

Minutes*

Senate Committee on Faculty Affairs
Tuesday, February 25, 2003
2:30 – 4:30
238A Morrill Hall

Present: John Fossum (chair), Jesse Daniels, Richard Goldstein, Darwin Hendel, Theodor Litman, Cleon Melsa, Todd Powell, Dwight Purdy, Kathleen Sellew, Carol Wells, Aks Zaheer

Absent: Carole Bland, Carol Carrier, Terence Collins, A. Saari Csallany, William Garrard, Robert Jones, Wade Savage, Charles Stech, Larry Wallace, Thomas Walsh, Timothy Wiedmann

Guests: Vice President Kathryn Brown; Elizabeth Wroblewski (Office of the Executive Vice President and Provost), Mark Rotenberg (General Counsel), Sandra Martell (Office of the General Counsel); Jackie Singer (Director of Retirement Programs)

[In these minutes: (1) delegation of authority; (2) post-retirement health care savings plan; (3) rewards for teaching and service]

1. Delegation of Authority

Professor Fossum convened the meeting at 2:35 and welcomed Vice President Brown, Mr. Rotenberg, and Mss. Martell and Wroblewski to discuss the Delegation of Authority policy that has been adopted by the Board of Regents.

Vice President Brown began by explaining why the Delegation of Authority policy is relevant and what its practical application will be. Delegation of authority is a basic concept in a corporate structure, she said; it sets out lines of authority on who can and cannot commit the University to a contract, who can make a commitment on its behalf. The policy is used in for-profit organizations as well as non-profits and is sensible, Ms. Brown said, because if everyone can commit the organization, it could not be managed, people could make commitments the University could not fulfill, and such commitments might increase the institution's liability.

Implementation of the Delegation of Authority policy began last fall. The challenge is not in the execution of the policy but rather in thinking about who should have the authority to manage the institution. As each vice president received authority from the President, they in turn had the opportunity to delegate authority to those who report to them. They had to take the time to think about who should be responsible for signing documents—and also to think about whether the documents would get to the authorized individuals in a timely fashion.

The practical issues arose because people had not thought about authority in this way before, Ms. Brown said. Someone in a department may have been doing something for a long time even though he or she did not have decision-making discretion and the actual responsibility could lie elsewhere. University

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Services, for example, talked through the process for a long time to be sure that documents went to the right person.

Implementation of the policy meant some things went against the culture of the institution (probably more in colleges and departments; service units were already more business-like). On the academic side, people may be department heads for three to five years and the department administrator may have the knowledge and practical responsibility--but it is the department head who receives the delegation of authority from the dean. Department heads, in turn, said they did not want to have to sign for every box of pencils. It was not the intent of the policy to make more work, Ms. Brown said, but rather to align responsibilities with authority. Those "alignment" issues are still being resolved.

Several people identified problems in implementing the policy; Vice President Brown said she and Ms. Martell convened a group to work on the practical implementation issues. Mr. Kallsen from the Executive Vice President and Provost's office worked on the academic issues to try to make the policy work in a positive way and not be a burden. But there are certain record-keeping functions that have to be completed, such as documenting who has authority to sign. Those records must be kept up to date. The Office of the General Counsel has bent over backwards to assist in the process. The system is now current, although there may be a few additional delegations of authority needed in colleges and departments. Most of the work now is on getting the bugs out and making the policy transparent to everyone.

One question that has been raised is how this changes things for the individual faculty member. Ms. Brown said she was not sure how it would affect each faculty member, but the policy answer is that people must have authority delegated to them--so they would need to know what authority had been delegated to them to make decisions. The information about the delegation of authority is on line; anyone can look up to whom authority has been delegated (including, for example, outside vendors). If one thinks about who has the authority to make commitments on behalf of the University, Ms. Brown said she did not believe most faculty think they could make a broad institutional commitment without the approval of the department head and dean. Faculty who are doing grant work and their usual research and teaching are largely unaffected by the Delegation of Authority policy.

What is considered a contractual obligation, Professor Fossum asked? Contractual obligations are very broad, Ms. Brown said, and can range from a new building to supplies for a department. There are about 150 standard contracts in the contracts library, Ms. Martell said, and they allow people to do most University business without the involvement of a lawyer. Perhaps 20% of contracts require discussion with an attorney. A contractual obligation binds the University with a third party (the Delegation of Authority policy does not cover internal University transactions). There is some confusion about this, Ms. Martell said; people sometimes think their center or department is a separate legal entity that can sign binding contracts. That is not true; there is only ONE legal entity, the Regents of the University of Minnesota, that can sign contracts. There are no "college" contracts or the like. If anyone has questions, they can contact the General Counsel's office for help.

Are there dollar limits on contracts that can be signed, Professor Zaheer asked? Any such limits will show up as a limitation on authority if one looks up the delegations on the web, Ms. Martell said. Managers can put a limit on the size of the contract that those to whom they delegate authority may sign. These limitations are not uniform; managers can decide within units and by individuals. It is a very flexible system. The limitations can be modified over time. There is little that cannot be done as long as

the delegations are officially entered in the system and not on a piece of paper in the department. But the system does take more thought because one must decide what he or she wants to delegate and to retain authority over.

The colleges are very different in how they operate, Ms. Wroblewski commented. Executive Vice President Maziar gave flexibility to the colleges in some areas; in others she retained final authority (e.g., over new program approval). The delegations largely conform to what has been done in the past. She recalled that former President Yudof had described the University as a well-managed organization and said there was no reason to upend the system that was functioning. The decision to delegate depends on the level of risk; the higher the risk, the more the senior officer will want to retain responsibility.

Are the current delegations of authority only as valid as long as the current administration is in place, Professor Fossum asked? The delegation can change at any time, Ms. Martell said, and all delegation arises from the Board's delegation of authority to the President, which consists of everything the Board decided not to retain itself. This past fall the administration delegated authority to those who report to him; those individuals, in turn, delegated authority to others.

Is there an expectation that there will be an affirmative communication to people who have been delegated authority within units, Professor Fossum then asked? If individuals have not received something signed by a department head or dean or other officer indicating they have authority to sign contracts, they do not have any authority to bind the University. It is important people know that, Professor Fossum said; he doubted that most people are aware they need to have received an express delegation of authority.

Ms. Martell agreed; she said she has seen instances when people did not get what they needed because they did not have the proper signatures on documents. As with any policy, Ms. Brown added, there must be an ongoing commitment to education about the policy; in the training for deans and department heads, this policy needs to be included, and chairs should share information about the policy with faculty so they know what it means. It will be important, especially as new faculty come to the University, that they know how to get their work done, Professor Fossum commented.

Professor Fossum thanked Ms. Brown, Ms. Martell, Mr. Rotenberg, and Ms. Wroblewski for joining the meeting.

2. Post-Retirement Health Care Savings Plan

Professor Fossum turned next to recent discussions about the Post-Retirement Health Care Savings Plan (PRHCSP). There have been talks about perhaps implementing at least part of the plan (that calls for a 1.5% contribution to a PRHCSP) and about taking that 1.5% from the 13% contribution the University makes to the Faculty Retirement Plan. The original proposal from the Retirement Subcommittee had called for taking the 1.5% contribution out of the salary increase pool but that will not be feasible in a year when it is not likely there will be salary increases.

Professor Goldstein said he was concerned that this proposal was a foot in the door; it might later be said that health care costs are increasing so the University should take money out of the retirement plan contribution to cover (current) health care costs. Faculty have said over the years that the University should pay part of the cost of health care for retirees—about half of the Big Ten schools do so—and that

the Committee should think very carefully about agreeing to take money from the retirement plan in order to pay for post-retirement health care.

Professor Wells said she has always thought the retirement plan was the biggest benefit to staying at the University a long time. It is a slippery slope if the University begins to allow that plan to erode. One could say that the PRHCSP is part of retirement, Professor Goldstein said, but that is not a very good argument for protecting the retirement plan.

Perhaps the 1.5% could be taken from the retirement plan for two years and then taken from salary increases or elsewhere, Professor Hendel said. Would there be a clear breakpoint, after which it would not be, Professor Zaheer asked? Once such a contribution is institutionalized it might be difficult to take the money from the salary pool in the future. Professor Hendel agreed that taking the 1.5% from the retirement plan would be a small step in a direction the faculty do not want to go and that it would be easier in the future to take another 1% for some other reason—this would be a dangerous direction in which to move, he said.

Professor Melsa said the Committee had no basis on which to make a decision. If the Regents decide to take 1.5% for the PRHCSP, the University's retirement plan contribution will be down to 11.5%. Is there any probability that will change? Professor Fossum said he has heard only that everything is on the table but nothing specifically about the Faculty Retirement Plan. Professor Zaheer pointed out that the University's salaries are 15 places below the average of the top research universities, even if the retirement plan contribution is better than average.

What federal laws govern the retirement plan, Professor Fossum asked? It is a money purchase plan, Ms. Singer said, with the amounts written in a document. The numbers can be changed prospectively; nothing requires the University to maintain the same contribution. In benchmark studies, the UNIVERSITY-PAID portion is higher than average in the Big Ten but the TOTAL contribution is not; more typically, the employee contributes about 5% and the institution about 10%. Any change must be through a plan amendment (which would also be needed if 1.5% were to be directed to a PRHCSP).

Professor Fossum asked what the expectations were about health care. Ms. Singer said she has heard nothing definite, only that everything is on the table.

What PRHCSP proposals are being made for other employees, Professor Goldstein asked? The Civil Service benefits subcommittee has identified ways a PRHCSP could be funded for civil service employees, Ms. Singer said; one proposal was to contribute ½% per year of salary increases over three years to reach the 1.5%. The P&A staff wanted the same plan as the faculty but wanted also to be able to communicate with employees so they would understand the plan. The University and bargaining unit employees would have to make the decision within the collective bargaining process.

Professor Hendel said it was his understanding that the University has asked for maximum flexibility in dealing with the budget problems; does this discussion suggest that will not be the case, he asked? Professor Fossum pointed out that the state has already said it would not look kindly on salary increases; beyond that, he said, he did not know what constraints the University might face.

Who has the authority to take the 1.5% from the retirement plan and put it into a PRHCSP, Professor Wells asked? The Board of Regents, Professor Goldstein said. Then it is out of the

Committee's hands, she exclaimed. It is up to the Committee to decide if it wants to put the issue on the table, Professor Fossum said. There was another part of the plan that called for additional contributions to the PRHCSP for people who had been at the University for more than seven years, Professor Goldstein said; would that also be implemented? He thought not, Professor Fossum said, because that would require people to take salary reductions.

With a salary freeze, possibly for two years, and then a reduction in the retirement plan contribution, University employees would face double cuts that not even state employees would see, Professor Litman commented. Diversion of the 1.5% from retirement into a PRHCSP should be held in reserve, not promoted now, he said; it is a good idea at the wrong time. There will also be talk about health care changes—increased deductibles and co-pays and a decreased University contribution—that in combination with a salary freeze will mean the University will NOT be competitive and it WILL be a second-rate institution.

What sentiments should he convey to the Faculty Consultative Committee, Professor Fossum asked? Professor Wells said she did not accept the logic of the argument that the shift of the 1.5% should be recommended in order to forestall the Regents taking the money out of the retirement plan; the recommendation should be made only if the Committee thinks the shift is a good idea.

Professor Goldstein said the original proposal was to be funded from NEW dollars. He said he would prefer that funds not be taken from the existing retirement plan. He reported that the Retirement Subcommittee would be meeting in early March and would discuss this idea before the next meeting of this Committee.

3. Rewards for Teaching and Service

Professor Fossum now related that he had received a request from several places that the Committee talk about the types of rewards and recognition for excellence in teaching and for service and also about what should be the minimum requirements for departments in terms of providing resources as faculty make a transition from one line of research to another. The latter in particular will be under pressure the next two or three years. The University, however, should continue minimum levels of support for faculty to continue their research and teaching programs. With respect to offices, equipment, etc.—things that are within the discretion of the dean and department head—what are faculty entitled to at a minimum in order to continue their work?

Must all have a computer, Professor Wells asked? That could be, Professor Fossum said; support might also include help in changing their work, perhaps help during a period of lower productivity. The University has a requirement for post-tenure review, during which faculty must do certain things. What is the reciprocal obligation on the part of the University to provide support during a period of reduced productivity, Professor Fossum asked?

Professor Wells expressed doubt that there could be a blanket statement, parallel to the tenure code, because there is so much variance across colleges. Professor Goldstein said there is a difference between support during a period of reduced productivity and support during a change within the field; the University has been very good about the latter, he said.

Professor Hendel said he thought one part of this discussion was going to be the fact that faculty are increasingly becoming one-person shops. They are increasingly expected to do EVERYTHING. In the past, roles and responsibilities were more well-defined and support was provided so that faculty need not do certain things. Now more and more work comes to faculty. The provision of staff is one element of this issue, he said. Another point that could be included, he said, is what happens when programs or departments are eliminated: What is the University's obligation to help faculty be productive in a new environment?

Another issue, Professor Fossum said, is recognition and reward for University service, and especially the lack of recognition by deans and department heads for service in academic governance. Is this a problem, he asked? It is certainly true, Professor Goldstein responded; he said he didn't know if it was a "problem." The problem with increasing tuition, Professor Litman commented, is that expectations of students and parents will increase. In the past, those who were excellent in teaching but not so excellent in research were discriminated against. There are superb teachers at the University who will be associate professors for a long time and who will not go elsewhere.

Professor Zaheer said that it is important to recognize teaching in making a tenure decision, but the research mission is what the University is about, what it is recognized for, and what it receives funding for. This is a fine line to tread, he said, but the University cannot stop recognizing good research. But the University also needs to carry out a teaching mission, he agreed, and it must identify a way to reward teaching. It is possible to increase the value of the teaching component in evaluations, which the Carlson School has done, he said.

Professor Purdy said that the argument seems to be that increasing tuition will increase the emphasis on teaching so that there is an interest in rewarding teaching. He referred to a statement in a handout Professor Fossum had distributed: "excellence in teaching helps drive the school's reputation (e.g., Harvard, Michigan, Virginia) far beyond the quality of its research output." Professor Fossum noted he had written the statement and that he was referring only to business schools.

Professor Goldstein said that if one considers what enhances a department's reputation, research is one factor. He argues, however, that excellence in teaching also has a big impact; when he was chair of his department he would boast about the number of teaching awards it had won. One factor that will never enhance its reputation, however, is internal service on committees (perhaps external professional committee service will, to some extent). The only reward one gets for good committee service is appointment to another committee, he observed. Professor Fossum said that Professor Feeney is concerned there is insufficient recognition of contributions to governance.

Teaching is separate from participation in governance, Professor Wells pointed out. She referred to another statement in Professor Fossum's handout: "There is no shortage of people who are willing (indeed eager) to participate in faculty governance because they believe either in forwarding the mission of the historic and modern university, or they believe that it is in their self-interest or the interests of the unit to which they belong. Since there are more people than jobs, it should not be surprising that no financial reward of any magnitude follows from it." That statement is not true about the Academic Health Center, she maintained. People receive negative reinforcement for participation in governance and many refuse to serve for that reason. Many of her colleagues think there is something wrong with her because she serves on Committees! This is a large problem in the Academic Health Center, especially in the clinical departments. And with the proposed budget cutting, Ms. Daniels commented, one suggestion has

been to streamline faculty governance. The argument is that participation in governance does not bring in money, Professor Wells said, so it is seen as an inappropriate way to spend one's time. It is not valued by the administration; Senior Vice President Cerra is an exception, she said but support from his office is never translated to deans and department heads, where there is no encouragement--and where there is, in fact, DISCOURAGEMENT.

Most faculty tend to avoid governance, Professor Goldstein said. A few feel it is important to be good citizens of the University and contribute to the process. Participation must be its own reward, he said. Teaching is acknowledged with recognition and money. One reason researchers are paid more is because the market for them is more competitive; one never hears of anyone hired away from a university because of teaching excellence, which is why salaries for researchers are higher. Professor Goldstein added that he was not saying he believed this was RIGHT, just that that's the way it is. Professor Fossum agreed with him but said that personnel decisions are made in part on teaching.

Professor Fossum concurred that the reputation of a unit in most cases is based on the quality of the research from the unit. He said he also agreed with Professor Litman that a number of units depend primarily on tuition for their support, and those funds are more important than when all funds were centrally-allocated. It is inevitable that teaching will be more important in units that generate an increasing amount of tuition revenue. The concern, even before this development, is that there seems to be a lack of reward for excellence in teaching. With respect to service, he said, one is lucky to be as well off performing service as if one had not participated at all.

Is there any sentiment to go more deeply into the link between rewards and good teaching, Professor Fossum asked? More important are the DISINCENTIVES, Professor Litman said; it is not just a matter of not recognizing good teaching. That is not a small matter, Professor Goldstein agreed; he recalled telling probationary assistant professors that it would be the "kiss of death" to win a good teaching award. Professor Purdy said that at Morris they clearly reward for teaching and service as well as publication, and they are about equally weighed. Service varies with the discipline, he said; the general rule of thumb is that they expect a service contribution from anyone who expects to be a full professor while they minimize service expectations for assistant professors. If one is a good teacher and a good researcher, one need not sit on committees in most units, Professor Litman said. Professor Purdy agreed that one could at Morris also get to full professor without service if one had a strong research and strong teaching record.

Professor Zaheer said that in his unit they do look at service when considering promotion to full professor. There are people who have been denied promotion; service is something one must do to help carry one's share of the load since this is a self-governing institution. At the same time, Professor Litman responded, he has heard that when people participate in service activities, others must pick up part of the teaching load. In another case, he recalled, a new dean announced that teaching and research were far more important than service--and then could not get anyone to sit on committees. The dean changed his mind about service.

Professor Fossum adjourned the meeting at 4:00.

-- Gary Engstrand