

Minutes*

**Senate Committee on Faculty Affairs
Tuesday, April 24, 2012
2:30 – 4:30
238A Morrill Hall**

- Present: George Sheets (chair), Ben Bornsztejn, Kathryn Brown, Arlene Carney, Randy Croce, Jennifer Fillo, Frank Kulacki, Theodor Litman, Benjamin Munson, Geoffrey Sirc, Pamela Stenhjem, James Wojtaszek
- Absent: William Beeman, Haojun Caoxu, Dann Chapman, Barbara Elliott, Kathryn Hanna, Joseph Konstan, Christine Marran
- Guests: Russell Straate (The Venture Center, Office for Technology Commercialization), Nan Wilhelmson, Mary Luther (Office of the Vice President for Human Resources); Lincoln Kallsen (Office of Budget and Finance); Professor George Sell (incoming 2012-13 Committee member)
- Other: Jon Steadland (Office of the President)

[In these minutes: (1) entrepreneurial leaves; (2) job families update; (3) leaves and sabbaticals]

Professor Sheets convened the meeting at 3:05, welcomed incoming Committee member George Sell, and called for a round of introductions.

1. Entrepreneurial Leaves

Professor Sheets welcomed Mr. Straate and Ms. Wilhelmson to the meeting to discuss a proposal for entrepreneurial leaves that emerged from President Kaler's initiatives.

Mr. Straate introduced himself and told the Committee that in The Venture Center he works on start-up companies. In the last few years the University has made significant progress in getting its intellectual property (IP) into the market; they are involved in licensing agreements with hundreds of companies and in starting new companies. With respect to the latter, they have started 9 last year and have started 10 so far this year, with 5 more in negotiations. The foundation of these efforts is the work the faculty, postdocs, and graduate students do in labs around the University.

Professor Bornsztejn asked what percentage of the companies is biomedical. About 40%, Mr. Straate said. Due to regulatory and reimbursement challenges, they are focusing more on the physical sciences. Recently the office has launched a number of initiatives to engage faculty in commercializing research technology including workshops and educational initiatives. The entrepreneurial leave program is another initiative targeted at helping faculty commercialize inventions from research. The entrepreneurial leave will allow faculty inventors who want to work with a new or existing company to get IP incorporated in business in order to better humankind and generate revenues for the University.

* 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.

Mr. Straate referred to a set of slides that Committee members had been provided. The proposal for the leaves would create institutional value by "increasing potential for successful translation and commercialization of research, increased faculty knowledge and experience for teaching, improved commercial research focus, [and] increased UMN public engagement." The reason the program is important is: "President Kaler is committed to a culture of entrepreneurialism and innovation; faculty inventors are a key ingredient in successful commercialization of UMN research; [there is] increasing pressure to demonstrate ROI and drive economic development from research, [and] there is a need to increase public engagement and industry relationships." One hears about entrepreneurialism and innovation in all of the President's messages, Mr. Straate said, and in terms of pressure to demonstrate ROI, that comes from both the federal and state levels.

Mr. Straate reviewed a list of institutions that have entrepreneurial leaves (Louisville, Ohio State, National Cancer Institute, Northwestern University, and Michigan Tech), those that do not (Stanford, Utah, Columbia, Wisconsin), and those who reviewed the proposal internally (former Vice President Muscoplat, Associate Dean Kaveh, CSE, Senior Associate Dean Ponce de Leon, CFANS, and Associate Vice President LeBien, Academic Health Center). In those institutions that have the leaves, they have been well-received by the faculty, but generally only 3-4 faculty members per year use one, so initiating the program does not mean there will be a wave of faculty members who want to take one. In those institutions that do not have them, the general response was that they never thought of it and that such arrangements just happen.

The actual proposal is to keep the leave within the same structure as the University has today, simply adding entrepreneurial leaves to sabbaticals and single-semester leaves as an option, Mr. Straate reported. The leave would only be available for working with University-licensed IP, in order to create institutional value. There would be no salary support but no limit on outside compensation (if someone takes a 100% leave). Operational details have yet to be worked out, although there would be a lump-sum payment to cover the cost of health care and retirement contributions that would not be made if someone were to be on a 100%-time leave with no salary. The leave is limited to one year (with an option to extend an additional six months in special circumstances) and can either be 100% time or a less-than-50%-time leave. In the case of the latter, the University would continue to provide health-care benefits and retirement contributions; in the case of the 100% leave, IRS rules do not permit subsidizing health care, so the University would provide a lump sum to cover benefit costs, Ms. Wilhelmson said. (The University can continue to provide benefits for someone still on the payroll 50% or more on a sabbatical leave or an entrepreneurial leave, she clarified in response to a question about the rule requiring one be employed 75% time or more to receive health benefits.) Mr. Straate also noted that one would be eligible every four years, thus allowing a serial entrepreneurial spirit. It would require monthly check-ins with the department chair and with the Office for Technology Commercialization.

Professor Sheets asked three questions. When would the leave be rolled out? The plan is to bring this new leave to the Regents in May for information and action in June, and the administrative policy through the process around the same time period, Ms. Wilhelmson said. Professor Sheets suggested incorporating flexibility in the four-year eligibility rule; it may be that someone would be ready to take a leave at other than four year intervals and the possible benefits to the University could be frustrated if the person were constrained by the calendar. Ms. Wilhelmson said the concern they have heard is that a faculty member could be gone too much, especially if an entrepreneurial leave were added to a sabbatical and/or single-semester leave. What about the interval between one's initial appointment at the University and the first entrepreneurial leave, Professor Sheets asked; could it be sooner than four

years? Or has it been concluded that it would not be a good idea for a probationary faculty member to have such a leave? Ms. Wilhelmson said there has been discussion about probationary faculty; there would have to be very special circumstances but there would be the option.

Vice Provost Carney said the University must be very careful with probationary faculty members in terms of the percent time they are gone. There is a form to fill out if they wish to extend the probationary period, and someone must have an appointment of 67% time or more if the year is to count. For probationary faculty members, it would be cleaner if they were gone for 100% time. It would be trickier if they were gone 25% time and here 75%; there would have to be a Memorandum of Understanding that makes it clear that year would count in the probationary period and that the faculty member would be responsible for meeting all the criteria, not just 75% of them. That is why there is the requirement in the proposal that an entrepreneurial leave for probationary faculty members must be approved by the provost's office.

Professor Sheets commented that inasmuch as the department chair/head must approve entrepreneurial leaves, presumably he or she would take into account the impact on the curriculum if such a leave were approved.

Professor Bornshtein said he thought the proposal was a very good idea. He said he was concerned, however, about a faculty member who leaves with IP developed at the University, with University investment, to commercialize it. In the health-care industry there would be unavoidable questions about research and development and bounds on commercialization. A faculty member on leave could start performing or continuing research outside of university IP bounds. Before a faculty member leaves, Mr. Straate responded, any inventions would have been disclosed and his office would have filed any patent, trademark, or copyright necessary and the IP would be licensed to the company. This leave would mostly be for faculty members to work in development, not research. If new inventions were developed by the company, those would belong to the company. Professor Bornshtein said that in a quickly-developing genetics company, for example, there could be a blurry line between research, development, and commercialization. Presumably the idea is to protect the University's IP. Vice President Brown commented that there are other policies in place to protect the University's IP; questions would require a case-by-case analysis. This is not a matter that the entrepreneurial leave policy addresses—it speaks only to employment status. Mr. Straate said that he talks regularly with consulting faculty members about what is University IP and what is not in order to help them understand the boundaries. Do the companies understand, Professor Bornshtein asked? Mostly they do, Mr. Straate said. It is often common sense: If it was developed at the University with University resources, the University owns it. If it was developed with company funds, the company owns it.

Mr. Croce said the proposal sounds like a good idea but he expressed concern about issues of perception. One of these leaves could be viewed as a conflict of interest: The faculty member works on something while at the University and then takes a year off to work more on it, and there could be personal gain. He said he recognized that most start-ups do not have much money, but someone could be channeling University resources to a company during the four years instead of working on University research.

Mr. Straate noted again that the leave is only available to work with a company that has IP licensed from the University. They believe that that limitation significantly mitigates the risk of a conflict of interest and creates more than enough benefits for the University to justify. And a faculty member puts himself or herself on the line as well when taking such a leave. Vice President Brown noted that the

University's individual conflict of interest policy would apply and any conflicts would have to be addressed. Mr. Straate pointed out that the proposal was developed in concert with the Office of the Vice President for Research, the conflict-of-interest committees, and the Office for Technology Commercialization in order to mitigate any potential conflicts.

Professor Munson asked if the proposal would support the application of someone who developed IP at the University and then worked with a non-profit foundation to make it freely available to schools. Is this all about the money the University could make? If so, that is fine, but then the proposal should be clear about that.

Mr. Straate said that money is one goal of the proposal, but the objective also is to get IP into the market for the betterment of humanity. So one could do something without generating a lot of money and make it freely available, Professor Munson asked? One could do something for a not-for-profit organization, Mr. Straate said. If someone has an idea, the University could license it to a non-profit. Professor Sheets said that there certainly would be benefits accruing to the University if it were to provide IP to non-profit organizations, such as good will and benefiting society.

Professor Sirc asked which proposals would require vetting and approval by a dean. That would be left up to the colleges, Mr. Straate said. Any proposals would definitely be reviewed by more than one person.

Professor Kulacki observed that Stanford and Utah have been extremely successful in licensing IP and they do not have entrepreneurial leaves. How do they do it? Mr. Straate said he did not know and surmised that one could talk for days about the ecosystems that developed at institutions that support entrepreneurial activity. Does the University need a personnel policy, Professor Kulacki asked? Why not let the market determine what is needed and what will pull inventors into the private sector? Every market is different, Mr. Straate said. The time is right for opportunities at the University of Minnesota, with the interest on ROI and the desire that the University drive entrepreneurialism. This sends a message to the faculty that this is a path the institution wants to pursue. It is difficult to compare with other institutions because there are so many variables.

The Committee voted 8-0 with one abstention to endorse the proposal.

Professor Sheets thanked Mr. Straate and Ms. Wilhelmson for joining the meeting.

2. Job Families Update

Vice President Brown next provided a brief update on the job families revisions. The purpose of the effort is to be sure that people are classified appropriately and paid appropriately, something that is a benefit to both the employee and the University; among other things, it gives employees the opportunity to see where their jobs might lead.

The first job family completed, communications, includes entry-level positions and advanced positions and is being implemented, Vice President Brown reported; employees can see the skills they need to develop if they wish to seek advancement opportunities and the revised job families will allow progression from non-management to management positions. This has been a collaborative process that has involved both employees and supervisors, and Ms. Luther has been working with both groups to implement the plan. They have tried to be very transparent and systemic about the process, she said, and

they are now moving into alumni relations, community relations, and information technology job families over the next two to three years.

They also provide an appeal process for employees who believe they have been mis-classified, Vice President Brown said, and the process is designed to work with employees. The goal is to have the job class be an accurate reflection of the work that people do and to create uniform classifications across colleges.

Professor Sheets said he thought one purpose of the reclassification effort had been to get a better understanding of how employees working in different areas contribute to shared elements of the University's mission. Someone might not necessarily be in only one category (e.g., faculty members). Vice President Brown agreed and said they are looking at all job families and grouping people by the work that they do (rather than by P&A or civil service). They have found that about two-thirds of employees work directly on delivering the mission of the University or are working in direct mission support. The remaining one-third are in operational support (human resources, information technology, finance, facilities, etc.). They are trying to get a better handle on how the University uses its resources so that it is possible to say it has the right ratio of people working in certain areas. Or if a college is spending more money in one area, it may be right for it to do so but at least the information will be available so it can reflect on the decision. It provides a way for the University to reflect on how it is spending money.

That is not directly related to job families, Professor Sheets observed. Vice President Brown agreed but said it is complementary. They have identified some job categories that appear to be ill-defined, such as "coordinator," that have a large range of responsibility and salaries.

Professor Munson thanked Vice President Brown for this work and said he liked the idea of streamlining and grouping jobs. Ms. Stenhjem also thanked Vice President Brown and said the system has been very frustrating for her; she had to go through a very long process to finally get the right job title and compensation. This effort is critical for employees. There are many job classes that need a career ladder so people can see where they can go.

Ms. Fillo asked about re-evaluation of existing job classifications: What steps are being taken to be sure that job postings are for the right job so that there are not problems down the road. Vice President Brown said they are examining the business processes in Human Resources in a way that complements the job family work—they can improve the job family classifications but also need a process to support it.

Mr. Croce reported that he holds a "coordinator" position and has been at the University for 22 years, and was on a committee with Ms. Luther and saw that there was a great deal of arbitrary classification of people doing the same work. He asked for Vice President Brown's views on the P&A/civil service distinction.

The P&A system started in the 1970s and was focused on people doing faculty-like work, Vice President Brown said, and has mushroomed over time. The civil service category started around the time of World War II in a lot of public-sector organizations in order to provide rules for employees. So the University has P&A and civil service systems that are outdated with today's laws and needs. The law establishes exempt employees (salaried and not paid overtime) and non-exempt employees (paid hourly and eligible for overtime pay). At some point they will need to step back and look at the two systems in the light of modern legal requirements. There is a line—should a position be put in a P&A or civil

service category?—but there is also considerable blurriness at the line. They have no timeline for looking at these issues but they do complement the job classification work and the workforce analysis, Vice President Brown concluded.

Ms. Stenhjem recalled that there was talk, in the past, that when a new job classification was created, a person's job could go from P&A to civil service or vice-versa. Is that still on the table? They try to work with employees on that question because there are differences in employment rules and the retirement plan, Vice President Brown said (for example, it might be better for someone to remain in the civil service category, in terms of retirement benefits if one has been in it long-term, but if someone is new in a career, it might be better for him or her to change to P&A). They work at the local level with employees to address these kinds of issues.

Professor Sheets thanked Vice President Brown for the report.

3. Leaves and Sabbaticals

Professor Sheets now welcomed Mr. Kallsen to the meeting, who was providing data in response to the Committee's request for modeling and clarification of the financial impact of adding the possibility of a single-semester sabbatical on full pay. Committee members were provided several pages of data about leaves and sabbaticals.

From 2001 to 2011, faculty members took 1116 sabbaticals, of which 120 were for one semester only (the others for the full year). These carry one-half pay (with the possibility of a \$30,000 or 30% of salary supplement, whichever is less, funded centrally) and full benefits; sabbaticals are an entitlement for faculty members. During that same 10-year period, the faculty took 767 single-semester leaves (which are competitive, carry full pay and benefits, and are capped at 4% of the faculty in any one semester, so each college receives a number of slots). The single-semester leaves also carry no central funds. In combination (sabbaticals plus single-semester leaves), the number of faculty members on leave fluctuated between 6% and 7% over the ten-year period, Mr. Kallsen reported. Dr. Carney noted that while sabbaticals are an entitlement, if three faculty members in the same department all want to take a sabbatical the same year, the department chair/head has the authority to negotiate so the faculty members are not all gone at the same time. Professor Sheets pointed out that all sabbaticals must be supported by a credible proposal.

The Committee also considered the distribution of leaves for 2010-11. Of the 179 leaves taken (including single-semester and full-year sabbaticals and single-semester leaves), 61 were taken by CLA faculty members but only 9 by Medical School faculty members. UMD faculty took 20, UMM faculty took 17, CEHD faculty took 16, CSE faculty took 15, and all other colleges were in single digits (several only 1 or 2). Mr. Kallsen said that what he took away from these data is that the use of leaves varies widely across the system and campuses.

Vice Provost Carney reported that while her office allocates a stipulated number of single-semester leaves to each college, including the Medical School, few in the Medical School take them, so if other colleges need more, they may take the unused ones. There is no financial consequence to the Medical School in this case because the colleges bear the cost of single-semester leaves.

Professor Sheets recalled that in previous discussions about developing guidelines for awarding sabbaticals and single-semester leaves, it had been noted that the Medical School and other colleges have

very different procedures for awarding leaves—and many faculty members are completely unaware that they are available. In some cases, moreover, if faculty members do apply for a sabbatical or single-semester leave, the decision about granting it is entirely at the discretion of the dean.

Mr. Kallsen said that these data suggest there will be a need for differential analysis, and if new programs are proposed, there could be differential responses by college.

The Committee also looked at data on single-semester leaves by college for 2011-12. The data included the total number available (123), the quota for each college, and the actual number taken by tenured faculty members (51, or 67% of the total taken) and by probationary faculty members (25, or 33% of the total taken). There were 76 single-semester leaves taken (out of a possible 123), and 48 were not taken. As with the ten-year data on sabbaticals and leaves, the percentage of the available single-semester leaves NOT taken varied widely by college; CLA faculty took all the leaves that were available, as did Design, CEHD, HHH, Law, Nursing, UMD, and UMC. The faculty in some colleges took none of the available leaves (Carlson, Pharmacy, Public Health). In the other cases the faculty took some but not all of the leaves.

Professor Sheets asked why, for example, the Carlson School faculty would take none of the leaves available. Because they do not need them, Dr. Carney replied. There are differences by college. In CLA the program is well-known and well-used; Carlson faculty members don't need them. Not everyone would share the opinions expressed at FCC about sabbaticals and leaves in the Medical School, she said; the basic sciences programs in the Medical School are more like the rest of the University. But some people with large grants do not want to take a leave; the cultures of colleges are wildly different, and the culture interacts with how faculty members do (or do not) use sabbaticals. In general, the colleges that use single-semester leaves are CLA, CSE, and CFANS.

Mr. Kallsen noted the differential use of leaves by tenured and probationary faculty and commented that these leaves seem like a great program for probationary faculty members. Dr. Carney said that the University is unusual with respect to other institutions in allowing probationary faculty members to take these leaves. Professor Sheets inquired about the differential rates of use by probationary faculty members. Dr. Carney said that it may be that in a number of colleges probationary faculty members are not encouraged to apply for leaves, and the number who take them varies by year. Colleges also make different arrangements to promote the research efforts of probationary faculty members; there are small ecosystems within colleges.

Professor Bornshtein asked about the potential impact of entrepreneurial leaves. Dr. Carney surmised that in some colleges, faculty members may opt for entrepreneurial leaves rather than sabbaticals or single-semester leaves.

Mr. Kallsen next provided draft financial data about the costs of leaves by college in 2010-11, and provided caution that he has a number of questions about the data that he must find answers for before he can be confident about them.

-- There are different ways that faculty salaries are supplemented and he does not know if those supplements appear in pay codes. Dr. Carney noted that when the administration disperses about \$750,000 in sabbatical salary supplements, the money is only for salaries and the units must pay the fringe benefit costs. And the colleges would pay those fringe benefit costs whether someone were on leave or not, Professor Sheets observed. Professor Sell asked if all of the salary money for sabbaticals

comes from central administration; it does not, Dr. Carney said, only half, plus the \$750,000 available for supplements.

-- There are methodological issues that he must address, Mr. Kallsen said.

-- Under current policy and practice, what are the savings (from not paying salaries of those on sabbatical) being used for? Is the money being used to fund replacement instruction, TA budgets, or used by the dean? The practice probably varies by college, Mr. Kallsen commented, but if he is to model additional pay for faculty while on leaves, he needs to describe what happens at the college level as well. Ms. Fillo said that the costs in the college could vary with who is going on leave, because senior faculty members might be teaching a 5xxx course versus others who might be teaching 1xxx courses.

-- With regard to the possibility of adding single-semester sabbaticals at 100% salary, Mr. Kallsen said that he can model the cost but will have to take into account whether probationary faculty members would use them. He will also have to think about changes in participation rates if the program becomes more attractive and easier to take. What if the projected number of faculty members who take the single-semester sabbatical increases dramatically? Is that likely? He said he will look at data from other CIC schools to determine if he can learn anything from them. Dr. Carney said she would obtain information from her CIC counterparts on participation rates.

Professor Kulacki said that raising and lowering participation rates has benefits and disadvantages, and some may raise questions about the use of state funds for leaves if the University is at one end or the other of the spectrum of CIC patterns. Dr. Carney said that they do not collect centrally information on sabbaticals, but the benefits include making faculty members more productive and leaves usually lead to more writing, more grants obtained, and refreshed teaching.

Professor Kulacki asked if there is concern that the current policy does not serve faculty well. Professor Sheets said that some members of the Committee have stated that a number of institutions offer single-semester sabbaticals at full pay in addition to full-year sabbaticals at half-pay (the University does not offer the former). If the policy could be more flexible without running afoul of economic or policy issues, and if it is desirable to have a sabbatical policy for the reasons Dr. Carney listed, then more flexibility would be better if more people could then take them. Some people will never take a sabbatical, Professor Kulacki said; Mr. Croce added that the Duluth option should also be considered (75% salary spread over two years, one year of which is a sabbatical year).

It was agreed that this topic would be on the agenda of the Committee in the fall, after Mr. Kallsen has the time to do further analysis.

Professor Sheets thanked Mr. Kallsen for his help and adjourned the meeting at 4:45.

-- Gary Engstrand