

Minutes*

**Senate Finance Committee
January 5, 1989**

Present: Warren Ibele (chair), John Clark, Arthur Erdman, Lael Gatewood, Eric Huang, Gerald Klement, Cleon Melsa, Rick Revoir

Guests: Mark Brenner, Shirley Clark, Geoff Maruyama, Irwin Rubenstein

1. Status Report on Civil Service salaries

Professor Ibele reported that the University Personnel department is now in the process of developing a comprehensive survey of civil service employees. This Committee will review the results of the survey and then make a recommendation to the Senate Consultative Committee.

2. Enhancement of Morse-Alumni Teaching Awards

Professor Clark, chair of SCEP, reported that SCEP is in the process of developing a recommendation to Provost Clark regarding modification of this award. Their tentative recommendation is to:

- increase the amount of the award to \$5000 and to
- extend the duration of the award to three or five years
- give one half of the \$5000 each year to the faculty member and the other half to their department to be set aside for the use of the award winner in materials and instructional development.

The first year of the award would be funded by the Alumni Association while central administration would fund the ensuing years of the award. (Professor Jorgensen's proposal was for a permanent salary increase.) SCEP had reservations about the cumulative cost of the proposal and the fact that there would be no guarantee that award-winning teaching quality would continue throughout the winner's career. Professor Jorgensen disagreed and will discuss the matter further with SCEP.

The Committee decided to wait for SCEP's final recommendations before further discussing details of the proposal, but spent some time deliberating over potential sources of funding for the award. Amoco is no longer participating in the funding of this award. It was suggested that the amount of the award could be higher if there were fewer recipients.

As a former recipient of the award, Professor Erdman said that he would like to see more, rather than fewer, people receive a more substantial award, but perhaps for a shorter duration. He liked the idea of money being available in the department to be applied to the teaching expenses of the award winner.

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Professor Gatewood, who has served on the awards committee, said that if the number of awards were increased there would be no problem in finding worthy candidates. She added that it is beneficial that the award is extended to coordinate campuses as well.

Professor Clark asked if it was realistic to expect central administration to respond by funding this award. Provost Clark said that the Management Committee is currently working on the unpleasant task of choosing the items from which to withdraw funding. The question of whether to fund this teaching award will rest on whether or not it can be considered a more worthy expenditure than others for educational development. Currently \$10,000 goes into the Regents Professorship award per person annually, and while it is not a "gold watch," it tends to be awarded to those in the latter years of their career, and thereby involve a smaller total cost per award than appears to be the case in the Jorgensen proposal.

Since central administration's funding of the award did not look promising, the Committee considered other possibilities.

- Minnesota Foundation
- Reinstatement of "big kettle" (parting gifts from students)
- Retention money
- Department awards

While no obvious funding source was apparent, concluding comments were focussed on the value of enhancing this award. It would send a strong message that teaching is important at the University. Professor Rubenstein observed that as far as its political value, the important thing is that there is an award and that it is known. The details of the award, such as the source of funding, gets lost outside of the University.

Professor Ibele concluded this item by saying that this is a good time to be modifying this award, and that this Committee will wait for SCEP's final recommendation.

3. Budget Process Proposal

Professor Ibele began by saying that he would forward to the Committee copies of memoranda from Mr. LaFontaine and Dean Paul T. Magee that were written in December concerning the proposal. Provost Clark said discussion of the proposal is on the agenda for the Deans meeting in January, and it should receive wide discussion.

Provost Clark observed that the fact that this proposal is being considered is evidence of a different perception of the University than existed in previous years. It assumes that the University will benefit from a more entrepreneurial approach to budgeting. Management oriented people are therefore likely to respond more favorably to the proposal than those in the Humanities.

The observation was made that growth for its own sake would not be in the best interest of the academic mission of the University, and that even with a controlling mechanism such as the proposal describes, the direction of growth could be difficult to control.

The situation was likened to a basketball game in which the player's bonus for making extra points might initiate a departure from the coach's game plan.

The question was asked about peer institutions that operate under a similar plan. Indiana University and the University of Southern California were given as examples.

Other observations regarding the budget process proposal were the following:

- The lowering of barriers preventing the transfer of funds from one area to another is a positive feature of the plan.
- The fact that the plans start with enrollment anticipations, and budgets are derived from this input along with other pertinent considerations is another positive feature. It addresses the inequities that sometimes exist in the ratio of students to faculty in some departments.
- It seems that in a sense the University is buying a brand new car rather than doing maintenance on the one they have. (The response to this was that there were scant grounds for believing that any change would be precipitous.)
- Our current financial reporting systems would not support such a detailed budget process as the one proposed. There is a question as to whether the University could afford a system that would be able to handle such tasks as revenue forecasting. Another consideration is whether departments would have access to the required information. Units would have to know how much use they were making of central resources. It would be necessary for communication to go in both directions.
- The fact that the plan would limit the excess of bureaucratic restraints that exist currently is a positive feature. Currently, a myriad of signatures is needed for a simple departmental financial transaction.

Professor Ibele asked Committee members to communicate with him their responses to the proposed plan after reading the memoranda between Dean Magee and Mr. LaFontaine so that he could forward a timely response.

4. Management Committee agenda and decisions

Although not an agenda item, Provost Clark's comments earlier in the meeting regarding matters likely to come before the Management Committee raised a question about possible retrenchment. Provost Clark said that they will be making hard reviews and decisions, outside of the legislative request. When asked if this Committee could be of help in making these decisions, Provost Clark said that they will be needing consultation in deciding what is more worthy than something else.

Professor Ibele offered as an example of one of the problems confronting the Management Committee the Grant in Aid fund is overdrawn by \$750,000. This seed grant fund is absolutely necessary in obtaining research grants. The expectation in February 1988, when the Management

Committee did not approve the Graduate Schools' request for additional funds for the seed grant program, was that such funds would be appropriately taken from Indirect Cost Recovery monies if the legislature permitted the University to retain more or all of the ICR funds. Should this not occur, resources will be required from other sources, otherwise this important component of the research effort will be damaged. Professor Rubenstein offered the observation that recruitment is affected by the availability of seed money.

In response to a question about programs currently being funded on "soft money", Provost Clark said that some of the soft money commitments entail legal obligations, and that those will have to be given first priority in the allocation decisions. She added that programs will need to know as soon as possible whether they will continue to be funded or not.

Responding to a question about the possibility of retrenchment, Provost Clark said that in the fall it was essential that effort be spent in developing the legislative request. Now is the time to quietly and carefully make contingency plans which deal with the range of possibilities the institution may have to confront.

The meeting ended with a discussion about making the University's case with the Legislature and the public. Professor Maruyama observed that although lobbying is a part of that process and perceived by some as a self-serving, the University is of such importance to the State and its citizens that it should not refrain from putting its case in the most persuasive manner.

The Committee adjourned early at 4:40.

-- Kelly Craigmile

University of Minnesota