Minutes[*]

Senate Committee on Finance and Planning
Tuesday, January 17, 2012
2:00 – 4:00
238A Morrill Hall

Present: Russell Luepker (chair), Martin Caride, Sarah Chambers, Will Durfee, Catherine Fitch, Susan Hupp, Lincoln Kallsen, Kara Kersteter, Cody Mikl, Fred Morrison, Gwen Rudney, Michael Rollefson, Karen Seashore, Arturo Schultz

Absent: Kathleen O'Brien, Richard Pfutzenreuter, Terry Roe, Ann Sather, S. Charles Schulz, Thomas Stinson, Michael Volna, Aks Zaheer

Guests: Vice Provost and Dean Robert McMaster

Other: Suzanne Bardouche (Office of Undergraduate Education), Jull Merriam (Office of the Provost)

[In these minutes: (1) review of administrative units: Undergraduate Education; (2) resolution on salary instructions; (3) committee business]

1. Review of Administrative Units: Undergraduate Education

Professor Luepker convened the meeting at 2:00 and welcomed Vice Provost McMaster to the meeting to discuss the structure, units, and budgets of the Office of Undergraduate Education (OUE).

Vice Provost McMaster provided detailed information about OUE, its mission and organization, and he explained the nature of the programs administered by the units that report to him. He provided the Committee with a variety of metrics used to measure performance of OUE. Committee members posed a number of questions during the presentation.

The units that comprise OUE are the following: Undergraduate Admissions, First-Year Programs, Academic Support Resources (which includes the Registrar, One-Stop Student Services, student financial aid, billing and collections, and the Office of Classroom Management), Access to Success, University Honors Program, Undergraduate Research Opportunities Program, Campus-wide Student Support Services (advising, CAPE, etc.), Student Learning Outcomes and Student Development Outcomes, University curriculum and undergraduate degree programs, (liberal education requirements, writing-enriched curriculum, course access, and so on), McNamara Academic Center, ROTC, Service Learning and Community Engagement and Center for Writing and Freshman Composition (the last two are dotted-line responsibilities).

-- The four-year graduation rate is becoming the national gold standard for measuring success in undergraduate education; the goal for the Twin Cities campus is 60%. Professor Hupp asked if that is the highest rate the University can expect; Dr. McMaster reported that the highest four-year graduation rate for a public research university is probably Virginia, at 84.5%. It is about 72% at Michigan; Illinois is at about 68%, while Wisconsin and Washington are at about the same place as Minnesota.

---

[*] These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate; none of the comments, conclusions, or actions reported in these minutes represents the views of, nor are they binding on, the Senate, the Administration, or the Board of Regents.

-- The Committee also discussed possible new targets for the number of international and non-resident/non-reciprocity students. Dr. McMaster reported that goal is for a more national undergraduate student body and that the Board of Regents supports an increased number of students in the latter category as long as the number of Minnesota students is not decreased. The Committee also noted that tuition revenues will vary by college depending on the nature of the students enrolled in it (e.g., Minnesota residents versus non-resident/non-reciprocity students).

-- Committee members shared the concern expressed by Dr. McMaster about the declining amount of funding available for classroom maintenance, particularly because the Office of Classroom Management is now also responsible for student study space.

-- Professor Seashore asked about data on student indebtedness. It is drifting upward, Dr. McMaster said, although there has been no dramatic change. Ms. Bardouche reported that financial aid from the University is increasingly gift and decreasingly loan. The Committee agreed that it wished to hear from Dr. McMaster at an upcoming meeting about the issue of student indebtedness.

-- With respect to CAPE, the Center for Academic Planning and Exploration, intended to help "undecided" undergraduates find a major and progress toward a degree, Professor Seashore observed that students lingering at the University is costly for them and for the institution. CAPE helps talk students into realistic choices, Dr. McMaster said (e.g., students who are in one college but keep hoping to get into another one, or hoping to prepare for post-graduate education that they cannot qualify for).

-- The big financial question is that the OUE budget has gone up in the last three years while others have gone down, Professor Luepker observed. Dr. McMaster said that there have been increased funds for national recruiting, for the writing curriculum, for CAPE, and for compensation increases. The funding has been largely for new initiatives to enhance student support. Are new programs given to OUE or does OUE make proposals, Professor Luepker inquired. Both, Dr. McMaster reported, and note that OUE goes through a compact process just as the colleges do and makes proposals on behalf of students.

-- There has been a dramatic increase in scholarships and student support, in part from federal recovery funds; what is to happen in the future, Professor Luepker inquired? There will have to be increases from various sources but particularly in private funds, Dr. McMaster said.

Professor Luepker thanked Vice Provost McMaster for his presentation.

2. Resolution on Salary Instructions

Professor Luepker asked Committee members for their views about the statement adopted by the Senate Committee on Faculty Affairs (SCFA) regarding salary instructions for 2012-13 salary increases. The statement read as follows:

> The Faculty Senate Committee on Faculty Affairs recommends to the President of the University of Minnesota that any salary increase that is earmarked for faculty and P&A employees to take effect in FY2013 be divided into two components as follows: 50% in an across-the-board allotment of equal percentage to all, and 50% to be distributed on the basis of normal merit reviews. This recommendation is intended to apply only to the coming cycle of salary increases, not to any increases thereafter.

COMMENT

Historically, salary increases for faculty and P&A employees at non-bargaining unit campuses of the University of Minnesota have been awarded entirely on the basis of annual merit reviews. In view of the perennial challenge of competing to attract and retain productive faculty, the policy of tying salary increases to competitive merit evaluations is generally sensible. The past three years, however, have been unusual. Apart from promotion and retention cases, no raises at all were given in the first and third of those years and an across-the-board temporary pay cut of 1.15% was imposed in the second. Additionally, as of January 1 of this year, approximately $12 million in the annual cost of health insurance has been shifted to employees in the form of higher premiums, higher co-pays, and reduced coverage.

After due deliberation, the Faculty Senate Committee on Faculty Affairs has concluded that this is a time when a partial across-the-board increase in salary for faculty and P&A employees is warranted. This is an occasion when recognizing and rewarding the shared sacrifice and collective merit of an entire workforce, in preference to ignoring those contributions by considering them in themselves unworthy of even minimal monetary recognition, can be expected to promote collegiality and institutional engagement. After a period of substantial austerity, a partial across-the-board allotment will send a unifying message of appreciation to the entire workforce and take a small step towards making employees whole after their shared sacrifices.

Mr. Rollefson said that clarification would be needed because it appears that units would be required to give raises to people who have been terminated or not renewed (because their employment would carry into the new year) and to newly-hired individuals, which is not the usual practice.

Professor Durfee asked if there is a precedent for the SCFA proposal. Professor Morrison affirmed that there is; there were a number of such instances in the 1980s. Those are old precedents, Professor Seashore observed.

Professor Hupp said adjusting salaries for people who have been doing a good job is difficult when there have been a number of years without salary increases, and department chairs depend on having merit money to address the problems. It is more important for the institution to reward people who are doing a great job. She said she would prefer to see more of the money in the merit pool. Professor Seashore strongly agreed; chairs must rely heavily on merit money to partially address salary problems (and sometimes ask the dean for help as well).

Asked if this would be a problem at Morris as well, Professor Rudney said she has had no salary increase money to distribute since she has been a chair but envisioned the same problems that Professor Hupp outlined. There is, however, something to be said for considering a cost-of-living increase.

Dr. Fitch said she liked the idea proposed by SCFA at first. On further thought she wondered if it would really result in a substantially different distribution of salary increases in her unit than would be expected under a 100% merit system. She expects that across-the-board component would be taken into account when allocating the merit portion. For example, under the proposed split, low-performing staff might not receive anything in the merit component of the raise; those people, however, would have received small raises (1 - 1.5% but not 0%) under 100% merit. High performers might get 3% out of merit for a total of 4 - 4.5% in total, similar to raises under 100% merit.

Professor Morrison said he also agreed with Professor Hupp. He recalled that he served for a period as the University Grievance Officer and heard about problems associated with salary increases. There are different notions of merit, he said, one that include recognizing good work being done by all for the department or one that might call for rewarding only the top 50% of the faculty in a department. He said in his view except in rare cases, everyone should receive something, and the merit period should be four years. In any case, one must take a broad view of merit; the question is how to deal with the high-performing individuals as well as those who are doing a good job every day, doing the work that needs to be done. Some departments may have bad metrics and do a poor job of recognizing excellent performance.

Professor Luepker said he agreed that the merit period should be four years but commented that the Committee cannot legislate better department review processes. Professor Morrison concurred and said the question is whether the SCFA proposal should be adopted or if the University should let poor department review systems happen.

Mr. Caride said that from a student's point of view, the SCFA proposal is not good timing. Students are being asked to pay more but the proposal would not require everyone to be paid on the basis of merit.

Professor Durfee said he would prefer that the SCFA proposal were a recommendation to units, not required. Professor Seashore disagreed and said there should be a uniform policy. Professor Durfee said the statement could be a suggestion.

Ms. Kersteter said she has always had either a civil-service or bargaining-unit appointment so has always received across-the-board increases. She said she did not find that they increased collegiality or engagement with the institution, contrary to the assertion in the SCFA statement.

Mr. Mikl agreed that the Committee should recognize that tuition and compensation are related pieces of the revenue and expenditure pie and needs to think about that. He said he was not certain that colleges should be hand-cuffed in the way the SCFA proposal suggests. He also said he was troubled by the inclusion of a percentage; the Committee had talked earlier about the increases in health-care costs for employees and using that fixed amount as a baseline.

Professor Luepker asked Mr. Kallsen for his view as a P&A employee. Mr. Kallsen noted that the University has a long history of merit-only increases. When the salary increases are this small (e.g., 2.5%), carving the amount into two buckets severely restricts the flexibility of units. And when the increase is so small, the University is more vulnerable to not rewarding the top 25% than it is from not making sure that everyone feels good.

Mr. Rollefson said there is not a uniformity of views on this Committee and in his view the SCFA proposal fixes a problem that does not exist.

Professor Morrison said there is an additional problem that affects civil service employees as well as faculty and P&A staff: As of January 1, 2012, there was a cost shift of health-care premiums for all employees at every level. That cost shift was based on an assumption about how bad the University's budget shortfall would be. It could be that the Committee should say there should be an offset to the health-care cost increases, not an across-the-board percentage increase, so a fixed dollar amount per person. That would also reduce the amount of money available for merit increases, however. (In response to a query from Professor Luepker, Professor Morrison noted that the Benefits Advisory

Committee had recommended an accommodation for lower-salaried employees to help offset the increase in health-care costs, but pointed out that the assistance was only for one year. He also observed that few faculty member or P&A staff members would be covered by the provision.)

Professor Luepker said that in his view, as someone who served as a department chair for 14 years and who gave 0% increases in rare cases, he leaned toward not supporting a mandate such as the one proposed by SCFA. As events play out, department chairs rarely give 0% or .25% increases because they are too difficult. He said he believed the individual units should be allowed to handle salary increases.

Professor Morrison suggested that the Committee not take action on the SCFA proposal and instead make three points:

-- salary increases should be based on merit;

-- merit should be understood to include general support of the unit as well as outstanding performance; and

-- the period for calculating merit should be four years, back to the time of the last significant salary increase.

The Committee treated Professor Morrison's suggestion as a motion and voted unanimously in favor of it; one Committee member abstained.

3. Committee Business

Professor Luepker asked if there were other issues that should come before the Committee.

Professor Olin asked that parking on football-game Saturdays be taken up. His college offers educational programs on weekends; next September there will be three home football games; they either have to do nothing on those Saturdays or must obtain 50 parking spaces.

Professor Luepker said he would ask Vice President O'Brien to discuss the issue with the Committee.

Professor Luepker also noted that Professor Shultz had asked for a discussion of a recent article about fund-raising at the University of Southern California; Vice Provost McMaster had commented on the increasingly-important role that private funds will play in student aid, so the Committee will have a discussion with the officers of the Minnesota Medical Foundation and University of Minnesota Foundation in the near future.

Professor Luepker adjourned the meeting at 3:55.

-- Gary Engstrand

University of Minnesota