

Minutes*

**Senate Committee on Finance and Planning
June 2, 1992**

Present: Burton Shapiro (chair), Avner Ben-Ner, David Berg, Karen Geronime, Virginia Gray, Michael Hoey, Thomas Hoffmann, Craig Kissock, Fred Morrison, Jeff von Munkwitz-Smith, Irwin Rubenstein, Mary Sue Simmons, Charles Speaks

Guests: Senior Vice President Robert Erickson, Ken Janzen (Regents' Office)

1. Planning for Planning and Discussion with Senior Vice President Erickson

Planning: Professor Shapiro convened the meeting at 3:15 and turned to Senior Vice President Erickson to discuss the planning process. Mr. Erickson reported that the administration is still considering how to proceed; there have been a number of meetings and there are more to come. The intent is to have a small working group that can "kick ideas around"; once filled out, they would be brought to the Planning Council, a larger and more representative group. It is not yet clear if planning will proceed by collegiate unit, by vice presidential area, or by some other definition. However finally organized, it will begin in earnest in the Fall.

There has been much academic planning in the last five or ten years, Mr. Erickson emphasized, and the process should not reinvent the wheel. Rather, that work should be coupled with strategic planning, combined with the financial parameters of the University.

As for which groups will be involved, Mr. Erickson said there remain questions, but this Committee and the Faculty Consultative Committee would clearly be logical choices; there will certainly be financial elements to planning.

Mr. Erickson also reported that Mr. LaFontaine's position will be split in two, with one individual responsible for Administrative Information Services and another for budget and financial issues; there was too much involved in computing for one individual to handle both. A search committee, to be chaired by Assistant Vice President Markham and with representation from this Committee, will be appointed to fill the position with finance and budget responsibilities. He will take on the title of Controller himself, to emphasize his own responsibilities.

Mr. Erickson, in response to a question about whether or not the planning process will have an effect on the next biennial budget, said that information was also collected, during the most recent budget process, on the next biennium and on the "vision year," so that the changes the colleges and campuses want have been gathered. He also said he has never viewed academic and financial planning as separate; rather, they are on a continuum and both affect the overall plans. Biennial planning will not be separate from the planning process.

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The Committee will be presented proposals for the biennial request at one of its first meetings in the Fall; the request will probably be presented to the Board of Regents for information in October and for action in November.

It was suggested by one Committee member that much of the data collected by the administration may already be obsolete--even that collected in the most recent budget process. For example, the Reallocation plan may need to be rethought, because it was predicated on a university larger than the one that now exists. Mr. Erickson agreed and noted that the final years, especially, need to be re-examined, although the process must continue.

Faculty Salary Comparisons: Committee members briefly discussed comparison groups for faculty salaries; Mr. Berg reported that in response to Committee discussion about two years ago, his office surveyed the deans and department heads. The conclusions from the data were that the Big Ten is no longer the most appropriate group and that the AAU public institutions were the best group. Departments were asked three questions: which institutions made up their "aspiration" group, which do they compare themselves with for salary purposes, and which ones do they compete with for graduate students. It appeared that the AAU public institutions covered about 80% of those mentioned by the deans and department heads. No matter WHAT group one uses, Mr. Berg added, the University can readily make the case for salary increases in the next biennium.

2. Location of the Alumni Association

Professor Shapiro next reported on the discussion at the Faculty Consultative Committee about the location of the Alumni Association; at his recommendation, both FCC and this Committee are withdrawing from any further involvement in the matter. It appears to be a matter between the Association and the administration and not a subject appropriate for the governance system.

3. Implication of Gender Equity in Intercollegiate Athletics

Mr. Erickson was asked about the financial implications of the move to provide gender equity in athletics. There is much work in progress, he reported, and there is a committee working on the issues associated with gender equity. He said he may be more optimistic than some about the potential for achieving gender equity. At a minimum, the move this year to separate revenues from expenses, on the men's side, gets away from the notion that the department can spend its income.

This may also be the low point of the men's revenue stream, he observed, because football has done so poorly of late--and football is the largest contributor to the men's revenues. There may be an opportunity to increase football income, and thus make the general situation easier to deal with.

Mr. Erickson also reported that the budgets for the men's and women's programs on the Twin Cities campus are being prepared; they are also working on a plan for the near term. The intent, he affirmed, is that the budgets will be balanced. The women's department has State and central contributions which will be maintained; the men's program relies on its revenues, and will be balanced in addition to making a repayment on the outstanding debt. There will be a deficit in the budget of the men's program in the current year, because of the changes in personnel, but Mr. Erickson said he believes the department will turn around.

One Committee member observed that in a time of a shrinking institution, any additional funds provided to women's athletics means that money is cut from another part of the University. There must be a look at the revenues in athletics, it was said, because when the pie is growing, obtaining funds from the men's program or an increased State Special appropriation is acceptable. This Committee, in addition to the Assembly Committee on Intercollegiate Athletics, should discuss the possible trade-offs involved in asking the legislature for additional funds or in using central funds for athletics.

Mr. Erickson, without disagreeing, did observe that there is the potential for increased fund-raising from private sources; the amounts raised have declined from historical levels and the opportunity to increase these funds does exist. He also recalled for the Committee that the men's program at the Twin Cities is the only athletic program in the State that has no state support; all the athletic programs at the other campuses, and in the State University System, have state funds. For the most part, the men's program has been able to pay for itself, with the possible exception of some support for space expenses.

Asked if there is a contingency plan for continuing deficits, Mr. Erickson said such deficits would not be acceptable. The administration, given the men's revenue stream, is not prepared to accept anything less than balanced budgets.

Given that there are space costs, and that the actual costs of the men's program would be higher if there were full costing, one Committee member inquired if anyone has raised the serious questions: Are those costs worth it? Should athletics be shut down? Professor Shapiro responded that the President had told the ad hoc committee on athletics that he--the President--has learned that athletics are an integral part of major American universities, so the University will continue to have Division I athletics for the time being and will do all that is necessary to make them successful and self-supporting; if that does not work, Professor Shapiro recalled that the President said, then the questions will have to be considered.

This means, it was then argued, that no thought is being given to the hard questions. The character of the American university is changing, as is the metropolitan area for this University, and athletics may be a relic of the 1950s. It was noted, however, by another Committee member that if one could not get a majority of this Committee to support a policy requiring the athletic departments to reimburse the University for at least part of the costs of investigations of alleged rules violations, one is unlikely to obtain a majority favoring the elimination of athletics.

Mr. Erickson expressed considerable satisfaction at men's athletic director Dr. Boston's statements that the department WILL BE within budget; the question is not whether but how. To reduce costs generally, institutions must act in tandem, and both presidents and financial officers of the Big Ten schools are interested in dealing with the issues. The same thing is occurring in the NCAA. He agreed, however, that the question of "business as usual" and possible deficits in athletics would be a legitimate part of the strategic planning process.

He also noted that there had been a conscious decision made by the University to move forward in athletics, including the construction of new facilities, because it serves a major community-building function. This does not mean, however, that the question cannot be reconsidered in the future.

4. Agenda Items for 1992-93

The Committee next turned to the list of possible agenda items for 1992-93 that had been prepared by Professors Shapiro and Speaks. Several comments were made.

- The Committee, Mr. Erickson said, will be involved in consideration of the capital budgeting process next Fall. The questions of the debt service and the commitment of University funds for the foreseeable future and the funding for the maintenance of buildings loom large on the agenda. The growing debt service could either further degrade maintenance or could lead to identifying additional funds that would have to be freed up for such expenses (i.e., program cuts). Here, as in many other areas, financial circumstances have put the University in a position where it has no flexibility.
- The list of agenda items may bog the Committee down in such details that it fails to see the forest for the trees; the Committee must spend time on principles (in such areas as the budget, in tuition policy, on the implications of the notion of "every tub on its own bottom," etc.) Professor Shapiro suggested the Committee should do both.
- The list contains several items for the Subcommittee on Facilities Management, including revision of the Minnesota Facilities Model--something presently out of the hands of the Subcommittee. It isn't clear how this should be pursued. There are, further, still no faculty involved in major space allocation decisions; the Space Advisory Committee, chaired by Associate Vice President Kvavik, makes the decisions. It was suggested that Professor Speaks and Ms. Simmons should be "relentless" with central administration on discussing space decisions with the two committees--for the good both of the administration and the faculty. The Minnesota Facilities Model, it was said, was "a disaster"; there are almost invariably better decisions made when they arise from open discussion. Space is too dear to be the subject of purely administrative decisions.

(Another Committee member drew an analogy with the decision on health coverage, where had there been open discussion all along, it was said, the debacle at the end could have been avoided--but the faculty had no investment in the plan so felt free to shoot it down. The same thing, it was added, can be said about the planning process: if the faculty are not involved and have no investment in it, it will fail.)

Mr. Erickson agreed it would be appropriate to have Mr. Turner come in early to discuss the Minnesota Facilities Model with the Committee. He has said, he reminded the Committee, that it is imperative to have space charges implemented so that costs can be brought under control; in order not to rigidify existing unfairness, some sort of reference standard will have to be used, and it may be something like the Minnesota Facilities Model. This, he suggested, might well be the subject of discussion by the Committee this summer if it is willing to meet.

Asked about who would pay for the administration of a system of charging for space, Mr. Erickson said he did not expect that there would be a lot of costs associated with it.

- It was agreed that if the issue arose, the Committee should hear about the financial implications of a change from quarters to semesters (although it would NOT take up the substantive questions).
- Ms. Simmons informed the Committee that there may be continuing discussions of the steam plant issue, as the permitting process proceeds and as various groups exert pressure on the University. Mr. Erickson said the University has expected there will be extensive discussion during the two-year permitting process.

Mr. Erickson reported, in response to a question, that the decision about the \$10 million in the federal budget for the basic medical sciences building is in the hands of Defense Secretary Cheney.

5. Next Meetings

It was agreed that the Committee would meet on the call of the administration.

6. Other Business

It was agreed that the Committee would send a letter of thanks to Mr. LaFontaine for his help to the Committee during his tenure and to express appreciation for his service. It was also agreed that the minutes should record the appreciation for the leadership, devotion, dedication, and patience (with unreasonable demands by Committee members) of Professor Shapiro in his service as chair of the Committee. The Committee gave him a round of applause.

Professor Shapiro expressed his thanks and said it had been an enjoyable experience--and voiced his conviction that the Committee has been heard.

The meeting adjourned at 4:30.

-- Gary Engstrand