarship money available. Dr. Infante noted that recruitment at the freshman level is centralized, but not at the graduate level.

In response to Student Representative Paulose, Dr. Sigler stated that students assist with campus tours and some recruiting events. He noted goals to increase the diversity of the student volunteer group, in addition to increasing the involvement of alumni volunteers.

In response to Regent Page, Dr. Sigler noted that individuals in Minnesota Extension Service offices who are responsible for working with youth programs have been added to the Office of Admissions mailing list.

Regent Keffeler asked if there are goals and benchmarks related to increased retention and graduation rates, access and recruitment of students of color, and scholarships. Dr. Infante stated that he expects to present a series of goals to the Board in the near future, noting that the goals will apply to the next entering class.

Regent Anderson suggested that a recruiting visit should be made annually to each high school in the state by a University representative and a current University student from that school, and he offered to participate in such a program. Mr. Sigler noted an increase in the number of high school visits, stating that applications from some areas have increased.

Regent Hogan emphasized the need for goals, and commended Mr. Sigler for his efforts. Mr. Sigler noted the contributions of the administration, faculty, and alumni to the effort, stating that he needs help in continuing to emphasize that the University of Minnesota is a world-class institution.

In summary, Regent Neel suggested that a similar report be presented at a meeting in the near future.

REPORT ON AUTOMATED TECHNOLOGY IN STUDENT AFFAIRS

Samuel Lewis, Director of the Office of the Registrar, reported on efforts to improve the student experience through the use of technology in Student Affairs. He reviewed the student services vision and the keys to user-friendliness.

Jeffrey Von Munkwitz-Smith did a live demonstration of the student access system, which allows students to review information relating to their current status and financial aid, and enables students to register via computer.

Mr. Lewis reviewed future challenges, and reported that the goals of the Office of Student Affairs include:

- Maintain a student contact staff which is well-trained and committed to superior customer service;
- Support University policy and procedural simplification efforts; and
- Develop user-friendly student systems to enhance the student experience.

In response to Regent Hogan, Mr. Lewis stated that students on all campuses have access to these systems. However, he noted that the transfer of credits between campuses is not yet automated.

Regent Keffeler asked how the University compares with other institutions in the state, particularly the State University System and the College of St. Thomas, in terms of this technology. Mr. Lewis stated that the University is ahead of the State University System in general, and is on a par with the College of St. Thomas. He noted that the University's transcript and student access systems are among the best in the country, and it is not as strong in other areas. Because the University is so large with so many different types of students, he stated the University needs all available options to provide students with necessary services.

Senior Vice President Infante noted that other live demonstrations, including the on-line registration system, were eliminated from Mr. Lewis' presentation because of time constraints. Regent Neel apologized for the time constraints, and stated that the committee would like to receive periodic updates from Mr. Lewis.

The meeting adjourned at 3:05 p.m.



BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning and Policy Committee

June 9, 1994

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, June 9, 1994, at 3:15 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Sahlstrom, presiding; Regents Kim, Peterson, and Rosha.

Staff present: Chancellor Johnson; Senior Vice President Infante; Vice President Petersen; Associate Vice Presidents Brenner, Potami, and Zetterburg; Assistant Vice President Surbey.

Student Representatives present: Narciso Aleman, Scott Burnes, Joan Jensch.

Regent Sahlstrom expressed appreciation to Student Representatives Narciso Aleman and Joan Jensch for their service during the past year. He welcomed Scott Burnes and Shawn Poulter, the new Student Representatives to the committee.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

A motion was made and seconded to recommend approval of the Senior Vice President's Monthly Report. Dr. Infante reviewed the report, which was included in the docket materials, and noted the following items:

- Approval by the Graduate School Executive Committee of the following program-related items:
 - Name change of the graduate degree program (M.S. and Ph.D.) in Biophysical Sciences to Biophysical Sciences and Medical Physics;
 - Consolidation of two separate M.A. degree programs in Educational Administration and Education/Higher Education under the single title Educational Policy and Administration (M.A.);
 - Replacement of the M.A. in Social and Philosophical Foundations of Education (SPFE) and the Ph.D. in Educational Policy and Administration with an emphasis in SPFE with a free-standing minor in Social and Philosophic Studies of Education for the master's and doctoral degrees;

- Establishment of a free-standing minor in Developmental Studies and Social Change for students completing the Ph.D. degree in other disciplines; and
- Establishment of a free-standing minor in Studies in Africa and the African Diaspora for graduate students enrolled in other master's and Ph.D. level programs.
- Accreditation of the basic and advanced professional programs in education at the University of Minnesota, Duluth (UMD) by the National Council for Accreditation of Teacher Education;
- Award of \$35,000 to the School of Nursing from the Helen Field Health Trust to increase distance education interactive capabilities;
- Selection of the Twin Cities campus to participate in the Federal Direct Student Loan Program beginning in the 1995-96 academic year;
- Approval by the Minnesota Higher Education Coordinating Board (MHECB) of a University of Minnesota, Twin Cities off-campus site at St. Cloud State University for a collaborative effort to offer the Ed.D. in Educational Administration for a cohort of students;
- Approval by MHECB of a collaborative proposal by Mankato State University and Metropolitan State University to offer an M.S. in Nursing, which proposal was opposed by the University of Minnesota School of Nursing;
- Actions taken by the MHECB at its meeting on May 19, 1994;
- National reports, including *Undergraduate Completion and Persistence at Four-Year Colleges and Universities* by Oscar F. Porter of the National Institute of Independent Colleges and Universities;
- Amended Regents' Policy on Human Subjects in Research;
- Appointment of Elizabeth Cousins, Dr. Joseph Gibilisco, Marsha Hall, Carol Kamper, Robert McFadden, John Mulder, Marilyn Stewart, and Don Sudor to the University of Minnesota Rochester Center Advisory Committee for 1994-95; and
- Appointment of the following individuals to the Humphrey Institute Advisory Board: For second three-year terms: Charles H. Casey, D.V.M., Thomas Hughes, and Akira Iriyama; for three-year terms: Marion Etwiler, Whitney MacMillan, Richard Moe, and Anita Pampusch; and appointment of David C. Cox as Chair of the Nominating Committee.

Dr. Infante noted that in response to a concern previously raised by Student Representative Aleman, the issue of diversity on the Rochester Center Advisory Committee and the Humphrey Institute Advisory Board has been partially addressed by the proposed appointments.

In response to Student Representative Aleman, Vice President Petersen noted that the Regents' Policy on Academic Misconduct offers protection to whistle blowers.

Regent Sahlstrom asked Dean Schuh to report at a future meeting on Humphrey Institute faculty who are working on the development of new economies, particularly in Europe.

The committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report, including the amended Regents' Policy on Use of Human Subjects in Research.

Regent Rosha made a motion to appoint Regent Jean Keffeler to the Humphrey Institute Advisory Board to fill the position vacated as a result of the resignation of Regent Ann Wynia. The motion was seconded, and the committee voted unanimously to recommend approval of the motion.

INDIRECT COST/OVERHEAD AND A-21 REPORT

Senior Vice President Infante introduced the discussion regarding indirect cost/overhead and the A-21 Report.

Vice President Petersen introduced Associate Vice Presidents Brenner and Potami and Assistant Vice President Surbey, and acknowledged their efforts related to indirect costs and A-21. Dr. Petersen reviewed the history of indirect costs, and the concept of direct and indirect costs.

Dr. Petersen stated that the indirect cost rate is negotiated with the federal government, noting that the University's current indirect cost rate is 40 percent. She stated that an Indirect Cost Rate Improvement Study was conducted to improve accountability and enhance the University's rate, noting that as a result the new rate will be 45 percent as of July 1, 1994.

Dr. Petersen reviewed the distribution of indirect cost recoveries, noting that the requirement by some agencies of matches for grants is an area of concern. She reviewed the activities of the Indirect Cost Recoveries (ICR) Committee, co-chaired by Dr. Brenner and Ms. Surbey, including:

- Establishment of guidelines for institutional compliance with the revised OMB circular A-21;
- Establishment of general principles for distribution of ICR revenue;
- Establishment of a policy on cost sharing; and
- Establishment of a policy on indirect cost charging.

She noted that approximately \$10 million could be lost as a result of implementation of A-21, and funds have been set aside to help units through the period of potential hardship.

In response to Student Representative Aleman, Dr. Petersen discussed the impact of changes in the fringe benefit rate on decisions to hire graduate students or post-doctoral students. She noted that a committee, which includes significant graduate student representation, is currently reviewing this issue.

In response to Regent Kim, Dr. Infante discussed the different indirect cost rates paid by the federal and state government, industry, and foundations. He noted that the University has the option of refusing a research grant because it doesn't cover all costs. Dr. Petersen and Mr. Potami responded to Regent Kim's suggestion that all rates should be the same, and the University should support a less complex process.

The meeting adjourned at 4:20 p.m.

Barbara Muesing

BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

June 9, 1994

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, June 9, 1994, at 10:00 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Keffeler, presiding; Regents Anderson, Bleyhl, Kim, Neel, Page, Perlman, Peterson, Reagan, Rosh, and Sahlstrom.

Staff present: President Hasselmo; Chancellors Ianni, Johnson, and Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Hughes and Petersen; General Counsel Rotenberg; Deputy Vice President Elzay; Associate Executive Director Janzen; Associate Vice Presidents Barbatsis, Markham, Pfitzenreuter, Riley, and Robb.

Student Representatives present: Rachel Paulose and Jessica Phillips.

Regent Keffeler welcomed Jessica Phillips from the University of Minnesota, Morris (UMM), who was elected to serve as the 1994-95 Chair of the Student Representatives.

REPORT FROM THE LEGISLATIVE AUDITOR ON TUITION AND STATE GRANTS

Regent Keffeler welcomed James Nobles, Legislative Auditor. Mr. Nobles noted the efforts of President Hasselmo, Senior Vice President Erickson, and many others to establish a good relationship and maintain open communication between the University and his office. He indicated that two audit reports regarding the Minnesota Supercomputer Center will be released on June 22, and copies will be sent to the Regents in advance of the release.

Mr. Nobles stated that tuition and state grants are important and complex issues, and he expressed appreciation for the opportunity to discuss the report with the Board. He introduced John Junker and Marilyn Jackson-Beck, members of his staff.

Mr. Junker discussed the questions addressed in the report related to tuition across the state's higher education systems, and summarized the results of the review. He noted that tuition increases in Minnesota since 1981 exceeded inflation and tuition and fees exceeded national averages, but the increases reflect national trends. He stated that state policy explains public tuition increases, while increased spending explains private college tuition increases. Mr. Junker reviewed tuition and fees for public and private systems from 1971-93, and discussed the reasons for increases. He noted that state appropriations per student for instructional purposes from 1978-92 did not exceed the rate of inflation.

Ms. Jackson-Beck discussed the study of the state grant program. She noted that the program is not restricted to lower-income students; it requires detailed financial information; it is based on the concept of financial need in relation to costs

and not income; it works with the federal Pell grant program, which targets the poorest students; and the program pays only 12-27 percent of recognized costs. In summary, she stated the recommendations are that the Higher Education Coordinating Board (HECB) should collect data on students' financial aid packages, not just state grants, and HECB should have better complete data on state and Pell Grant recipients.

Committee members expressed concern that state grants are provided to students of all income levels who choose to go to private colleges. Ms. Jackson-Beck noted that the state grant program is based on how much money students need to attend the institution of their choice. She stated the legislative intent is to have a private tuition cap that results in tuition levels comparable to those at public institutions, noting that the Legislature passed a law to reduce the cap from approximately \$7,600 in 1992-93 to \$6,800. Mr. Nobles indicated that this is a controversial issue, and one of the challenges is to find the right balance of policies.

Regent Keffeler noted other important information in the report pertains to the extent to which private colleges have increased spending for instructional purposes and spending increases at the University have been greater for non-instructional items than for the instructional component.

In response to Regent Page, Mr. Nobles indicated that studies done by his office have shown that the principal factor for explaining the increased cost and growth in tuition is state policy and appropriations, which has been a difficult message for some legislators to receive.

President Hasselmo stated that a recommendation by a committee appointed by the Legislature to shift more state grants towards lower income students has been supported by the University. He noted that these issues have been discussed by the Higher Education Advisory Council (HEAC), and stated that HEAC is developing questions about the state's long-range financial policy on financial aid and state funding. He thanked Mr. Nobles and his staff for their cooperative relationship with the University.

REPORT ON INFORMATION TECHNOLOGY INITIATIVES

Senior Vice President Infante introduced the discussion regarding information technology initiatives, noting that significant advances in technology that support the dissemination of information have had a profound impact in the areas of research, teaching, and administration. He stated that utilization of these technologies is critical to the competitive position and quality of all of the University's activities.

Associate Vice President Riley discussed the development of the National Information Infrastructure, and reviewed technology trends and the impact of information technology. He indicated that the technological world requires new and different skills, requiring learner empowerment and faculty acting as facilitators rather than purveyors of information.

Dr. Riley stated that the University will face new competition as a result of technology, and the response to those challenges will determine its future. He reviewed the growth of the University's network, the campus-wide E-mail system, and the Internet Gopher system, which was originally developed as an internal server and is now used around the world.

Dr. Riley discussed collaborative activities with the University Libraries and the development of the University Information Technology Council. He reviewed the findings of the recent InfoTech Customer Assessment, and discussed the next steps that will be taken as a result of those findings.

In response to Regent Keffeler, Dr. Infante stated that future presentations will address how the University can use its resources and information technology knowledge to give the state a competitive advantage and to establish a competitive advantage for the University in transferring education and in doing research.

In response to issues raised by Regents, Dr. Riley discussed University initiatives to leverage federal funding, the University's comparative status in terms of interactive learning and infrastructure, and support mechanisms that must be provided to the University community to facilitate use of the new technology. President Hasselmo stated the new technology represents a major culture change within the University, noting that there are some obstacles to the changes.

In summary, Regent Keffeler stated that the committee will look forward to continued reports on this subject.

RESTRUCTURING CENTRAL ADMINISTRATION

President Hasselmo led the discussion regarding restructuring central administration, and noted the presence of McKinsey & Associates representatives Nikkl Sorem and Leslie Emptage, who assisted with this project. He stated that the proposed reorganization is in response to one of the objectives the Board asked him to undertake during the past year, noting that the first stage was the reorganization of the Health Sciences.

President Hasselmo presented an overview of the process that resulted in the recommendations for restructuring central administration. He discussed administrative goals for the University and the key steps to achieve those goals, options for basic structure models, and management and programmatic goals for the new structure.

President Hasselmo reviewed his proposal for organizing central administration, and discussed the key characteristics and details of the proposed organization. He noted major changes from the current administrative organization, and discussed assignment of key decision-making and financial management responsibilities under the proposed structure.

In summary, President Hasselmo stated that the Board will be asked to approve the basic organizational structure in July. He discussed outstanding issues to be addressed and the next steps to implement the proposed organization.

Regent Keffeler stated that the President's proposal is thorough and thoughtful, and extremely responsive to the objective set by the Board a year ago. She encouraged the Regents to meet individually with President Hasselmo before the July meeting if there are any questions about the proposal.

Regent Perlman stated that decisions must be made and actions must be taken faster as a result of the new organization or the University will not have succeeded in making a fundamental change. President Hasselmo agreed that those processes must be accelerated, noting that the University's consultative structures must first be clarified.

In response to issues raised, President Hasselmo discussed proposed title changes; the need to conduct searches for five positions, including the two new provostships; the responsibilities and reporting relationship of the Vice President for Undergraduate Education and Student Development; and the need to review overall staffing levels.

Regent Neel raised issues related to the fit of the proposed structure with personality types, the definition of a necessary and appropriate consultative process, the need for more efficient decision making, and the reporting lines for the University Center in Rochester.

Regent Page is pleased about the new focus on outreach under the proposed organization, stating that the interdisciplinary nature and integration it promotes will pay off in the future.

In summary, Regent Keffeler stated that the proposed reorganization will be presented for approval at the July meeting.

The meeting adjourned at 12:15 p.m.

Barbara Muesing

BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

June 10, 1994

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, June 10, 1994, at 8:30 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Keffeler, presiding; Regents Anderson, Bleyhl, Hogan, Kim, Page, Perlman, Peterson, Reagan, Rosha, and Sahlstrom.

Staff present: President Hasselmo; Chancellors Johnson, Ianni, and Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen; General Counsel Rotenberg; Deputy Vice President Chou; Associate Executive Director Janzen; Associate Vice Presidents Copa, Johnson, Kvavik, Perlmutter, Pfitzenreuter, Robb, and Zetterberg.

Student Representatives present: Rachel Paulose and Jessica Phillips.

RECOGNITIONS

Student Representatives to the Board of Regents

Recognition was given to the following 1993-94 Student Representatives for bringing the student perspective to the Board of Regents' deliberations and actions during the past year:

Narciso Aleman - Twin Cities Campus
Gina Brunko - Morris Campus
Tom Donarski - Crookston Campus
Joan Jensch - Twin Cities Campus
Sara Nienow - Twin Cities Campus
Rachel Paulose - Twin Cities Campus
Sara Rogers - Twin Cities Campus

Professor Judith Garrard

Recognition was given to Professor Judith Garrard for her service to the University community as 1993-94 Chair of the Faculty Consultative Committee.

1994 Morse-Minnesota Alumni Association Award Recipients

Recognition was given to the following 1994 recipients of the Horace T. Morse-Minnesota Alumni Association Award:

Associate Professor William Brustein
Sociology
College of Liberal Arts

Professor James F. Farr
Political Science
College of Liberal Arts

Professor Leslie B. Hansen
Animal Science
College of Agriculture

Associate Professor Linda Rae Hilsen
College of Education and Human Service Professions
University of Minnesota, Duluth

Associate Professor Laura Coffin Koch
Mathematics Education
General College

Associate Professor Alex Lubet
Music Theory and Composition
School of Music

Professor Marvin L. Marshak
Physics
Institute of Technology

Associate Professor Roger Miller
Urban Geography/Social Theory
College of Liberal Arts

Associate Professor Christopher Paola
Geology and Geophysics
Institute of Technology

Associate Professor Thomas M. Scanlan
Rhetoric/American Studies
College of Agriculture

1994 John Tate Award Recipients

Recognition was given to the following 1994 recipients of The John Tate Award for Excellence in Academic Advising:

Jacquelyn A. Henning, Assistant Director
Continuing Education and Extension

Dr. Christopher Paola, Associate Professor
Department of Geology and Geophysics

Amy L. Winkel, Senior Student Personnel Worker
Biological Sciences Student Services

Dr. Val W. Woodward, Professor
Department of Genetics and Cell Biology

1994 Academic Staff Award Recipients

Recognition was given to the following 1994 recipients of the Academic Staff Award:

Terry Anderson, Program Director and Continuing Education Specialist
University of Minnesota, Duluth

Barbara Becker, Director of Student Academic Support Services
College of Liberal Arts

Marjorie Cowmeadow, Associate Dean
General College

Earl Nolting, Director of the Counseling Department
Continuing Education and Extension

Jane Phillips, Coordinator of Instructional Laboratories
College of Biological Sciences

HONORS COMMITTEE REPORT

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

PERSONNEL

President Hasselmo recommended approval of the appointment of Professor Daniel D. Joseph, Department of Aerospace Engineering and Mechanics, as a Regents' Professor.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the appointment of Professor Joseph as a Regents' Professor.

President Hasselmo indicated that Regents' Professor Joseph will be invited to the July meeting.

ANNUAL REPORT OF THE MINNESOTA ALUMNI ASSOCIATION

Janie Mayeron, President of the Minnesota Alumni Association (MAA), presented the MAA Annual Report. She reported on the activities of the MAA during the past year, noting increased mentoring programs, participation of MAA volunteers in the University's recruitment efforts, increased collaboration with the University and the University of Minnesota Foundation, and the establishment of 28 scholarships for freshman students.

Ms. Mayeron reviewed the MAA's five-year goals, which include increasing the Association's visibility; expanding to 50,000 members; enhancing the student experience; and continuing advocacy efforts.

President Hasselmo noted the efforts and leadership of the MAA, and expressed appreciation for the Association's support.

In response to issues raised, Ms. Mayeron discussed an increased commitment to involve students in the MAA when they are still on campus and alumni participation in the mentoring program and placement activities.

Regent Kim raised the issue of minority participation in the MAA, and offered her support.

UNIVERSITY OF MINNESOTA HEALTH SYSTEM BUDGET

A motion was made and seconded to recommend approval of the University of Minnesota Health System (UMHS) Budget.

Greg Hart, UMHS President, commented briefly on the proposed budget. In response to Regent Keffeler, he indicated that the proposed budget does not include strategic investments, noting that they will be included in the Capital Plan.

The committee voted unanimously to recommend approval of the UMHS Budget.

UNIVERSITY 2000 ACTION PLANS AND CRITICAL MEASURES

Regent Keffeler introduced the discussion regarding University 2000 action plans and critical measures. President Hasselmo noted that University 2000 is an evolving process and specific plans are being presented in stages. He noted the efforts of Senior Vice President Infante and Associate Vice Presidents Copa and Kvavik.

Dr. Infante discussed the evolution of the University 2000 plan, internal and external interactions, and the establishment of critical measures.

Dr. Kvavik stated that as a result of continued internal and external interactions, two additional strategic areas related to diversity and management effectiveness and stewardship of resources have been identified. He noted that initiatives will be tied to critical measures and benchmarks and stated there will be greater specificity and prioritization of initiatives, using undergraduate education and diversity as examples.

Dr. Copa discussed the establishment of critical measures and benchmarks, and the consultative process to date. He reviewed a set of 18 critical measures and a phased implementation process being recommended at this time. He noted that the consultation process has clarified the need for additional discussion of several aspects of the development and use of institutional-level measures. These include the goal-setting process, continued consultation, articulation with strategic initiatives, technical details, organizational structure, and principles.

President Hasselmo emphasized the addition of a strategic direction related to diversity and possibly another related to stewardship of resources, noting that initiatives and action plans will be developed to implement each of the strategic directions. He stated that critical measures will evaluate the outcomes of the action plans.

Regent Keffeler expressed concern that specific benchmarks have not been established for each of the critical areas. President Hasselmo stated that although he wishes the Board could be provided with specific targets in the critical areas for the year 2000, the identification of appropriate benchmarks is an ongoing process which requires interaction with the collegiate units to ensure that the composite targets set for the University are meaningful. He noted that the goal is to give the Board and the public a vision of what the University will look like in the year 2000. Dr. Infante expects

that the administration will be able to provide the Board with a level of specificity regarding the five measures in the short term, and stated that a set of goals, numbers, and specifics will be presented during coming year.

In response to issues raised by committee members, Dr. Infante discussed integration of the measures regarding entrance, diversity, and graduation rates; development of community understanding and commitment; the University's core disciplines; and administrative accountability for specific objectives.

Dr. Copa defined diversity, noting a move to the term "underrepresented groups", which is meant to be inclusive. He noted that University 2000 is specific with respect to minority groups and women, and stated that it also includes attention to students with disabilities and could be expanded to include age, geographic location, sexual orientation.

Regent Hogan asked that the presentation regarding measures and goals include a discussion of what the administration has done and why.

Regent Kim expressed hope that the diversity initiative is taken seriously, and asked that more specific action plans be presented regarding that issue.

President Hasselmo responded to Regent Rosha's concerns about the speed with which the University can make decisions and set goals and benchmarks, stating that while the administration is eager to move quickly, it is necessary to strike a balance between setting targets and appropriate consultation with the University community. He indicated that he understands the message, and the administration will continue its commitment to that.

Regent Keffeler agreed with Regent Reagan's suggestion that she should review the benchmarks and develop guidelines for the administration, and she invited the Regents to communicate with President Hasselmo regarding the critical items they feel should be accomplished in University 2000. She noted that the measures identified are core to the discussion, and the issue appears to be one of pacing.

Regent Perlman emphasized that the diversity portion of University cannot be separated from the overall objective of creating a great University, stating that increased representation of diverse and underrepresented populations in the student body and on the faculty will strengthen the University.

In summary, Regent Keffeler emphasized that the Board recognizes that University 2000 is a big plan that covers many areas and all areas are fundamental.

UPDATE ON PREPARATION OF BIENNIAL REQUEST

President Hasselmo introduced the discussion regarding preparation of the 1996-97 Biennial Request, stating that it provides a major opportunity to communicate about the University. He noted that the themes in the request will range from general areas where the University makes contributions to the state to specific projects the University can undertake as investment opportunities for the state.

Senior Vice President Infante indicated that the strategy is to prepare a 1996-97 Biennial Request that a) reflects the values of the institution and long-term strategic directions; b) is built on shared effort; c) clearly communicates the unique cost structure of University programs and services; d) is easily understood; and e) is highly marketable and recognizes reasonable limits on additional state funds. He stated that the University's general needs and specific initiatives must be balanced in the Biennial Request.

Dr. Infante reviewed the timeline for development of the Biennial Request, which request will be presented to the Board of Regents for review at the August retreat and September meeting and for approval in October. He discussed plans for internal and external consultation, and noted the appointment of the Biennial Budget Advisory Committee.

In response to Student Representative Paulose, Associate Vice President Pfitzenreuter stated that the Minnesota Student Association President and a representative of the Graduate and Professional Student Association serve on the Biennial Budget Advisory Committee. Ms. Paulose suggested including a coordinate campus student on that committee.

The meeting adjourned at 10:50 a.m.

Barbara Muesing

BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

June 10, 1994

A meeting of the Board of Regents of the University of Minnesota was held on Friday, June 10, 1994, at 11:00 a.m., in the Regents' Room, 238 Morrill Hall.

Regents present: Anderson, Bleyhl, Hogan, Keffeler, Kim, Page, Perlman, Peterson, Reagan, Rosha, and Sahlstrom. President Hasselmo presided.

Staff present: Chancellors Ianni, Johnson, and Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Hopkins, Hughes, and Petersen; General Counsel Rotenberg; Associate Executive Director Janzen; Associate Vice Presidents Kvavik and Pfitzenreuter.

ANNUAL MEETING

ESTABLISHMENT OF MEETING DATES

The Board of Regents voted unanimously to approve the following meeting schedule for 1993-94:

July 7-8, 1994
No August Meeting
September 8-9, 1994
October 12-14, 1994
November 10-11, 1994
December 8-9, 1994
January 12-13, 1995
February 9-10, 1995
March 9-10, 1995
April 6-7, 1995
May 11-12, 1995
June 8-9, 1995

Regents' Retreat
Summer Retreat
August 18-20, 1994

REGULAR MEETING

APPROVAL OF MINUTES

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

Audit Committee - May 12, 1994
Facilities Committee - May 12, 1994
Financial Operations & Legislative Committee - May 12, 1994
Faculty, Staff & Student Affairs Committee - May 12, 1994
Educational Planning & Policy Committee - May 12, 1994
Committee of the Whole - May 12, 1994
Board of Regents Meeting - May 12, 1994
Committee of the Whole - May 13, 1994
Board of Regents - May 13, 1994
Board of Regents - May 17, 1994

REPORT OF THE PRESIDENT

President Hasselmo presented his monthly report, which pertained to spring commencement ceremonies; scholars and scholarships; undergraduate recruiting; University 2000 Action Plans and Critical Measures; restructuring of Central Administration; awards; and personnel items.

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

REPORT OF THE CHAIR

Chair Keffeler presented the following resolution relating to the 1993-94 Presidential Assessment:

RESOLVED, that as provided by Minnesota State Statute 471.705 Subd. 1d (d), a non-public meeting of the Board of Regents' Assessment Committee be held on Monday, June 13, 1994, at 6:00 p.m.; Tuesday, June 14, 1994, at 7:30 a.m.; Thursday, June 16, 1994, at 9:30 a.m.; Monday, June 20, 1994, at 6:00 p.m.; Tuesday, July 5, 1994, at 10:00 a.m., and on one other occasion prior to the July Board of Regents' meeting, and notice of that meeting shall be given 48 hours in advance.

BE IT FURTHER RESOLVED, that at the July 8, 1994 Regents' meeting, the Board of Regents shall summarize its conclusions regarding the evaluation.

The resolution was moved and seconded.

Chair Keffeler reported that members of the Assessment Committee are Regents Anderson, Hogan, and Peterson and she will chair the committee.

The Board of Regents voted unanimously to approve the resolution.

Chair Keffeler reported that the Regents' Retreat is set for August 18-20, 1994. Discussion items will include financial strategies, tuition, and the biennial request.

She provided an update on the search for the Executive Director of the Board of Regents. She indicated that she and Vice Chair Reagan will be interviewing candidates that are forwarded from the search committee and if other Regents wish to participate in the interviews, they should let the chair know.

Chair Keffeler stated that she is entering the last year of her first term as a Regent. She reflected on the Board's accomplishments during her term, and noted the individual involvement of Board members. She expressed appreciation to the members for their dedication and commitment as Regents.

RECEIVE AND FILE REPORTS

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

GIFTS

Robert Hanle, University Foundation Vice President, 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
June 9, 1994

Chair Keffeler reported that the committee reviewed a report from the Legislative Auditor on Tuition and State Grants; reviewed a report on Information Technology Initiatives; and reviewed a proposed reorganization of central administration.

REPORT OF THE COMMITTEE OF THE WHOLE
June 10, 1994

Chair Keffeler reported that the committee voted unanimously to recommend:

- a) Approval of the recommendations of the All-University Honors Committee. Documentation is filed supplement to the minutes, No. 22,337.
- b) Approval of the appointment of Professor Daniel D. Joseph, Department of Aerospace Engineering and Mechanics, as a Regents' Professor.
- c) Approval of the 1994-95 University of Minnesota Health System Operating Budget as presented to the committee. Documentation is filed supplement to the minutes, No. 22,338.

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

Chair Keffeler reported that the committee reviewed the annual report of the Minnesota Alumni Association; reviewed University 2000 Action Plans and Critical Measures, and received an update on the preparation of the Biennial Request.

In addition, she reported that recognition was given to the 1993-94 Student Representatives to the Board of Regents; Professor Judith Garrard, 1993-94 Chair of the Faculty Consultative Committee; the 1993-94 recipients of the Horace T. Morse-Minnesota Alumni Association Award; the 1994 recipients of The John Tate Award for Excellence in Academic Advising; and the 1994 recipients of the Academic Staff Award.

**REPORT OF THE FACULTY, STAFF &
STUDENT AFFAIRS COMMITTEE**

Regent Hogan, reporting for the Chair of the committee, stated that the committee voted unanimously to recommend:

- a) Approval of the Senior Vice Presidents' Monthly Faculty, Staff & Student Affairs Report as contained in the docket material.

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

Regent Hogan reported that the committee also reviewed a report on Student Recruitment, Admissions, and Enrollment and a report on Automated Technology in Student Affairs.

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 resolution re Schematic Plans, FY 94 Capital Budget, as follows:

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

- A. Physics Building, Condensed Matter Research Facility Remodeling Project, Twin Cities Campus
Estimated cost of the project: \$2,955,700
Funding: State Capital Appropriation, State Operating Appropriation, Departmental Grant, and Central Resources
Estimated completion date: September 1995
- c) Approval of resolution re Real Estate Transaction relating to lease with option to purchase Staples Irrigation Center in Wadena County, as follows:

RESOLVED, that on the recommendation of the President and Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute a one-year lease for the Staples Irrigation Center, consisting of 320 acres of land described as the South One-Half of Section 26, Township 134 North, Range 33 West, Wadena County, and the buildings located thereon (Office Building, Well Shed, Farm Shop, Pole Barn, Chicken Coop, Plot Shop Building and Farm House). The lease would contain two options: (a) an option to purchase the land at \$1 as of July 1, 1995 and continue the lease for the buildings for 20 years, said option to be exercised contingent upon the 1995 Legislature providing annual funding for the operation of this facility in the amount of \$300,000; and (b) an option to purchase the buildings at \$1 during the first five years of the lease.

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

Chair Rosha reported that the committee also reviewed two proposed FY 94 Capital Budget amendments relating to 1) Millard Hall 4th Floor Biochemistry Renovation; and 2) ULITES Lighting Retrofit Project.

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 re 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:

- To Coca-Cola Company to furnish soft drink syrups, cans, premix and related equipment estimated at \$486,000 for Duluth campus for the 3 year period of 7/1/94 to 6/30/97.
 - To MSUS/PALS, which is the on-line library system of the Minnesota State University system, for storage of Information Access Company (IAC) files to be accessed by participating libraries and Minitex at a cost of \$250,000 for the period of 6/10/94 to 6/30/96.
 - To Professional Food Service Management for food service for Morris campus estimated at \$300,000 for the period of 7/1/94 to 6/30/95.
 - To Turnquist Inc. for copy paper estimated at \$410,000 to be furnished for the period of 7/1/94 to 6/30/95 and stocked in University Stores.
 - To Turnquist, Inc. for xerographic paper estimated at \$561,450 to be furnished for the period of 7/1/94 to 6/30/95 and stocked in University Stores.
 - To Twin City Wholesale Drug for pharmaceuticals estimated at \$600,000 to be furnished for the period of 5/1/94 to 4/30/95 for Boynton Health Service Pharmacy.
- c) Adoption of Regents' Policy on Delegation of Budget Authority - Annual Operating Budget Adjustments - Current, Non-Sponsored Funds, as follows:

Delegation of Budget Authority

Annual Operating Budget Adjustments - Current, Non-Sponsored Funds

This policy governs the administration's authority on behalf of the Board of Regents to approve adjustments to the annual operating budget.

The University's annual operating budget is defined as planned resources and expenditures categorized within current, non-sponsored funds. The annual operating budget shall enhance the University's overall mission, be approved

by the Board of Regents, include all anticipated resources and planned uses for the resources, ensure that planned expenditures are supported by identifiable resources, and be entered into the University financial system before the fiscal year begins.

During the course of the fiscal year, unanticipated revenues may become available, unexpected expenditures may be necessary, deviations may occur in estimated carry forward funds, or better information may become known which may require changes to the Board of Regents approved University annual operating budget.

The President or his designee may approve changes to the University's operating budget. For centrally allocated funds, changes in revenue in excess of \$250,000 will require prior approval of the Board of Regents. Transfer of funds in excess of \$250,000 between Resource Responsibility Centers for the purpose of initiating new or expanding the scope of either an academic program or a support service or for resolving operating deficits will require prior approval of the Board of Regents. All adjustments to the budget shall be reported to the Financial Operations and Legislative Committee of the Board of Regents through the quarterly management report.

- d) Approval of resolution re adoption of amended Regents' Policy on Asset Allocation for the Endowment Funds of the University of Minnesota* , as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the endowment fund investment guidelines are amended as follows:

- 1) the long-term asset allocation strategy will target 80 percent of the endowment for investment in equities and equity-related alternatives with a maximum of 90 percent, and 20 percent for investment in fixed income alternatives with a minimum of 10 percent;
- 2) within the current 30 percent allocation to international equities and 10-15 percent allocation to alternative investments, approximately 5 percent of the endowment will be targeted for direct investment in China or China-related markets;
- 3) at the direction of Senior Vice President for Finance and Operations or the Treasurer, University fund managers are authorized to participate in emerging markets debt;
- 4) a maximum of 25 percent of the endowment may be invested by any one fund manager of the endowment.

RESOLVED, FURTHER, that a review shall be conducted of the University's endowment fund spending policy of 5.5 percent of the three-year trailing average value of the endowment to determine if the rate is consistent with maintaining the inflation adjusted value of the endowment in perpetuity.

* Changes in policy to be printed in July minutes.

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

Chair Page reported that the committee also reviewed the Quarterly Reports relating to Asset and Debt Management and Purchasing, and reviewed a resolution encouraging the use of emerging investment managers in managing the use of the University assets.

**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 the appointment of Regent Jean Keffeler to the Humphrey Institute Advisory Board to fill position vacated by Regent Ann Wynia.

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

Regent Sahlstrom reported that the committee also voted unanimously to recommend adoption of the amended Regents' Policy on Use of Human Subjects in Research and moved its approval.

Regent Keffeler expressed concern about the policy. She stated that the Audit Committee had engaged in a discussion relating to the issue and requested that the Audit Committee be given opportunity to review and discuss the proposed amendments.

Regent Keffeler moved that the item be referred to the Audit Committee for review and discussion. The motion was seconded and the Board of Regents voted unanimously to recommend that the proposed amendments to the Regents' Policy on Use of Human Subjects in Research be referred to the Audit Committee for review and discussion.

Chair Sahlstrom reported that the committee also reviewed relating to Indirect Cost/Overhead and the A-21 Report.

REPORT OF THE AUDIT COMMITTEE

Regent Hogan, Chair of the committee, reported that the committee engaged in a discussion on the IRB process; delayed action on the contract for External Auditor and delayed the presentation on Research Contracts and Grants Administration due to time constraints.

The meeting adjourned at 10:55 a.m.

Barbara Muesing

**BARBARA MUESING
Executive Director &
Corporate Secretary**