

Minutes*

**Senate Committee on Finance and Planning
January 26, 1993**

Present: Irwin Rubenstein (chair), Karen Geronime, Virginia Gray, Julie Idelkope, Karen Karni, Craig Kissock, Fred Morrison, Jeff von Munkwitz-Smith, Roger Paschke, Richard Pfitzenreuter, Jason Schmidt, Thomas Scott, Mary Sue Simmons

Guests: Senior Vice President Robert Erickson, Senior Vice President E. F. Infante, Patricia Kovel-Jarboe

1. The Consultative Process

Professor Rubenstein convened the meeting at 3:15 and began by soliciting the reaction of Committee members to the resolution passed by the Board of Regents concerning tuition. One Committee member had objected to the action because it had been taken without any consultation with this Committee; does this mean it is not important?

The issue is indeed important, Mr. Erickson assured the Committee, and pointed out that the President had already told the Faculty Consultative Committee that consultation should have taken place before the resolution was acted on. Anything related to the "three legs of the stool" of the budget under the University's control--tuition, programs cuts, and recognizing inflation (primarily in salary increases)--are important.

One concern is that the message to the legislature, it was said, is that the University would prefer to freeze salaries or lay off employees than impose tuition increases. If so, that is a unilateral administration position, and the Committee cannot be expected to support it. Mr. Erickson pointed out that there was substantial discussion at the Board of Regents, and the President said that any decisions will have to be evaluated in the context of legislative action; if there are cuts, the tuition issue will have to be revisited. There has been sentiment among Board members to hold tuition increases lower than has been the case in recent years, but the point is well taken, Mr. Erickson said, that anything which reduces flexibility in one "leg" of the budget increases pressure on the other two.

The resolution, said one Committee member, may be more worrisome than the administration believes. The President has said that if worse comes to worst, all elements of the budget--"legs of the stool"--will be considered, but this resolution impedes consideration of tuition. It is unfortunate to send the message that the University can manage itself with tuition increases kept down. The Board of Regents, it was suggested, should be asked to prop up the other two "legs"--and if they decline to do so, the Committee should know that as well.

It was unwise to ignore two of the major constituencies of the University (faculty and staff), it was argued by another Committee member, and bespeaks a failure of the consultation process. In general discussions about consultation, there should be certain things about which there is NO QUESTION there

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will be consultation; for example, tuition, program cuts, whether or not to recognize inflation, or any major new financial commitment, should be a matter of consultation for the Committee.

The student members of the Committee were asked their views; one faculty member said there are three elements of concern:

- The resolution orients financial decisions in one direction, but was apparently not seen as serious enough for consultation with established groups.
- The merits and timing of the resolution: If important decisions are to be made without consultation, then the Committee cannot be expected to acquiesce in the consequences of that decision.
- The issues are ones that engender sympathy, but need to be balanced--all aspects of University funding need to be considered rather than have one singled out for special treatment. Holding tuition to inflation is desirable, but perhaps not if it means layoffs or holding staff (parents of some students) to negative salary adjustments.

While this resolution by the Regents can be seen as prejudicial to the interests of University employees, action taken at another time without consultation could be disadvantageous to students.

Other Committee members expressed varying degrees of support for the opinions expressed. After modest additional discussion, it was moved, seconded, and unanimously voted "**to express the disappointment of the Committee to the President at the failure to consult with it before taking the tuition resolution to the Board of Regents for action.**"

2. Other Resolutions

It was agreed that the Committee would defer action on a resolution concerning faculty and staff salaries for two weeks.

The second proposed resolution, concerning integration of the budget process, the capital budget process, and the planning process, was adopted unanimously. Messrs. Erickson and Pfitzenreuter assured the Committee that it is the goal of the administration to merge the various processes into a single calendar.

3. The Planning Process

The Committee next turned again to the planning process. Professor Scott was asked if anything had developed since the Committee had last discussed the planning paper to suggest that it should be changed, he said there had not been. They have been collecting responses from a wide variety of groups; one suggestion that has been made is that the paper should be more direct and specific.

The major points of discussion included the following:

- The increased need, both locally and nationally, for new (variously termed applied/career-oriented/polytechnic) degrees as well as the need, also both locally and nationally, to consider what post-secondary education has been doing vis-a-vis the needs of society. One

point of the planning document is that the concept developed for the Crookston campus should also be available in the Twin Cities. A strong theme in this issue is that the University cannot provide these degrees alone; when funds are limited, and with the number of post-secondary institutions in the Twin Cities, they must be offered in collaboration with other parts of post-secondary education. It is to this point that the proposal by the University and the other systems was addressed last week.

- There have been occasional discussions about whether the University wants to be like Michigan or Berkeley or Wayne State; Professor Scott observed that the University of Minnesota will be the University of Minnesota--it has a unique role as a land-grant institution in a metropolitan area, but exists with other providers of post-secondary education--and it must carve out its role in that context.
- Strategic planning, Mr. Erickson said, must be driven by the academic side of the institution. He commented that he plays the role of devil's advocate, focusing on the process, and trying to make sure that important issues are addressed. He has been struck, he said, by the attention paid in the planning document to the "hows" (such as teaching) rather than the "whats" and "whos" (the market for the University's efforts; who should be taught). No process can ONLY consider the "whats" and "whos" and not the "hows"--one must, after all, manage the institution--but the questions of how should not be permitted to distract from attention to the "whats" and "whos." In terms of the latter, there must be an internal assessment of strengths and weaknesses and there must also be a review of the external factors affecting the University (external scanning). A related concern is that the University could fail to accurately identify its competitors, due to inappropriate scanning. He repeated his belief that with revolutions in communication and computing, there could be more changes in higher education in the next 20 years than in the previous three centuries, and these possible changes must be considered in the planning process.
- Should the planning process provide goals or directions, so the institution knows where it wants to be in five years? Should there be institution-wide goals? There is nothing in the planning paper which sets them out or provides a process to do so. Once these have been established, then the "hows" can be identified--who is responsible, how the goals will be obtained, and how they can be measured.
- The document rejects the "privatization" of the University, which is commendable, but there must be consideration of the extent to which the University will rely on the state subsidy and how much of that subsidy will be provided to each program. If the "outputs" of a program do not warrant large subsidization, then the University must ask if the funds should be redirected to other programs. This does not mean an "every tub on its own bottom" approach, but there must be conscious choices made.
- One Committee member made two points with respect to competitors. First, some institutions in the Twin Cities, with very astute management, are offering cheaper programs, at high tuition, and get some of the best students in them. They do not offer the more expensive programs (engineering, agriculture, the sciences). The University must decide how to respond to these challenges. Second, the college recruiting literature, from institutions in Minnesota, has--on informal observation--become more anti-University in recent years. Claims are made that even though the University is cheaper, it does not fulfill its promises and other institutions get the

student out in four years. The University needs to consider if it is delivering on its promises; if not, perhaps that is the reason it is having problems in the legislature and elsewhere.

- Assumptions in the planning document, Professor Scott agreed, are dependent in part on the sources of University funding; if those sources were to change (e.g., decreased state or research funds), then the planning assumptions would also change. State dollars fund the core of the University; if they decline, other assumptions must be re-examined. There is then the question of what makes up the core--teaching and research? If only teaching, must other activities fund themselves?

Examples provided by Michigan, Northwestern, and Wisconsin demonstrate that an institution can make conscious choices about funding strategies; at Minnesota, there has been a decline in state and federal support (the latter primarily because of cuts in the Extension service) and an increase in private support.

- One important "who" and "what" issue is undergraduate education on the Twin Cities campus, Professor Scott pointed out. The University's role has changed. It could now 1) expand to absorb the expected market demand, or 2) shrink/remain stable, and try to handle the increase through arrangements with other post-secondary institutions, or 3) let the state put additional funds into Metro State or some other non-university Twin Cities programs.

On a related point, it will be important for the governance committees to become involved in discussions about collaborative arrangements with Iowa and Wisconsin, if they are to be developed; such arrangements would have significant implications for how the faculty do their work. The "how" question becomes very important, it was observed, once the "who" and "what" decisions have been made.

- One Committee member said that the document appears to contain no statements about goals or directions. Professor Scott responded that there ARE statements that provide direction: that it is a land-grant institution, that it must remain a research university--a clear statement that the research mission will survive--and that the research and teaching missions are linked to state and social needs, economic and cultural. Those statements, he averred, can take one a long way in planning. One Committee member felt that these statements were not sufficiently detailed to provide a sense of what the direction or goals should be as an institution. In addition, the roles of each of the campuses must be considered; some of them are more clearly defined than others.

The role of the Twin Cities, with its many programs, is in part a combination of what each of its colleges and units want to do. A problem arises when the plans of those units are at cross purposes, which is why the process is iterative. The University sets directions and the colleges and units set directions. These may conflict, so there will need to be a mechanism for the resolution of the differences.

- One can ask if the external world is driving planning decisions or if the University is creating its own future. The discussions up to now suggest a shift to economic development, to the practical rather than the theoretical, to a service-orientation, to practical/technical education--all in response to perceived needs. Thinking in this vein means research should be practical and applied rather than theoretical. If this approach were adopted, the University would have lost its

sense of needing to explore the unknown, take risks, and go beyond the immediate demands of society.

Professor Scott responded that use of the term "research institution" means BASIC research. If the document seems to imply, incorrectly, that everything at the University will be applied, that point needs to be clarified. This university, along with the perhaps 20 - 30 others that are expected to survive, will be a center for basic research. The University, as a land-grant institution, will also be able to deliver research results to the community--in a way that gets it back to the original idea of the land-grant schools. The land-grant institution is essentially being reinvented; the original land-grant idea is being reconsidered in view of a changing environment.

- There is no clear mechanism by which units will have a "clear understanding of the context, parameters, and boundaries within which to plan and of the overall goals of the institution." This Committee, it was said, should evaluate proposals for a mechanism by which these issues will be addressed. Units cannot plan without an understanding of these issues, however, because the University is part of their external environment. Professor Scott agreed that the process has not been entirely fleshed out yet. It must also be pointed out that statements tend to overemphasize THIS planning process, when in fact planning is not starting from scratch. Nor will planning be accomplished in a year and result in a plan, with everyone given their marching orders. Rather, the objective of this planning effort is to make planning a regular part of University decision-making and link it more directly to resource allocation. The Committee, he assured it, would be involved in any major decisions; the "we" of the process includes the Regents, the President, the governance system, and the deans.

4. Discussion with Senior Vice President Infante

The Committee held an hour-long discussion with Dr. Infante about a variety of subjects related to the planning process. The topics discussed included:

- land-grant and research universities
- roles of the coordinate campuses in the University
- the role of the Twin Cities campus and the sustainability of a research university
- the relationship of the University with other institutions, especially in the Twin Cities
- the polytechnic degree, and educational markets to be served by different degree programs
- cooperation with other research universities, especially at post-baccalaureate levels
- distance education and the role of telecommunications

Dr. Infante told the Committee that the President, on his recommendation, has decided the University will accept the invitation of Professor Zemsky to join a national roundtable of institutions to talk about changes in higher education.

Dr. Infante also urged Committee members to contact him with their views on the planning issues.

The Committee adjourned at 5:30.

-- Gary Engstrand