

Minutes*

Senate Committee on Finance and Planning
Tuesday, September 27, 1994
3:15 - 5:00
Room 238 Morrill Hall

Present: Virginia Gray (chair), David Berg, Mark Davison, Ryan Fuller, Karen Karni, Gerald Klement, Roger Martin, Richard Pfitzenreuter, Doris Rubenstein, Thomas Scott, Craig Swan

Regrets: William Gerberich, Patrice Morrow

Absent: Mary Askelson, Carl Erickson, Allen Goldman, Thomas Hoffmann, Roger Paschke, Anne Sales

Guests: Dr. Darwin Hendel, Dr. Jane Whiteside (Academic Affairs)

[In these minutes: Critical measures and benchmarks; reorganization process and status; agenda items for the year]

1. Critical Measures and Benchmarks

Professor Gray convened the meeting at 3:15, welcomed everyone, and reviewed the agenda for the meeting. She turned then to Drs. Hendel and Whiteside to make a few introductory comments about the critical measures and benchmarks.

Dr. Hendel recalled that he and Dr. Whiteside, along with Dr. George Copa, are a team working on development of a set of institutional-level critical measures to be used in conjunction with implementation of U2000. He pointed out that they had met last spring with this Committee, among other Senate committees, when five of the measures were proposed; this now represents the final round of discussion of those first five measures. The five were presented to the Regents in September, with the understanding that they will be presented for action at the October meeting of the Board.

The process of developing the measures has included working with the Strategic Planning Working Group (of which two members of this Committee are members) as well as with the Strategic Planning Advisory Committee. Time was spent over the summer with other offices on campus involved with aspects of the measures, such as Admissions and ORTTA.

In addition to the lengthy document distributed to the Committee, he said, there will be short descriptions prepared. Dr. Whiteside noted that there are a few missing pieces, such as measures associated with graduate and professional students (which are complicated), which will be added as they

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can be. If there are problematic issues in the documents to be presented to the Regents, they would like to know about them.

Professor Gray noted that the legislature has required the University and other systems of higher education to develop performance measures; these will be those measures. It may be that the University's overall appropriation in the future may depend on achieving the measures, and within the University different units will be held responsible for achieving them. Dr. Hendel agreed that these and other measures yet to be developed will have a role in the submission of the annual performance report to the legislature and the biennial request.

Are these measures to be achieved by the year 2000, asked one Committee member? They are, Dr. Hendel affirmed. Dr. Whiteside noted that they arose not from the need to present information to the legislature; U2000 was the starting point and these measures are intended to assess how well the University is meeting its goals. The measures happen to fit with something the legislature now requires. The legislature should understand that these are tied to U2000, it was said, and that the University does not expect to achieve them in the next biennium. There are annual benchmarks, another Committee member noted; it is not "zero now and 100% in the year 2000"; it is a steady progression.

How quickly the objectives can be met also depends to some extent on the resources available. It must be understood that the University's ability to meet them is conditional on the nature of the funding from the state. That message is being sent, another Committee member observed.

The first measure is characteristics of entering students. One Committee member noted that the percentage of people of color admitted as freshmen (Fall, 1993) is 18.6%; what is the percentage of people of color in the state and what is the University's goal? (There was some uncertainty at the meeting about what the state number is.) Dr. Hendel reported that one of the factors in setting the goals with respect to students of color was the position of the University in the metropolitan area vis-a-vis high school graduates and enrollment on the Twin Cities campus.

The establishment of the goals is based on the primary area from which the campus is likely to draw students. Dr. Whiteside reported that is the expectation, based on available data, that slightly over 16% of the high school graduates in the seven-county area in the year 2000 will be students of color. At present it is 12.2%; the statewide percent is much smaller while it is higher in Minneapolis and St. Paul. It has been a struggle to settle on the right target; there appears to be general agreement that metropolitan area high school graduates is a good way to think about the issue--it represents a middle ground.

When the student body is perhaps two-thirds metropolitan and one-third outstate, a weighted average should be used, suggested one Committee member. Dr. Whiteside responded that the projections were based on work done by the Admissions Office. They were not trying to tie the goal to where students are drawn from as much as what the University wants to look like, given what and where it is. In general, in setting goals, they have avoided trying to be dragged into what has been. It may be that recruiting will be different from what it has been.

Given that the University is about at the existing percentage of students of color in the Twin Cities, and also would be in 2000, will it continue to seek to increase the number of minority students? Dr. Whiteside noted that this varies with ethnic groups. The University distinguishes between those groups

not adequately represented and those which are; goals will not be set for groups that are not underrepresented (Asian/Pacific Islander, women). This means more effort will be put into the recruitment of the three groups that ARE underrepresented (African American, American Indian, Chicano/Latino/Hispanic). In terms of decisions in the admissions process, however, any student who meets the automatic admissions criteria and deadlines will be automatically admitted. If there continued to be a very high percentage of Asian/Pacific students applying, qualifying, and being admitted, for example, the percentage of those students would be high.

Then there is only one group with a cap, it was said. Dr. Whiteside said it was not a cap; it creates the understanding that the University would not recruit heavily for that group. Legally and otherwise there cannot be a cap, and the University needs to make that clear; none of the numbers are maxima and the process will happen as it does, legally. On the other hand, it may be that the percentage of the Asian/Pacific group may be higher than these goals suggest it will be, so the numbers in the year 2000 may be quite different. This is, she concluded, a tricky issue--it is important to set goals for underrepresented groups while at the same time making sure other groups are treated fairly.

Another Committee member inquired about recruitment. In one college with an aggressive recruitment program for both undergraduates and graduates, it has become apparent that many of the private organizations that fund minority student support are withdrawing that support and putting it into programs for minority student in K-12 education instead. That is admirable, but if the University does not create strong partnerships with K-12 systems and organizations that deal with them, it will lose out on funding for its efforts, many of which are funded from outside soft money. None of the information deals with this problem, and the University must approach it in creative ways. If the University does not build friends in those systems, they will not send students to the University.

The lack of data on transfer students is unfortunate, observed one Committee member, because the transfer students who come to the University are admitted and enter a lot of undergraduate professional programs--and succeed. In one program, 20% of the students are minority, most of whom came from Minneapolis Community College. The question is not the percentage of FRESHMEN who graduate, but the percentage of students who started in 1989 and finish in 1994--whether they start at a community college or other school. Because the University IS then graduating them in five years. Rather than look at the data for entering freshmen, the time they started school anywhere should be considered.

Dr. Hendel agreed that the suggestion was a good one. What is needed is a statewide system that allows tracking of students who start in one system and finish in another. HECB has been working on it, but it is not operational--and it would be needed. The University knows, every time a student transfers in, when and where they started, it was pointed out. The University knows where, and could find out when with some work, but at present none of that information is entered into any current data base, Dr. Hendel reported.

What about the readiness of transfer students to succeed? If half the students coming to the University are transfers, and the University does nothing to make sure they are ready, that will have an impact on the graduation rate. There will definitely be a measure that addresses transfer students, Dr. Hendel said. The U2000 discussions have been focused on entering freshmen, not transfers, even though they account for 50% of the baccalaureate graduates; the document will have to be expanded to consider transfer student issues. In working on these issues, he commented, they learn of other issues that need to

be addressed; this is one.

Is there not a study being done of coursework preparation and how it relates to success at the University, asked one Committee member? Dr. Hendel was uncertain, but pointed out that beginning this fall, students will be able to transfer under the Minnesota Transfer Curriculum; it may be that someone is considering transfers in that context.

The second critical measure is graduation rate by campus; what has been specified are two different rates: those for entering freshmen and those for transfer students. The focus is on campus-specific information and include rates for students of color as well as students in general.

Financial support for students and its effect on graduation is an important issue, said one Committee member. It is disturbing to see how much students work and their level of debt. The Governor and state are still deliberating the issue of high tuition, high aid versus low tuition, low aid; most desirable would be low tuition, high aid. What the state is moving toward, observed other Committee members, is high tuition, low aid. This is, it was said, an environmental issue that is a big factor in graduation rates.

There almost needs to be a parallel statement indicating that the measures will be achievable only if certain things are in place. In this case, that would be financial aid. Dr. Hendel commented that there are three recent state reports and a University report on financial aid; the additional of contextual statements in the critical measures is a good suggestion.

The third measure has to do with underrepresented groups and diversity, including both students and faculty. Committee members had no questions about it.

The fourth criteria has to do with sponsored funding by campus. It was noted that the Senate Research Committee believed the measure to be naive, presumably because of the current funding environment. Dr. Hendel agreed that the competition for sponsored funding is getting more intense; he pointed out that the annual percentage increases called for are in the 5 - 6% range, just keeping ahead of expected inflation rates. The benchmarks calls for maintaining the University's current position, with modest increases in the next several years. Although not a dramatic change, some of the percentages are lower than those realized during recent years--but the consensus is indeed that the goals will require stretching to reach.

Several things interact here, said one Committee member. One of the figures indicates that things can happen in particular years; the University jumped in national rankings in federal R&D funding one year, a jump that wouldn't repeat itself. Part of one's reaction, however, is that this is not a very ambitious goal; one would rather be associated with a university that wants to get dramatically better than one that is comfortable where it is. This also interacts with concerns such as faculty salaries as well as issues of scale (e.g., it is said the University is going to get smaller, and if so, holding on to its position will be difficult). Finally, is there any reason to believe that the dollar amounts and rank numbers are consistent--could the University achieve the funding goals and yet see its rank fall? It could; then it would be better to focus on one rather than the other, and the rank measure is more attractive. That, however, interacts dramatically with faculty size and support, state support (which must leveraged; if it declines, the leveraging may decrease). It is those arguments that called for looking at both rank and total dollars, Dr.

Hendel said.

It was recalled that BRIEF reported that the legislative auditor found the fastest increases in University expenditures are in research. There have also been rumors that the University is spending more on matching funds for research than are other universities and that it is looking at the issue. Is this true? Mr. Berg affirmed that the most recent cost study does suggest the University is spending more matching money than it has in recent years, but he did not know how that compares with other universities.

This also interacts with teaching load, commented another Committee member. One objective in the biennial budget, as part of cuts the University would bear, is "productivity enhancements in the faculty," which seems to be a higher teaching load. That would also adversely affect this goal; if it is to be achieved, faculty must have research university teaching loads, not community college loads.

The dollar amount will likely be very hard to reach, it was said, but the rank may be maintained, given that other universities are also going to be affected.

Is faculty competitiveness a goal that will be measured? There is a measure of faculty/staff recruitment and retention to be developed, Dr. Whiteside reported. It will be a challenge to figure out how to measure the quality of the faculty and the University's ability to bring in and retain them. The Research Committee maintained that is so basic and central to what the University is doing that it must be available when looking at other measures.

The fifth measure is direct instructional expenditure per student. The idea is that the University will gradually increase expenditures per student in comparison to peer institutions. One Committee member inquired about the comparison group and expressed dislike for the one for the Twin Cities campus. A more natural group would be the top 30 research universities, including both public and private, the list used by the AAUP. The state needs to understand that as it puts demands on the University to offer education like students receive at elite private schools, those schools have resources that are twice or three times what the University has. The TIMES reported that Swarthmore is spending \$40,000 per student--and is thinking that may not be enough. It is also important to keep in mind University tuition and fees of roughly \$6,000, compared to private tuition of \$15,000 plus the other endowment support those institutions have.

It would also be desirable to have the comparison group of public institutions be those the University wants to be like--"and I'm sorry, but I don't want to be like the University of Missouri at Columbia." Mr. Berg noted that some comparison group had to be established; the problem with including the private universities is that it is IMPOSSIBLE to obtain data from those institutions that would allow mirror-image comparisons (created by drawing the same college/departments from other institutions).

A subset of the schools listed could be used, and that idea has been discussed. The way this list is looked at now may not be the same as it will be looked at in the future. This list is those institutions considered sufficiently "good" to be in the AAU; it is all of the public institutions who belong to it, and it is from those institutions that the necessary comparative information can be obtained. Since this is a relative measure, it should serve just as well as the AAUP group. Any group is arbitrary, it was noted,

but "I don't want to be the average of this group." The point is that the University is BELOW the average of this group, and that implies a lot of money. If the University reaches the goal, it will attracting a great deal of additional support.

Instructional direct expenditure is a tricky issue, said one Committee member. Programs can be eliminated, with no improvement for anyone in any existing program, but changing the direct expenditures per student. What has been occurring at the University is elimination of low-cost instruction, as downsizing has occurred--which can lead to an increase in average cost per student without spending any more money on any student in any program--so no one is better off, and some students lose because their programs have gone. The question of HOW it is increased is what is important; there needs to be assurance that instruction is actually being improved. The point is very good, Mr. Berg said, especially when one also considers that eliminating a program means a loss of revenue as well.

Absent other comments, one Committee member urged that data for graduate and professional students be developed as soon as possible; right now the measures come across as too weighted to undergraduates, considering the University's mission. Dr. Hendel said that in addition, they will give attention to eight measures listed in the materials and will involve committees such as this much earlier in the process. The timing last year precluded starting at the beginning with the five presented today; that will be remedied for the next set, so that it is a more collaborative effort between Academic Affairs and other committees and groups on campus.

Professor Gray thanked Drs. Hendel and Whiteside for joining the meeting.

2. Administrative Reorganization

Professor Gray next welcomed Mr. Pfutzenreuter to discuss reorganization; she reminded the Committee that its job was to look at the work of the reorganization task forces, not redo their work, and to look only at financial matters. The governance committee, for example, will not report to this Committee. Mr. Pfutzenreuter will be talking about materials that do bear on the charge to the Committee.

Mr. Pfutzenreuter distributed a handout, a presentation about the process. The "provostal subcommittee," which he co-chairs with Senior Vice President Infante, has the charge of defining the roles, responsibilities, relationships, authority between the President/central administration, the provosts/chancellors, and the colleges and administrative units. This task force is working to define the relationships. The President's charge outlined several functional areas that needed definition: budgeting, planning, management of facilities, and so on. The task force identified 15 such areas (identified in the handout), and put governance as the 16th. Each of those areas will be given more work.

He then reviewed some definitions of terms (responsibility, accountability, etc.) and who is included in which groups. One visual outlined how the task force is approaching its work, interrelating the functional areas, individuals/groups, and the meaning of responsibility, accountability, and so one. The result will be a set of responsibilities and authorities for central administration, provosts/chancellors, and colleges and administrative units. Subject matter experts in each of the 15 areas have been identified; they will prepare materials to be brought to the task force for review. Mr. Pfutzenreuter drew the attention to a sample of what will be produced (roles, responsibilities, and requirements for resource

allocation), and how it will be used and reviewed. When all of this is completed, the President will review/approve it, and the documents will become how the University does business--and presumably for more than one year.

The value of the process--and it is very process-oriented--is that it should help clear up "sticky issues" about who does what.

One Committee member noted, apropos the resource allocation example, that everything is in bland language. If one were a dean, how would the process look different in the future? Where will the money come from? The major difference, Mr. Pfutzenreuter said, is that last year central administration made many discrete decisions about college budgets (allocation targets). This year the administration will create a preliminary budget planning allocation for a provost--and the provost will use that target and allocate the money based on discussions with the colleges. The provosts will bring those targets to the administration (perhaps with the deans), to present them to the central administration. The President will make his determination about those collegiate allocations, in conjunction with the provosts, and they will then be presented to the Board of Regents.

Asked about the role of the Academic Affairs vice president, Mr. Pfutzenreuter noted it is defined as part of central administration. There is another task force at work charged to identify responsibilities on the finance and academic sides of the house; there has been no discussion of individual roles. It would be premature to speculate on the roles, although he said he did not expect significant changes and that Senior Vice Presidents Erickson and Infante would likely be involved in resource allocation decisions, along with the President.

There will be a three-step process in resource allocation. The planning discussions will take place with provosts/chancellors and central administration in November/December hearings and will be devoted to the planning directions in which the units which to head. As that discussion unfolds, the budgets will then be considered. Academic Affairs will play a critical role in the planning part of the process--which then returns to budget issues through the winter, to budget hearings in March. The third phase will be consideration of the critical measures and how units are doing.

Also unclear is the division between academic and non-academic issues. When one talks of a provost having "full authority," is the authority over academic programs, with buildings still run by Facilities Management and so on? Mr. Pfutzenreuter said that Facilities Management will largely remain as it is; their presentation did not suggest that it should be broken up and given to the provosts.

Budget plans will go to provosts, and then budget hearings, and then decisions will be made, noted one Committee member. It was the sense of a number of deans last year that there were no changes from the beginning to the end of the process--or that was the perception. As thought is given to the process, there needs to be left some room to maneuver, so that if people put something into the process, they will see some results.

One of the things he said they had wrestled with, it was recalled, was who would make decisions about collegiate budgets, the provost or the president. What was the answer? There was a very long discussion, Mr. Pfutzenreuter said. It must be remembered that the President has a responsibility to present to the Board of Regents a budget, and the Board wants to see the budget plans of the colleges as

part of the President's recommended budget. They will be outlined in his budget presentation, so the collegiate budget that he submits he will review and approve--he will be held accountable by the Board for them. The provosts and the president will end up agreeing on those budgets; if they do not agree, a personnel question would arise. The difference is that central administration will be looking at collegiate data when it makes decisions about provostal allocations--there is no other way to do it. The numbers will be summed and the amount provided to the provost, who in turn will make decisions about the colleges and bring back recommendations to the Presidents, college by college. People have made it clear that they want the provosts to have authority to make initial decisions about budget priorities and strategic plans, which is why they don't want amounts identified for colleges.

To what extent does the system being set up encourage cooperation between the provostal areas? Or competition? This exercise would not speak to the issue, Mr. Pfutzenreuter; it is something that would be watched during the budget process, and is one reason budgets cannot be summed at the provostal level, with no central role.

Many saw cluster planning as a way to bridge whatever divisions exist, observed one Committee member. Mr. Pfutzenreuter said he did not know if strategic planning discussions placed responsibility for coordination on the provosts. Another Committee member said that the planning office, presumably to be established, will have to keep an eye on those things; it is the one place that can be aware of and also do something about issues that cross campus or provostal lines.

This process should reduce the competition that has historically existed. In the past, for instance, CLA and IT--which exchange students a great deal--were seen as separate units. This structure coordinates their budgetary considerations and delegates what has been done, essentially by two people, to those who can concentrate more on what one might call clusters.

Once the processes have been developed for the 16 functional areas, what will be the processes for mediating between the processes of Facilities Management and Environmental Health and Safety (!). They have tried, at the staff level, to watch for those conflicts, Mr. Pfutzenreuter said, and bring them to the attention of the task force.

Without two provosts in place, what will happen this year? The existing vice presidents will perform the responsibilities, Mr. Pfutzenreuter said; this will be a transition year. Professor Gray thanked Mr. Pfutzenreuter for his presentation.

3. Agenda Items for the Year

Professor Gray then asked Committee members to identify topics of interest outside the normal business that would come to the Committee (e.g., the biennial request, the budget, and so on). She said she had notes from the retreat:

- What is U2000? Does the Committee wish to review it, or has it heard enough? It was suggested that newcomers may wish to hear more about it in depth; returning members would not. U2000 will continue to be on the agenda, it was noted, as strategic planning proceeds; new instructions on planning will be sent out shortly, something the Committee should consider. It was agreed that the Committee should focus on strategic planning issues for this year. Process issues may also come

- up again.
- When the formal biennial request goes to the legislature, the Committee will want to review it and the strategies associated with it.
 - There will be an institutional plan submitted to the legislature in December; the Committee will probably want to review it in advance.
 - The Committee could think about possible legislative issues, such as faculty workload. Another issue might be high tuition/high aid and possible creation of subsidies to the private college system; this will be a big issue at the legislature. The question is whether or not the Committee could have an impact on the debate. There will be a legislative report on the way the student aid program is operating, which should be ready for the session.
 - An update on CUFS.
 - The Subcommittee on Facilities Management will likely bring issues to the Committee.
 - Is cluster planning dead? Is it on anyone's agenda? Sans a burning desire on the part of a Committee member to hear about it, it will not be on the agenda.
 - What became of University College?
 - The balance between academic and non-academic expenditures. Other benchmarks, apart from those used with the legislature, would be related to internal resource allocation. Concerns continue to be expressed about the growth of administration, but there are no data on other universities, which would be informative. It was agreed that Mr. Berg will prepare information and conduct a seminar for the Committee. The discussion should include indirect instructional costs.
 - Tuition will be covered in part in the reports on student aid and a discussion of the high tuition/high aid policy.
 - Senior Vice President Infante discussed earlier with this Committee the possibility of substituting private support for tuition waivers for graduate students. It was unclear that was what Dr. Infante said, although it was reported that some private support may be sought, and the issue should be followed up.
 - Master plans are being developed for each campus, which will be discussed by the Facilities Management Subcommittee; a related issue is possible changes in instructional methods, organization, physical character and size of a campus. It was agreed that this entire set of issues would be taken up by the Subcommittee.

The Committee will hear, at its next meeting, about Piper Jaffray and the reserves and so on, Professor Gray reported. People assume the Committee is informed about it; it cannot recreate what has occurred, but it can inquire about how such plights will be avoided in the future and how bad it really was and why isn't the University suing them like everyone else?

Professor Gray, hearing no more suggestions, thanked everyone for coming and adjourned the meeting at 4:45.

-- Gary Engstrand

University of Minnesota