

Minutes*

**Faculty Consultative Committee
May 2, 1991**

- Present: Warren Ibele (chair), Mike Bognanno, W. Andrew Collins, Amos Deinard, Paul Holm, Norman Kerr, Stanford Lehmberg, J. Kim Munholland, Burton Shapiro, Charlotte Striebel, James VanAlstine, Shirley Zimmerman
- Guests: Associate Dean Mark Brenner, Rich Broderick (University Relations), Geoff Gorvin (Footnote), President Nils Hasselmo, Senior Vice President Leonard Kuhi, John Sullivan (chair, Senate Research Committee)

[Summary: Discussion with the President of the budget situation, various legislative proposals, and implications of a salary "freeze" (compared to simply no funds for salary increases); the Health Sciences Vice President search; ROTC; review of the new policy on research support (ICR) funds.]

1. Personnel Matters

Professor Ibele asked that the meeting be closed to discuss several personnel matters.

Professor Collins has submitted his resignation from the Committee, effective June 30. On unanimous vote of the Committee, Professor Ibele was authorized to contact an individual who would replace Professor Collins for the last year of his term. Professor Ibele expressed the thanks of the Committee to Professor Collins for his service on the Committee and to the governance system for many years before election to FCC.

Professor Ibele welcomed Professor Lehmberg to the Committee. Professor Lehmberg is chair-designate of the Senate Committee on Educational Policy and has been invited to join the meetings of the Committee for the remainder of this academic year.

Possibilities for filling the seat which has previously been identified for the Duluth campus were discussed. Professor Ibele briefly reviewed the history of the situation at Duluth vis-a-vis the position, the current interest of the Duluth Medical School in filling it, and explained his reluctance to identify one seat on the Committee as set aside for a representative from the 38 faculty members of the Duluth Medical School. The Committee concurred with his views on the last point. Professor Ibele reported that he has been in contact with the Office of the General Counsel; the advice received was that the Senate is the body which must make the decision about the position. On vote taken, the Committee unanimously agreed on a proposed by-law amendment to be presented to the Senate Consultative Committee; it would

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count the Duluth Medical School as part of the Twin Cities campus for the purposes of voting for FCC members as well as nomination and election to FCC.

Marilee Ward has announced that she will be retiring this summer; the Committee may wish to play a role in the selection and responsibilities of her successor as well as in a possible reorganization of the Senate and Consultative Committee staffs. Professor Ibele said he has written to the President to suggest that these matters should be sorted out.

The Committee assented to the nomination of two faculty members to serve on a task force to review the Greek system.

Professor Ibele then outlined the plans for the forum on ROTC programs sponsored by the Board of Regents. The Committee spent a short while discussing the merits of the question and the interest of other universities in it.

One Committee member then raised a question about the apparent increase in the number of tenure candidates, across the University, who were approved at the collegiate level but turned down at some point in the Office of Academic Affairs (this does not include the cases at Waseca). It appears that there has been a significant change in the review policy. Other Committee members expressed doubt that there had been any changes. One individual pointed out that one final step has become more publicly known, which is the review process within Academic Affairs, in the office of Associate Vice President Carol Carrier. It is within the prerogative of the Senior Vice President, it was pointed out, to assign reviewing responsibility to individuals within his office. Dr. Kuhl joined the meeting at this point and affirmed that there has been no change in review procedure.

He also assured the Committee that there has been no change in the requirements for disciplined inquiry for Crookston and Waseca faculty.

2. Discussion with President Hasselmo

The Budget Situation & Salaries Professor Ibele welcomed the President to the meeting. President Hasselmo first spoke about the budget principles. Adopting budget principles, when there is so much uncertainty about the outcome at the legislature, could send the wrong message; action by the Board of Regents on the principles has been postponed.

The question of salaries remains troubling. There has been no discussion of salary funds at the legislature except in the context of providing increases from reallocation or from lay-offs. It appears there will be no new money for increases. The Committee, the President noted, has discussed what the University should do in that eventuality: Should the University provide increases through reallocation, which would almost inevitably require lay-offs of faculty and staff? He said he will continue to seek the Committee's advice, but for now is operating on the assumption that no new salary money will mean no salary increases.

Whether some segments of State employees will receive increases is not clear, but agencies which do provide them will have to do so through lay-offs. The President was asked if this might not depend on legislative action: There could be a salary freeze, which would require that individuals be

retained in their jobs but given no increases, or the legislature could be silent on the issue and permit each agency to make its own decision about salary increases and lay-offs. The University, presumably, would not be bound by any legislative action, but there could be a risk if it departed from a legislative directive to freeze salaries.

The University has, in the past two years, used some reallocated funds for salary increases. It is true that the legislature could take either approach, the President said; if the legislature requested the Board to adopt a salary freeze, the University would be under a strong obligation to comply. A salary freeze, however, would also require suspending the Public Employment Labor Relations Act (PELRA), for some period, because a freeze would interfere with the collective bargaining process. One Committee member expressed doubt that the legislature would take such a step.

Professor Ibele said it appeared to be the sentiment of the Committee, based on its prior discussions, that some money should be provided for those who are promoted. The Committee does not appear, however, to be of one mind with respect to providing funds for retention increases. There was a sense, he told the President, that if retention increases were to be considered, that some contact with the faculty in the unit would be in order to determine how important the retention of that individual is to the functioning of the unit. Professor Shapiro reported that the Committee on Finance and Planning will be taking up the general issue of retention at its next meeting.

The President said that if the University were to operate under a salary freeze, there would have to be an extraordinarily limited and well-justified set of exceptions--if there were to be exceptions.

One Committee member speculated about one problematic situation that could develop: The legislature says nothing about a salary freeze (but provides no salary funds) and leaves it up to each system to fulfill its duties under PELRA. The University would then negotiate with the civil service unions and with those faculty in unions, and might take the position that there will be no raises. In the event salary adjustments are negotiated, however, the President appeared to be saying, part of the bargaining strategy will be that there will be a trade-off: If there are increases, those units will lose positions. This will create problems for the non-unionized groups: In this period of dramatic change, how does one track whether or not proposed reductions in personnel, which result from a salary increase, actually lead to reductions in personnel--rather than being absorbed by other units which are not unionized? There will have to be an explicit contract provision to that effect, something which is not normally made explicit in a contract. Given the dynamics of the institution, if that provision were not made explicit in the negotiations, there will likely be adverse spill-over effects onto units which are not organized.* It will have to be made very clear to everyone what the costs and benefits will be if salary increases are negotiated. The President agreed.

The President was asked about the application of a salary freeze to Medical School faculty, only about half of whose salaries are determined by the University. Would a freeze apply to their entire salary or only to that part determined by the University? The President said he could only restate the principle: In the event of a salary freeze, all segments of the University community would be treated the same. This

* So that, for instance, if a 3% salary increase were to be negotiated with the Duluth faculty, but the Twin Cities faculty were to receive no increase, the funds required to pay the 3% increase would come exclusively from the Duluth budget and not transferred from Twin Cities campus funds.

is easy to say but not easy to do, he added, given the differing sources of funding for faculty, whether or not they are unionized, different market forces, and different cultural settings. What about hospital nurses, where there are tremendous market pressures? The President said he could not give any answer other than the principle but noted that the University has control and review of all compensation provided.

Dr. Kuhi added that sources of income should not be considered when a salary freeze is contemplated. There should be no salary increases from grants or wherever else funds might come. As for Medical School physicians' income from practice, that is not an area the University controls now and probably will not for some time, although reform may be needed. The President assured the Committee that the University would do everything possible to treat everyone the same regardless of the source of their income.

Search for the Health Sciences Vice President The President was asked about the search for the Vice President for the Health Sciences; he said he has been told he will have a list of finalists within two weeks. He was then asked about the interplay between the search and the advice he has received about the organization of the Health Sciences. Discussions about organization were concluded a couple of months ago, the President said, and he is considering the recommendations. They have to do with the authority of the Vice President for the Health Sciences in day-to-day operations and the relationship of the Vice President with the Provost, with him, and with the other vice presidents. The existing working relationship, he said, seems to be workable; it is a refinement of the original set of relationships. They are looking for the strongest possible leader for the Health Sciences but also for someone who will be an active part of the central administration. The Vice President for the Health Sciences, he affirmed, will continue to report through the Provost. There have been extensive discussions on this point, he said, and the issue has been laid to rest.

ROTC The President was then asked if the issue of ROTC was particularly intense at Minnesota or if other presidents were also debating this issue. President Hasselmo said many institutions have the same issue before them, because they have the same institutional nondiscrimination policies that Minnesota does. The University has joined with those institutions to work through the four national associations to lobby Congress, and other avenues are also being explored. The President said he had nothing more to report, now, because many activities are in process. The ROTC forum should help to clarify the issues with the Board of Regents, primarily in terms of strategy--because, the President said, he senses little disagreement on the fundamental issue itself. The differences have primarily to do with strategy on how to resolve the problem.

Are there a number of institutions addressing this issue, the President was asked? He said he personally knows of about 40 that are, and although they are not themselves organized, all are working through the formal national organizations. Individual universities are also exploring ways that the problem can be resolved. He also said, in response to a question, that the institutions concerned are spread all over the country.

The Legislative Situation The President said the administration is following very closely the progress of the various bills at the legislature and presenting the University's position at every opportunity. It has been difficult, because of the fluid situation, for the University to identify an optimal solution. The Senate and the House have taken fundamentally different approaches to funding higher

education, and the conference committee will be unusually important in devising a solution. Also unknown is the Governor's reaction to the tax bill, which will determine the resources available. He said that the University is receiving a very sympathetic hearing, especially among the leadership, but they are struggling with difficult resource issues.

One Committee member expressed surprise at the lack of commentary on Senator Waldorf's proposal to reverse the traditional 1/3-2/3 funding formula. While one can understand his objectives--to reduce the subsidy to children from upper middle class and upper class families and invest the money in student aid--the change is so dramatic that one cannot be certain that all the bases will be covered. There has been a feeling that the student aid allocated by HECB has been directed more toward students at private institutions than those at public schools, and it is not clear how graduate and professional students would be affected. If such a change were made so quickly, it is not clear what the impact would be. The President concurred.

Is it a legitimate concern that more student aid goes to students at private institutions, the President was asked. The answer depends on one's overall strategy for higher education, he responded. Minnesota has--wisely--supported both its public and private institutions as providing an unusually rich set of opportunities. This is not a bad strategy. One can quarrel about the relative proportion of resources devoted to each sector, and as resources become tighter one must consider choice versus basic opportunity. But the general strategy is sound. It was pointed out that the current limit on aid is equivalent to that which a University of Minnesota student can obtain; it is easy to see that the private schools would, thus, be supportive of substantially increased tuition at the University, because it would permit their students to receive considerably more aid.

The President was asked if Senator Waldorf's proposal was intended to accelerate the decline in enrollment at the University; the changes would be so dramatic that there would be a tremendous redistribution of students among the systems. Has the University played into this position by its efforts to decrease enrollment? President Hasselmo noted that Senator Waldorf has been one of those most supportive of the University and has been very concerned about the erosion of funding. He said he is convinced that that is the motivation for the various proposals, many of which have come from the University's strongest supporters. There has been continued support for decreasing enrollment, he said, even in spite of difficulties caused by such decisions as closing Waseca.

It is encouraging to hear that there is some sympathy for the University, one Committee member commented, but recalled that he had recently been awakened by a call from a member of the Senate who railed about the lazy faculty at the University who do not teach. This attitude of faculty-bashing seems to grow during fiscal crises; the President was asked if he has perceived this attitude among members of the legislature or if there is desire to get into the management of the University and its affairs. The President said he has not, certainly among those the University works most closely with. He hears such disturbing statements, despite repeated presentations about extraordinary faculty productivity at the University, and the administration must continually fight the image of the University has only one activity: a faculty member standing in front of a class. Sometimes these statements are made for political purposes; other times out of ignorance. He assured the Committee that the administration tries to combat the ignorance.

Professor Ibele thanked the President for meeting with the Committee.

3. Change in Judicial Committee Responsibilities

Professor Ibele next drew the attention of Committee members to the proposed change in the duties and responsibilities of the Judicial Committee. He also pointed out that Professor Striebel has proposed a minor amendment to the proposed language. Professor Morrison has reviewed both the proposal and Professor Striebel's amendment and endorses them.

The Committee briefly discussed the proposed changes. It was moved, seconded, and unanimously voted to place the proposal, as amended, on the docket of the May 16 Faculty Senate meeting.

4. Research Support Policy

Professor Ibele next welcomed Associate Dean Mark Brenner and Senate Research Committee chair John Sullivan to the meeting to discuss the "Research Support Policy" that has been approved by the Research Executive Council (REC).

Dr. Brenner began by recalling that FCC discussed the Research Support Policy about a year ago. Since then there have been minor revisions and the policy has been approved by REC and the President's Cabinet. The policy is concerned with indirect cost recovery funds, a subject of considerable national interest right now. Historically those funds flowed to the University but were counted by the legislature as an offset against the appropriation; in recent years the legislature has reduced the offset to the point where the University is permitted to retain all but \$6.5 million of the ICR funds it receives (of a total of about \$36 million in the current year). The legislature agreed that these funds should be kept by the University for investment in the research enterprise.

Dr. Brenner was asked about the terminology; it appears that indirect cost recovery funds flow to the State and are then turned over to the University, which renames them "research support" funds. Is it a dollar-for-dollar return? Dr. Brenner said the University only receives about 80 cents on the dollar and pointed out that they are, technically, an offset to the appropriation rather than a funneling of funds through the State to the University. The University planned to request that the \$6.5 million annual offset be eliminated, but that request was dropped when the entire biennial request was withdrawn. Dr. Brenner also affirmed that the Morris campus receives some of the funds (often more than it generates); Duluth receives all of the funds it generates except for a small amount retained for support of ORTTA.

As the funds enter the University, they are identified as indirect cost recovery dollars. Some funds are taken "off the top" for support of the general infrastructure of the University (ORTTA, computing, animal care, the libraries). A portion are also returned to collegiate units on a formula basis (that is, on the basis of a three-year rolling average of the funds generated by the unit, as recommended by the Senate Research Committee). What each unit does with the funds varies; some use them for set-ups, some use them for matching funds, and some return them to departments. Some of the departments, in turn, return funds to the investigators. There is, however, no consistency in these patterns, nor does the policy address that issue. Another part of the funds are held centrally for institutional initiatives--such as for major matches.

About 1/4 of the funds are returned to the units as formula allocations and to cover administrative costs for research.

There have been pressures to use the funds for other activities, Dean Brenner told the Committee, and there was a need to address those needs in some rational way. These activities include funding to improve operations and maintenance activities of the existing research space, and it remains the intent of REC to address those problems--although there has been no change this year in funding for operations and maintenance.

Another demand on the Research Support Fund has been to cover the cost of research space off campus. The Research Executive Council is being very careful to ensure that use of funds for this purpose does not get out of balance with other needs. To this end, a separate policy has been developed that addresses the use of Research Support Funds for off-campus rental space. There are several ways to pay for this space. The first is as a direct charge to the grant, and if more than half of the people supported on the project are located at the off-campus site, then the off-campus indirect charge may be used. If the project is a new activity, and there is not adequate space for it on campus, then the Research Support Fund may be used in the full indirect cost rate. The on-campus indirect cost rate would be assessed for the entire grant. The key point is that the new project must be generating a marginal increase in the overall level of funding for that unit in order to justify the rental of additional space.

Is it not advantageous to put as many funds as possible in direct costs? Dr. Brenner agreed that it is, although this is unrelated to increasing the amount of ICR funds that are obtained.

The policy also calls for flexible central funds for funding centers with multiple program activities.

Also intended is an increase in funding for the Graduate School Grant-in-Aid program, which benefits almost all faculty at one time or another. That fund has not increased over the past several years and the differential between the amounts being requested and the amounts awarded is growing. Per-project needs are increasing, as is the total need for funds.

Professor Sullivan reported that Dr. Brenner had worked very closely with the Senate Research Committee on the development of the policy; he affirmed that the Research Committee has approved it. There was no sentiment that the policy should go the faculty for approval, he said; this appeared to be the kind of thing that REC should do. He agreed that it should be published in the Senate docket for information.

One Committee member observed that some will make the point that if indirect costs are legitimate costs incurred by the institution, why should any go back to the individual investigator? This is not to say that investigators should not have incentives. But if the indirect costs are calculated honestly, why should a component go back to the individual investigators? (Unless it's a convenient way to do thing for the unit and the investigator in order to strengthen the research enterprise.) Is this a pragmatic device to provide incentives only because there is no other way to do so?

Dr. Brenner said he suspected that the last statement was closest to the truth. The rationale of the Research Committee, in proposing that funds be returned to the investigators, was that often investigators

need a small amount of flexible money and there is no other way to get it to them. That may or may not be true, Dr. Brenner said; there may be other mechanisms that creative administrators have not availed themselves of. All investigators do need discretionary funds; the question is where they should come from and how they should be made available.

REC discussions, Dr. Brenner said, have focussed on trying to protect the funds for efforts that will help the institution--it is seen as a better use of central funds to do a couple of important things rather than make \$10,000 matches here and there. The smaller matches are important but they should be made at the unit level--and there should be funds available for that purpose. There is a need, however, to consider the "big picture," something the University has not done for some time.

Another Committee member expressed support for the view about not directing funds to the investigators but pointed out that they will argue that they never receive as much money as they need and that grants are continually being cut back. That, however, is not as important, it was said, as the greatest good for the greatest number.

Dr. Brenner was then asked how the funds currently allocated for the libraries, computing, etc., would be maintained if all of these additional needs have been identified. He responded that support for the new activities will have to come from marginal increases (i.e., new money) in research support funds; support for existing activities will not be reduced. Nor, he added, will the formula distributions to collegiate units be tampered with. It is also the intent that if the last \$6.5 million offset is eliminated, that money would also be available for these other purposes. Dr. Brenner agreed that at least in some areas there would be an increase in demand because of increased research activities.

An inquiry about the formula allocations to the colleges was made; Dr. Brenner said that as they have begun to track those dollars more closely, they have learned that the preponderance of them are used for set-ups. Set-ups are an integral part of successful hiring, he observed, but some believe this is getting out of control. The University has been able to remain competitive, although some units--because of set-up needs for which they do not have funds--have frozen positions for which they have the line item. Should more money be available for set-ups or should there be some rationale behind the distribution of the funds? There will be considerable discussion, Dr. Brenner said, on an appropriate set-up policy, which could affect the formula funding.

Dr. Brenner assured the Committee, in response to a query about the use of set-up funds for expensive equipment purchases, that REC is very concerned about how the money is spent. Set-ups need to be examined, including how they are related to awards of grant-in-aid funds to beginning faculty. They need a jump-start, because there are increasing expectations of young faculty, but at the same time the University must be fair to other faculty as well.

It was moved, seconded, and unanimously voted to forward the Research Support Policy to the Faculty Senate for information.

The Committee adjourned at 12:10.

-- Gary Engstrand

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May 2, 1991

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