

Minutes*

Faculty Consultative Committee
Thursday, May 18, 1995
11:00 - 1:30
Dale Shephard Room, Campus Club

Present: John Adams (chair), Carl Adams, Carole Bland, Victor Bloomfield, Sheila Corcoran-Perry, Dan Feeney, Virginia Gray, James Gremmels, Kenneth Heller, Roberta Humphreys, Robert Jones, Morris Kleiner, Laura Coffin Koch, Geoffrey Maruyama, Harvey Peterson, Gerhard Weiss

Regrets: Thomas Burk, Lester Drewes, Michael Steffes

Guests: Provost William Brody; Senior Vice President E. F. Infante

Others: Maureen Smith (University Relations)

[In these minutes: New Committee chair and vice chair; discussion about the Academic Health Center and University issues with Provost Brody; discussion with Senior Vice President E. F. Infante]

1. Report of the Lame Duck Committee

Professor Adams convened the meeting at 11:00 and asked Professor Weiss, convenor of the lame duck committee, to report on the nominations for chair and vice chair of FCC next year.

Professor Weiss reported that the lame ducks wished to nominate Professor Carl Adams as chair and Professor Virginia Gray as vice chair for 1995-96. He said they believed Professor (John) Adams has been a superb chair and that he is owed a tremendous debt of gratitude for his service. They considered re-nominating him to serve a second term, but concluded that it is best for the committee, and best to initiate new people into leadership positions, so decided to recommend new leaders.

The Committee voted unanimously to accept the nominations of the lame duck committee. It was moved that Professor (John) Adams be thanked for his leadership and commended for his performance; the Committee gave him a round of applause.

Professor Adams thanked his colleagues and reflected briefly on his experiences as chair. Some see the central administration as high-handed in a time of retrenchment, he said; the question comes up, how are faculty involved in the decisions? There have been expectations, developed from the 1950s to the 1970s, that the University could dilute its mistakes with more money. For the last 20 years, it has been a different world; retrenchment has been the hallmark of the times. The regents and senior officers are FORCED to act; they have no option. when they do so promptly, there is a tension created with individual faculty, who do not seem to understand what is occurring. The University does not have in

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place the infrastructure, reaching down to the individual faculty member, to take the University where it needs to go.

That tension has existed all year, he said. The faculty cannot solve it, either individually or as a group. This is a problem. As the Senate membership changes, it loses the ability to address the questions that need to be addressed. That is, in time of rapid change, where learning curves are steep, turnover does not help. This is a management dilemma the faculty sometimes do not understand or sympathize with, and it varies with college and campus, so it is also hard for the administration to deal with.

He concluded by commending the Committee for its work. One of the reasons it is important is exemplified by the resignation of Senior Vice President Erickson. One can only work 80 hours per week for so long before getting tired. The new Senior Vice President will need some orientation to the faculty view on financial aid operations. The Committee can help deal with some of those issues.

One Committee member opined that the managerial infrastructure (not the top administration) has not been as strong and well-developed as the University has needed; there is much that is top-down in that zone. This is a critical problem, and all the Committee can do is push to have it built up. What is difficult is that building it up will take persistent attention and 5-10 years--when the time span of attention around the University right now is closer to 5-10 minutes.

This is the issue that was raised about the President's tenure, said another Committee member. It would be easy for him to quit, and the University to get a new president, but that would mean starting at ground zero again. When the world is changing rapidly, an ill-timed change in leadership would mean the University must play catch-up, something it cannot afford at present.

For all the concerns about leadership these days, the attitude in the country is to focus on what is wrong, not what is working; when the focus is that narrow, it can damage the things that are working right that people take for granted.

There is too much that ends up in Morrill Hall, it was said, things that should have been taken up by the deans and other officers. The President is spending too much time on things he should not.

2. Approval of Schedule

Professor Adams distributed a draft meeting schedule for the Committee for 1995-96 and asked for approval. The schedule includes meeting three times a month, instead of twice, in order to permit greater consultation with the provosts, with deans, and with department heads. The Committee approved the schedule.

3. Discussion with Provost Brody

Professor Adams welcomed Provost Brody to the meeting, noting that he had sent an email message to Dr. Brody asking him to outline the issues he was dealing with and in what ways the faculty could help inform his decisions.

Dr. Brody began by saying he was pleased to meet with the Committee. The Academic Health Center (hereinafter AHC) is facing extraordinary problems, he said, but his fundamental concerns are for the entire University. It is NOT adequately prepared to address the financial issues facing it, and it is NOT addressing them, although they get tougher each day. The state will probably provide \$60 million in new funds, but the University must continue to make cut after cut; where are the new dollars going? Some into investments, to be sure, but most cuts and the new funds are going into continuing problems (e.g., the shortfall in tuition revenues, increases in fringe benefit expenses, and infrastructure needs). Even if the figure of \$375 million for physical infrastructure needs is slightly inflated, the University is not putting enough money into it to keep up.

Dr. Brody said he was concerned about the inability of the AHC to solve its problems because it exists in the context of a university that is not facing up to ITS problems. The AHC is facing its problems; its ability to solve them will depend on what the University does. In terms of the external environment, the AHC must identify how it fits into a managed care system that does not place a high value on teaching and research. The same situation obtains across the country, but it is more exaggerated in the Twin Cities because managed care is so prevalent here and because Medicare rates are 18% below the national average. When over 50% of the AHC revenues come from clinical practice, and those revenues drop, there is a big problem.

This is a fundamental problem throughout the University, not understood by many, Dr. Brody observed. When there must be retrenchments, but when units are fully tenured, the situation becomes unmanageable. And when capital needs are not being met, the institution falls farther behind.

One Committee member inquired about the linkages between the AHC and the rest of the University. Those discussions have just started, Dr. Brody replied; he wants to see them occur so that people can understand that the whole is greater than the sum of the parts. The President has asked that the biological sciences across the University be reorganized; he himself has been active in strengthening biomedical engineering as well, for example. There are many such linkages, and the University can improve its effectiveness and efficiency by building on them.

The context of what is occurring, Dr. Brody observed, is that the budget from the state will increase for 1995-97, after that it will likely decrease. The University has not started to deal with that probability. It cannot be business as usual, and the entire University must look very carefully at what it will and will not do. The AHC is doing so, but if the rest of the institution does not, the AHC will solve its problems but the rest of the institution will sink.

One Committee member noted that the Council on Liberal Education wants to involve the professional schools in general education at the University. In addition, in biomedical engineering, the question was raised at the last FCC meeting whether support for it--which some term a "peripheral activity"--comes as a result of draining the "core" of the University; in reply it was also argued that biomedical engineering should become a part of the core because man-machine interaction will be central in the 21st century. In light of these considerations, how can Medical School faculty take part in undergraduate education?

Dr. Brody said he has not thought about this issue in depth and confessed that he was a neophyte on the subject. There are opportunities, he said, if one were to talk about combining the biological

sciences (he said he did not know, at this point, if that is a good or bad idea). But one must know what it is that is being optimized. Is the objective to cut costs? If faculty in the professional schools are to be involved in other parts of the University, they must know what the objective is. They have had discussions about the mission of the AHC; it is research and teaching. Patient care is offered only to support teaching and research.

There is a sense, it was said, that the professional schools can contribute "real world" views to undergraduate education. Dr. Brody related that he tried to involve the professional schools in undergraduate education at his previous institution, and was told he was not welcome. The sentiments, he was assured, are exactly the opposite at Minnesota.

This is a large and diverse University; if it could charge significantly different prices for different programs, it could probably have an impact on quality, said one Committee member. In some units, the tuition yield is less than what it should be, although some faculty and regents object to even talking about the subject this way. In the case of private institutions, they charge high tuition and then use discounts to attract the students they want--but keep their revenues up. When there is talk about the biological sciences, such resources questions will inevitably get on the table.

Another Committee member commended Dr. Brody for his concern and his observations about the entire University; it is important, it was agreed, that he be worried about the whole institution. Dr. Brody was asked about his point that the University was not prepared to deal adequately with its problems; is that because there is a structural failing, so it cannot address problems, or is that because the University does not have the individuals with the capability or motivation or values necessary to do what the University needs?

He grew up in the health sciences, Dr. Brody responded, and he has seen AHCs and the medical profession go from relative wealth to a disaster in a very short time. He also sees a great deal of denial of the realities and permanence of the financial picture, he said; the University is not different from other places in that respect. There is denial that the University is in crisis because of the financial restraints; unless that problem is addressed, it will take years to recover. If the University waits until the problem is evident to everyone, it will be too late.

One must look at both cost and revenue streams if there is a gap between them, said one Committee member. This relates to the question of the management decision-making structure and what should be done. As soon as one begins to itemize the problems, attention to the larger issue is lost because people start to focus on specifics.

Do the faculty of units outside the professional schools recognize the problems, Dr. Brody inquired? Professor Adams asked Committee member in those units to respond. They did so, as follows.

- Every faculty member believes there is a crisis, but see it as their job to teach and do research and not to worry about the future of the University--there is a group of people who are paid to do that. But the faculty do not see that group doing an effective job. Faculty are not opposed to doing things, but no one has asked them.
- In addition, some units see others bring problems on themselves and then be bailed out by another

collegiate unit. Some see the press reports on the Medical School, feel University problems are related to them, and believe that poor CLA is asked to help pay the bill. Most faculty do not feel they should deal with budget issues.

- In one unit, the faculty ARE aware of the problems, and believe that any more cuts like those of the last few years will mean nothing will be left of the unit. The faculty ARE screaming, but see Morrill Hall as NOT screaming. There is no pain in Morrill Hall; the faculty feel it, but there has been no cry of pain from the administration. The legislature will not stop squeezing the University until it hears that cry of pain.
- One unit has been highly successful, but enrolls a lot of first generation college students. At the same time, there is pressure to increase tuition, which will change the complexion of the student body. In addition, many faculty are retiring; recruitment is a problem because starting salaries for new faculty are as high as those of more senior people, a situation that leads to low morale. They are doing well compared to their peers but are not being rewarded for their success.

Dr. Brody responded that he has heard these same things from faculty. In some units, where clinical revenue has dropped sharply, salaries dropped by 30%. Professional schools may be more corporate-like because of their external practices, but there is a spectrum. He reported that he had recently had an assessment of the readiness of the AHC for change; he was told that people do not understand or buy into the need for substantial change.

One Committee member pointed out that it is said the faculty feel the pain, but one also hears that this Committee does not represent the problem to the administration. Then one hears another side from the administration and the regents, that public funds from the legislature are limited because of the demands of K-12 education and the prisons. When faculty spoke with the DFL caucus, legislators said they wanted to do more but did not have the money. The IR caucus, on the other hand, could not understand why the tuition proportion of University revenue is as low as it is.

Another Committee agreed, and said the perception that the faculty are not smart enough or aware enough is WRONG; a significant proportion do understand. The old way to address the problem is to ask the legislature to help out. The University is caught in a double bind, however, when the legislature says there is not enough money, and reduces funding, but also limits tuition increases. In addition, faculty are conservative in the sense they have not changed from believing that someone else should take care of the problem. There is talk of change, but it is somebody else's job to do. Another point that should be understood is that faculty LOCALLY are entrepreneurial; what the world presents, they do with as best they can (which can be good or not, depending on the situation). But the entrepreneurship is local, not institutional.

The faculty have recognized that there is problem longer than the administration, said one Committee member. The Campbell Committee tried to face the problem of insufficient resources, and tried to trim the University, but the result was a political disaster. All faculty members believe that what they are doing is important (or they wouldn't be doing it), but faculty also believe the University needs to live within its resources. All of them want to be part of a great university, not a mediocre one, and recognize that parts of the institution must be eliminated. The question is, what is core? No one is willing to say what is core, either in the administration or the faculty, but all recognize that things must

be done, that some units must be protected or made excellent and that the University cannot do everything. What is needed is someone with the courage and political acumen to do it.

There is another side, observed one Committee member. Headlines for the last two years have reflected individual management lapses that should not have happened. How did they? What lesson has been learned in terms of who is in charge of what? One is that deans and vice presidents and the President have things on their desk every day that should have been handled at lower levels--or relate to problems that should not have arisen in the first place. People at every leadership and managerial level should be oriented to what the University is about; if all march to the same tune, these things would not happen. The President and the vice presidents could then lead, rather than hiring lawyers and spending money. Faculty want the administration to take care of problems so they can do their work; what is to be done when that doesn't happen? The AHC has its own traditions, and is now thinking about what is down the road, not what happened in the 1970s.

Dr. Brody related that he has talked with Senators from the AHC; the major issue is the culture and values of the AHC. They must change the culture as they change what they do. He gave examples of the kind of change that will be needed (e.g., not letting every disagreement be resolved by the grievance system; administrators taking responsibility for grant management and the integrity of data; increased decision-making short of the provost's office).

On faculty entrepreneurship, Dr. Brody observed that some activities, from the perspective of the individual faculty member trying to do his or her job, make perfectly good sense, even if they do not make sense from an institutional point of view. The system is too cumbersome, but rather than try to fix the system, people do things their own way.

On the question of culture, there is a sense, said one Committee member, that there is a schism between faculty and administrative philosophies. Faculty do not believe they have advocates in the administration, people who understand that "we are in this together." The term "management" comes up in many meetings, but not everything can be "managed." There is also a lack of confidence in the local administration, who are sometimes seen as inept. One is often on grievance panels because of local ineptitude.

This has all been a very negative discussion, observed one Committee member; this is unfortunate, although it seems to be the nature of the world. What is needed is more emphasis on the good news; good things DO happen; the liberal education curriculum, the Cancer Center, and biomedical engineering are examples. The President tries to articulate where he thinks the University is going, but many do not hear him. All ought to try, along with the top administration, to engage in a discussion of the future of the University and its positive goals.

In the AHC, Dr. Brody commented, he has said there is a crisis; some are acknowledging it and doing something about it while others are not. Things must be done dramatically differently, and it must be done by the faculty and staff. He is appointing a parent committee to gather information on where the AHC is and where it should be going, with a very explicit vision containing goals and objectives. One committee working underneath it will deal with the issues arising from consolidating a single group practice from 18 corporations. The effort is faculty-driven, contentious, and with lively debate, but the process seems to be working. The result can be achieved with open, frank debate. A second committee

working with the parent committee is charged to identify programs with opportunities and those that should be de-emphasized. He said he is trying to get faculty engaged, which is the hardest part of the process. In the case of both committees, he has said the discussion and debate will take place during the process; once the committees are done, the recommendations will be implemented and the debate will be over. The process, he said, is probably going to be successful; it is helped along by the magnitude of the problems they face. That faculty involvement in the process must also be moved to review of other pieces of the AHC, such as grants management and financial systems. It is the faculty who write the grants and do the research, and there are large amounts of money involved, so the faculty must drive the process. If behavior is to change, faculty must be part of the process.

Given the decline in state funds as well as federal funds, but the great need for University skills and innovation, how will he provide incentives for the faculty to generate revenue to keep the place going, asked one Committee member? In the Medical School, Dr. Brody said, they are moving to performance-based compensation, although it is not clear how far it will go. If a faculty member is responsible for generating patient income, and the income falls, the faculty member's salary will decline. Setting up such incentives is easier to do in research than in education, he pointed out; does one consider courses? Student credit hours?

This raises the question of cross-subsidies, pointed out one Committee member. Dr. Brody agreed, and said that if there are to be cross-subsidies, all must recognize them. Now they are implicit.

Dr. Brody was asked to articulate his vision of his relationship with the Senior Vice President for Academic Affairs and with the Vice President for Research. Dr. Brody said he has not discussed the subject. Issues with respect to the Vice President for Research depend in part on the organization of research; a lot of research administration activities should be at lower levels, but there must be an office to ensure standards and compliance. He said he does not favor top-down identification of and funding for research out of Morrill Hall; the decisions should be made at a lower level, through real strategic planning. Real strategic planning puts dollars together with what it is the organization wants to accomplish; he said he does not sense this occurs at the University. There is a lot of strategic planning going on in the AHC, he said, but it is not tied to funding--and when the funds decline, the strategic plan is abandoned. Faculty know where the opportunities are; he does not, and there is a need for a process to bring forward ideas from the faculty.

Professor Adams thanked Dr. Brody for meeting with the Committee.

4. Discussion with Senior Vice President E. F. Infante

Professor Adams next welcomed Dr. Infante to the meeting. Dr. Infante reported on a number of topics; Committee members commented on them as well as raised a number of their own in the course of discussion.

- The probable outcome of the legislative session; it must be understood that the significant majority of the funding for the 1995-97 is essentially soft money; legislative concern about tuition appears to be primarily with UNDERGRADUATE tuition; in 1997, funding levels will return to those of 1995.

- The budget situation and likely funding levels for units in the future, including increasing income, decreasing expenditures, elasticity of demand in tuition, the larger social move to user fees, legislative understanding of the relationship between income and education, and so on.
- Overhead expenses; library expenses.
- The small amount of faculty turnover and the need to keep up the flow of young faculty into the institution; the need to perhaps consider increasing the number of young faculty in some departments who will not be on a tenure track but who must not be exploited.
- The relationship of tuition to average costs and marginal costs; how increased tuition revenue could be obtained in some units at virtually no increase in marginal cost; how in other units there may not be enough being spent on freshmen and sophomores now.
- The need to train deans and department heads in economic concepts as Responsibility Center Management is adopted; the meaning of RCM in an academic community.
- How faculty compensation could be linked to performance; the need to provide incentives; the merits and drawbacks to a performance system; the need to be able to adjust faculty salaries DOWNWARD; the need to link an incentive system to the University's mission.
- The relationship between quality and reputation, and, thereby, enrollment.

Professor Adams thanked Dr. Infante for joining the meeting.

5. Searches

Professor Adams reported that he has been asked to provide names for two search committees, to be appointed to identify individuals to succeed Associate Vice President Josie Johnson and Senior Vice President Erickson, and he asked Committee member to provide him suggestions. He then adjourned the meeting at 1:30.

-- Gary Engstrand