

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
January 14, 1994**

Madam Chair, Ladies and Gentlemen of the Board, I'd like to begin by noting a good news story that some might have missed. The headlines read, "U students heed Peace Corps' call" and "U-W Madison, U of M produce most Peace Corps volunteers." With 236 volunteers over the last seven years, we are second only to Madison. At the moment, we have 44 University graduates serving in 36 countries, and it's predicted that 50 to 60 will be placed in the Peace Corps this year.

International education is a systemwide initiative, but credit for such a leadership record with Peace Corps service clearly goes to the students who care and the University people and programs who encourage international service and support those students. This is internationalism at the grassroots level, and I find it very encouraging.

• U 2000 and Resource Allocation Guidelines •

This morning's Board approval of a new Mission Statement and the University 2000 Strategic Vision/Directions Statement marks the end of a preliminary phase, but just the beginning of several years of hard work to redesign the University of Minnesota for the future.

Throughout the last several months, we have held **67** "U 2000 Conversations" with external stakeholders and perhaps **75** additional meetings on campus with internal groups—by any measure the most extensive consultation effort in my years at the University. We've continued to reshape the planning documents to clarify the strategic vision and reflect the advice we've solicited.

Stakeholder views on several aspects of U 2000 have been consistent throughout the past three months.

- They like the "Conversations" process and appreciate being asked for their advice and opinions.
- They like the University's recognition of the need for change and strategic planning that focuses the University mission.
- They like the emphasis on quality improvement and user-friendliness, and they regard such improvements in undergraduate education to be the most urgently needed.
- They continue to have many questions about access, diversity, and the "University College" concept, but as we have clarified the concept as a

delivery mechanism for better access and user-friendly services to part-time and non-traditional students, there has been growing understanding and support.

I will be receiving a complete report on the "Conversations" within the next few weeks, and it will be circulated immediately to the various planning groups responsible for the next phases of U 2000 planning.

- Instructions for Collegiate Planning have now been distributed.
- Instructions for Cluster Planning and Support Unit Planning will be distributed within the next week or so.

The Resource Allocation Guidelines also approved by the Board this morning (reprinted below in the form adopted by the Board) represent an essential next step toward the University of Minnesota that we envision by the year 2000. These guidelines set the groundrules for next year's budget. They make it clear that the decisions will continue to implement such earlier plans as the "Undergraduate Initiative" of 1990 and the \$58 million "Restructuring and Reallocation Plan" of 1991, while also taking into account the emerging plans that represent "University 2000."

The Resource Allocation Guidelines are established to guide budget preparation; they do not represent final budget decisions. The Guidelines were presented this year in December and January, as opposed to May and June in previous years. The final budget recommendations will, in turn, be presented in April and May, for review and action respectively, as compared with June and July in previous years.

The principles can be summarized as follows—with the change from a 5% to a 3% average tuition increase target *per* the Board's action:

1. The allocation of financial resources will be directed to programs and activities that support the accomplishment of institutional strategic directions in five major areas **(1) research, (2) graduate and professional education, (3) undergraduate education, (4) outreach and access to the University, and (5) a user-friendly University community.**
2. The University will allocate \$19,313,000 for salary increases and \$3,900,000 for non-salary inflationary increases from the operations and maintenance fund. Pending contract negotiations, the budget presented to the Board of Regents will allocate funds for salary and benefit cost increases. The salary and benefit adjustment principle will apply to all programs and activities of the University regardless of fund source.
3. The University will establish a strategic investment pool amounting to \$8,500,000, in addition to the \$3,582,500 proposed in the current Restructuring and Reallocation Plan, for the purpose of advancing the

institutional strategic plan. The strategic decisions embodied in the Restructuring and Reallocation Plan of 1991 will continue to be implemented for fiscal year 1995, the fourth year of the five-year plan.

4. Revenue increases resulting from changes in tuition rates will average 3%, separate from enrollment changes. Tuition increases above the projected rate of inflation will be strictly targeted for quality improvements that affect students, including but not limited to the availability of classes, instructional equipment, student services, facilities, libraries, and curriculum and teaching innovations.
5. The allocation of resources shall consider the financial and programmatic consequences of the historical under investment in infrastructure, including such areas as facilities operation and maintenance, accessibility, staff enrichment and development, libraries, telecommunications, and computing.
6. The allocation of resources from central reserves shall ensure a reasonable financial reserve necessary to protect the University from fluctuations in overall revenues and to provide funds for unforeseen financial needs.
7. The University will fully honor all of its contractual commitments.
8. The fiscal year 1995 operating budget presented to the Board of Regents for review in April 1994 and final approval in May 1994 will include revenue and expenditure budgets for all current, non-sponsored funds as well as projected expenditures for current, sponsored funds.

Approved by the Board of Regents - January 14, 1994

• Meeting with Secretary of Education Richard Riley •

On January 5, as Chairman-Elect of the National Association of State Universities and Land-Grant Colleges (NASULGC), I was a member of a delegation of national higher education association members and representatives who met with U. S. Education Secretary Richard Riley and members of his staff.

The meeting was opened on our behalf by Robert Atwell, President of the American Council on Education—and a University of Minnesota alumnus. I am grateful to him and to our friend Peter Magrath, now the President of NASULGC, for their fine leadership in setting up this meeting—and for setting the cooperative tone of the meeting.

Our purpose was to discuss draft regulations to implement the provisions of Part H of the Higher Education Amendments of 1992. Part H has three subparts, described as the "Program Integrity Triad," and the Department of

Education's proposed regulations have produced considerable controversy—controversy that we hoped to avoid or at least minimize through our discussions with Secretary Riley.

In a nutshell, the three initiatives of the "triad" were intended by Congress to address problems in federal student financial aid—high default rates on student loans, questionable academic standards and practices by schools more interested in recruiting students—and their federal student aid money—than providing higher education, and campus irresponsibility in administering federal financial aid programs. The "triad's" three initiatives are:

1. the establishment of a State Postsecondary Review Program, in which State Program Review Entities (SPRE) such as our Minnesota Higher Education Coordinating Board would have the authority to review programs when any one of 11 "trigger" conditions exists;
2. explicit federal regulation, for the first time, of accreditation associations; and
3. a new federal eligibility and certification process to be used by the Secretary to determine whether an institution meets the eligibility requirements and has the administrative capacity and financial responsibility to administer the Student Financial Aid program.

Our delegation made it clear to Secretary Riley that we fully understand and support the intent of the Congress as written into the Higher Education Amendments of 1992. All of higher education suffers from the loss of public confidence when fly-by-night organizations siphon off students and student financial aid dollars. We know there were loopholes in earlier law that allowed—even seemed to encourage—some highly questionable programs and practices.

Without going into the details, the Department of Education's development of the implementing regulations reflected a fairly familiar problem; to deal with problems with a comparatively few institutions, they drafted regulations that would impose elaborate, time-consuming, and expensive processes and paperwork upon all institutions. It's like tax law; to close a one-line loophole used by a few, write a book that's required reading for all. It's an old problem—and not an insurmountable one. Before the regulations are final, we have the opportunity to seek changes that would impose less onerous administrative processes, and our January 5 meeting was part of that process.

Our concerns go beyond simple regulatory overkill. Some of the draft regulations exceed the statutory authority of the Secretary of Education through the unilateral imposition of federal standards on accrediting agencies. They place undue and extremely costly burdens on accrediting associations and through them, on institutions. The regulations require duplication of effort among accreditation agencies, state governments, and the federal government

by failing to distinguish among the roles of the different parties. They fail to distinguish between public and private information. And, they may contribute to a proliferation of accrediting agencies and weaken the quality of institutional accreditation.

We were able to discuss these extensively with the Secretary. It was clear that he understood both our support for the "Program Integrity Triad" and our specific problems with the draft regulations. I believe that we helped open the way for higher education representatives to work cooperatively with the Secretary's staff to fine-tune mutually acceptable regulations.

• Equity in Land Grant Status Act of 1993 •

On another national issue, I have publicly committed my support of the "Equity in Land Grant Status Act of 1993," a bill in Congress that would provide land grant status and a \$23 million endowment to 28 tribal colleges in the country. I was pleased that NASULGC acted in September to support a good bill and has begun to testify in its behalf before Congressional committees.

For my part, I am also committed to seeking full and active support from the Minnesota Congressional Delegation, because Fond Du Lac Community College and Leech Lake Tribal College would be included.

To be sure, the federal funding would be enormously helpful to all of the 28 member colleges in the American Indian Higher Education Consortium. But perhaps even more important, over the long run, will be the avenues of cooperation and communication that will be opened among that consortium's members and the members of NASULGC. Over the many years that I have been associated with NASULGC, I've seen the results of interinstitutional cooperation among that association's member colleges and universities, ranging from the largest research universities to the smallest of the historically black colleges. The potential involvement of the tribal colleges would promote, on a national basis, the kinds of communication and cooperation that we are building here in Minnesota.

• Project Grow •

Project Grow is an independent program that is closely associated with the Minnesota Extension Service. It's a cooperative effort that is not directly related to land grant status for tribal colleges, but it does serve as a model of cooperation that is producing real results at the community level on several of Minnesota's Indian reservations.

Project Grow encourages self-help, improved nutrition and health, and economic development through community and youth education and extension directed toward better use of reservation land resources to produce vegetables and fruits. It started in 1991 as a pilot program on the Fond du Lac Reservation that developed 35 family gardens. Success spurred expansion, and last year

there were 770 family gardens on the Fond du Lac, Red Lake, White Earth, and Leech Lake Reservations. Next year will see further expansion on these and other reservations.

This is more than a family garden program. It's also a community building program that engages the University, the tribal schools, colleges, and agencies, and state and federal agencies. There is a coordinated nutrition and health education effort. And there are intriguing new economic development ideas, including commercial production of cranberries, native seeds, herbs and spices for fragrances, small livestock management, peat moss, and wild berries and flowers.

The University's involvement with Project Grow is coordinated by Jim Sutherland and includes faculty and staff from MES and its county offices, the College of Agriculture, the College of Human Ecology, and UMD Indian Services.

• Contract with Minnesota Supercomputer Center, Inc. •

I am pleased to report that the group I asked to review the University's contract with Minnesota Supercomputer Center (MSC) completed their work by the end of December. The group included MSC Board Chair Steve Pflaum, MSC executives Bob Williams and Craig Norman, Minnesota Supercomputer Institute (MSI) Director Don Truhlar, MSI Fellows Jan Almlof and Tom Jones, Vice President Anne Petersen, and Senior Vice President Bob Erickson. The entire group met at least nine times, and the MSC and MSI representatives held a number of additional meetings to work through details. I'm grateful to those named for their constructive work.

The result is a more specific contract that required compromises from both MSC and MSI, providing acceptable baseline high performance computing services for the University, with the understanding that we are likely to benefit from supercomputer time that is not contracted for by commercial entities. In more general terms, this contract clarification process has initiated a new commitment to an effective partnership between the Minnesota Supercomputer Center and the University.

• Capital Bonding Priorities •

As we approach the 1994 legislative session, I want to reiterate the University's priorities for 1994 bonding requests and comment upon our responses to other opportunities that may arise.

Our 1994 bonding request to the Governor and the legislature, which the Board of Regents approved last summer, is consistent with the Capital Budget Plan. The bonding request includes, in priority order:

1. \$20 million for Health and Safety;
2. \$20 million for Deferred Maintenance;
3. \$41,286, 000 for a new Library Archives and Overflow Storage Center;
4. \$25 million for a new Carlson School of Management Facility; and
5. \$1.2 million for Property Assessments.

Other high priority projects in our Capital Budget Plan are being actively supported by constituency groups that are already contacting legislators. At this time, the lobbying efforts of the University are directed exclusively to the five priorities approved by the board. Our private fund-raising is coordinated and targeted to the CSOM project, and that must continue until the CSOM fund-raising is completed.

Recognizing, however, that the political climate for capital requests may change and afford opportunities for amendments to our bonding request, we are investigating the availability of funds, from private fund-raising and other revenues, that could be used to meet the 1/3 debt service obligations for other projects identified as high priorities in the Capital Budget Plan.

Throughout all of our lobbying activities and contingency planning, we will adhere to the Capital Budget Plan and the formal actions of the Board of Regents.

• Supplemental Legislative Request •

The more positive state revenue forecast has already begun to generate more proposals for state funding—and more proposals for tax relief. At the current time, we have not been informed by either the Governor or the legislative leadership that supplementary budget requests will be entertained in the 1994 legislative session. Should there be such an opportunity, I believe that the University of Minnesota—through restructuring and reallocation, budget restraint, and the tough decisions of planning—has earned the right to submit a proposal.

The proposal that I would recommend would be one that helps us to further accelerate the improvements in our students' experience that we began with the Undergraduate Initiative in 1990 and are continuing in "University 2000." I believe we can and should be ready to offer such a supplementary budget proposal. I believe that it should be a matching proposal—state funds matched by University reallocations—and that it should be aimed primarily at jump-starting the U2000 initiatives to further enhance the student experience.

Pending further information from the state, and further discussion with this Board, I have asked Senior Vice President Infante to develop a draft request along these lines.

• Diversity in the Work Place •

Diversity in the Work Place, the annual report from the Office of Equal Opportunity and Affirmative Action, the Office of Personnel, and the Office of the Associate Vice President for Academic Affairs, offers both encouraging and sobering measures of progress.

In 1990, the University adopted a set of diversity goals that included doubling the annual number of minority faculty hires by 1993-94, using 1988-89 as the base year, when there were 18 new minority faculty hires. For 1993-94, that annual goal is 36. Expressed as a cumulative, five-year goal, we should reach a total of 144 new hires by October, 1994. To date, the total is 129, indicating that we should be able to meet and exceed that particular, stated goal.

However, that goal—as stated—was incomplete. When the retention of faculty members of color is factored in, we have made less progress. Over the last five years, we have hired 147 tenured or tenure track faculty members of color (18 in 1988-89 plus 129 since), but 82 have left the University, resulting in a net gain of 65. The total number of minority faculty members was 212 in October, 1988, compared to 277 in October, 1993. To the extent that minority faculty members left the University simply because of better offers, that's business as usual. To the extent they left because of problems with our work place environment, it's a compelling argument that "business as usual" has to change. We cannot build the faculty talent pool for the diverse faculty we need in the future if we continue to lose faculty members of color—especially during the early years of their academic careers.

Our 1990 diversity goals did not include specific goals for civil service or professional and administrative (P&A) staff; nor did they include goals for women in any of our employment classifications. For all of these, a different employment goal process—required by the State of Minnesota and the U. S. Department of Labor—establishes annual goals and determines the number of employees, by category, needed to meet the EEO goals. *Diversity in the Work Place* reports on these as follows:

	Numbers Needed to Meet EEO Goals	
	1988-89	1992-93
Faculty of Color	197	146
Women Faculty	298	294
P&A of Color	66	84*
Women P&A	85	44
Civil Service of Color	334	130
Women Civil Service	464	179

* The actual number of P&A employees of color increased by 80, but the goal increased over the same period.

• Black Coaches Association •

I believe that the Black Coaches Association has defined a very important agenda and that the NCAA needs to address that agenda. It's not just a matter of athletes, but of the participation of minority students in all of higher education. It is very important that we maintain high standards, but we must do everything in our power to make sure that talented students from all backgrounds and with diverse talents participate in higher education.

The "reform agenda" of the NCAA Presidents' Commission is critical to the future of intercollegiate athletics in this country. Hard-won reform steps should not be modified without very serious consideration. On the other hand, in much the same way that government agencies can fall into regulatory overkill—as I mentioned earlier in this month's report—the NCAA has sometimes passed rules that turned out to have unintended effects. We do have to be willing to watch for that—and to make adjustments where adjustments are needed.

• Personnel Searches •

Vice President for External Relations

The closing date for applications and nominations for the position of Vice President for External Relations was Wednesday, January 12. By the day before the deadline, the search committee had received 212 completed applications and 29 nominations. College of Education Dean Robert Bruininks, who chairs the committee, assures me that the committee will be able to bring forward a slate of highly qualified candidates.

Provost for Health Sciences

Today is the closing date for applications, and as of yesterday there were 60 completed applications. The search committee plans to meet next week to select candidates to be interviewed, and the expectation is that they will submit their recommended slate of candidates to me by February 15.

Dean of the Medical School

This search committee has just been appointed and is chaired by Dr. Ashley Haase, Head of the Department of Microbiology. They have not yet determined the final deadline for applications and nominations, but they are working toward a final report to me by March 30.

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**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
February 11, 1994**

Madam Chair, Ladies and Gentlemen of the Board, since your meeting in January, it has turned out to be an extraordinarily good month for planning the future of the University of Minnesota and Minnesota higher education in general.

Your approval of *University 2000 Mission, Vision, Strategic Directions, and Performance* has been endorsed and reinforced by some of the University's best friends, the Trustees of the University of Minnesota Foundation and 21 former national presidents of the Minnesota Alumni Association.

The *Final Report of the Minnesota Task Force on Post-Secondary Funding* has been published, as has the *Report of the Minnesota Financial Aid Task Force*.

The Governor has issued his *Minnesota Strategic Capital Budget Plan, 1994-1999*.

These are all separate processes and separate documents, and yet, there is much in common—much to encourage cooperative and coherent long-range planning.

• University of Minnesota Foundation Resolution •

On Wednesday, February 9, the Trustees of the University of Minnesota Foundation approved a resolution "...that the Trustees of the University of Minnesota Foundation hereby:

- Express their enthusiastic endorsement for the mission, vision and strategic directions stated in the "University 2000" document;
- Express their belief and confidence that the key features of University 2000 will help motivate donors and prospective donors to be more inclined to support the University of Minnesota in the years ahead;
- Rededicate themselves to seeking increased levels of private gift support to benefit the University of Minnesota; and
- Call upon all Minnesotans, University alumni, and all citizens and institutions that care deeply for the future quality and vitality of the state and region to come together as advocates, volunteers and donors in support of this great land grant research institution of higher learning, the University of Minnesota."

This is important and most gratifying support. It goes beyond agreeing with our directions; it challenges Trustees—and others—to get even more involved in advocacy and voluntary support.

A full copy of the *Resolution in Support of University 2000* is appended to my report.

• MAA Presidents' Letter •

About two weeks ago, through the efforts of John D. French, 1991-92 National President of the Minnesota Alumni Association, a letter of support for University 2000 from 21 former national presidents of MAA was printed in the Sunday Star Tribune. Like the Foundation Trustees, these distinguished community leaders expressed both support for our directions and a challenge for advocacy.

The letter, plus the list of signatories, is also appended.

• University 2000 Conversations •

The "Final Summary of University 2000 Conversations with Minnesota" has just been completed, reporting on 68 sessions with University stakeholders. I am appending a brief section of the report that provides the comments, observations, and suggestions of the twelve facilitators from the Minnesota Extension Service who contributed so much to keeping those conversations on track.

It is accurate to call this a "final summary" of those 68 sessions, but I hasten to add that the "conversations with Minnesota" are by no means over.

One of the clearest messages of the "U-2000 Conversations" has been that more conversations with stakeholders are welcomed—in fact, doubly welcomed. Stakeholders and University participants alike are eager for more interaction, and one way or another, we will continue to be in touch. Calendars will not allow as many face-to-face meetings as we've had in the past four months, so we'll have to rely more on written materials.

We have printed and distributed the booklet, *University 2000*, which includes *Mission, Vision, Strategic Directions, and Performance* • *Institutional Strategic Financial Issues* • *Strategic Planning Process*.

A shorter brochure, entitled *University 2000: A Road Map to the 21st Century*, will be ready shortly for use during the legislative session. Later, as strategic planning efforts develop further details, we will continue to share those with stakeholders. I know it will be difficult to draw precise lines from specific conversations to specific plans, but I am convinced that we must be able to demonstrate to stakeholders that we have, indeed, been listening.

• Minnesota Task Force on Post-Secondary Funding •

The *Final Report of the Minnesota Task Force on Post-Secondary Funding* concludes a two-year effort that was authorized by the 1991 Legislature. The Task Force was chaired by President Darrell W. Krueger of Winona State University, and the University was represented by David J. Berg, Assistant to the President and Director, Management Planning and Information Services.

I won't try to explain the technicalities of the Task Force's proposed alternative to the "Average Cost Funding" system that has been in place for the last ten years. I will say that the recommendations for appropriating base budgets and inflation-related increases, for keeping—and funding—the state's tuition policy, and for encouraging performance criteria for current programs and new initiatives are all consistent with our own plans. The Task Force's recommendations, if approved by the Legislature, will allow the "renegotiation of our contract with the state" that we have been talking about for the last year.

• Financial Aid Task Force •

On February 1, the *Report of the Minnesota Financial Aid Task Force* was submitted to the Minnesota Legislature and the Governor. This task force was authorized by the 1993 Legislature, charged "to study and make recommendations on Minnesota's system of financial aid, focusing particularly on the state grant program..." The task force was chaired by Mr. Humphrey Doermann, President of the Bush Foundation, and its membership included Professor John Brandl of the Hubert H. Humphrey Institute of Public Affairs and J. Peter Zetterberg, Associate Vice President for Arts, Sciences, and Engineering.

At yesterday's meeting of the Committee of the Whole, Minnesota's higher education leadership issued the following joint statement:

"The State Financial Aid Task Force has issued a fundamental challenge that cuts through the often mind-boggling complexities to focus our attention where it is needed most – Minnesota's students who have the least financial resources.

We join the Task Force in reaffirming the Minnesota Legislature's historic statements of purpose for our need-based state grant program. We share the Task Force's concern that state and federal grant programs have not been able to keep pace with the real needs of the lowest income, economically most disadvantaged students. And, we endorse the Task Force recommendation that changes should be made in the operation of the state grant program to improve grant stipend treatment for qualified students of very low income.

We applaud the Task Force's efforts. We realize that its recommendations have intentionally taken a narrow focus and thus provide only a partial improvement. Some major obstacles to higher education for low income students remain.

It is our hope that the Legislature will continue to study this problem and develop further improvements. We will contribute our energy to further analysis and problem solving in concert with the Legislature. As the Task Force's recommendations make their way through the legislative deliberations this spring, we hope that the clarity of the Task Force's focus on the lowest income students will ensure equally clear and focused results. Our state simply cannot afford to lose the talents of students whose only barrier to higher education is their economic status."

Geraldine Evans, Chancellor,
Minnesota Community Colleges

Nils Hasselmo, President,
University of Minnesota

Terrence MacTaggart, Chancellor,
Minnesota State Universities

Carole Johnson, Chancellor,
Minnesota Technical Colleges

David Laird, President,
Minnesota Private College Council

Jay Noren, Chancellor,
Minnesota State Colleges and
Universities

• Minnesota Strategic Capital Budget Plan, 1994-1999 •

The Governor's Capital Budget Plan is encouraging in two major ways. First, it is a six-year capital plan structured very much like our own; there has been, in fact, considerable consultation between the University and the Executive Branch as the two planning systems developed. Second, the Governor has recommended that the 1993 Legislature approve \$101,148,000 for University capital projects, the largest dollar amount ever recommended for us by a Governor:

Health and Safety	\$15,000,000
Assessments	1,273,000
Facility Renewal	20,000,000
Carlson School of Management	25,000,000
Mechanical Engineering	13,712,000
Archival Research Facility (Planning)	2,700,000
Information Services Planning	1,000,000
Architecture Bldg Renovation	22,463,000

Comparing the University's requests to the Governor's recommendation can be somewhat difficult, mainly because the groundrules for submitting bonding requests have shifted, and our formal requests have changed accordingly. Our formal request, approved by the Board of Regents in June, 1993, and amended (to change the amount of the Archives request) in September, 1993, totaled \$107,506,000 in state bonding and included:

Health and Safety	\$20,000,000
Deferred Maintenance	20,000,000
Archives Facility	41,286,000
Carlson School of Management	45,000,000 (\$25M state bonding)
Assessments	1,220,000

Our requests have been grounded in our continuing analyses of capital improvement needs, prior Board actions, and prior legislative appropriations. These are now incorporated in our six-year capital plan. All of the projects recommended by the Governor are projects that are in our six-year capital plan as part of a prioritized list.

The Governor has made his own recommendations on priority, timing, and sources of funding. There are obvious differences with the Board's assumptions on priority, timing, and funding sources. The Legislature will have its own views on these, and through the legislative process we will work out some form of compromise resolution.

In order not to exceed our debt capacity, we avoided requesting 1994 appropriations for projects that would require one-third of the debt service from the University.

We proposed full state funding of Archives Facility in 1994; the Governor proposes planning funds in 1994, construction in 1996, with the University responsible for one-third of the debt service.

We proposed 1996 funding of Mechanical Engineering and Architecture; the Governor recommends 1994 funding, with the University responsible for one-third of the debt service.

The Governor has recommended funding for the Carlson School of Management as we requested it—\$25,000,000 in state bonding, with the University responsible for raising another \$20,000,000 from non-state sources. This week, with the announcement of Honeywell's generous gift of \$ 700,000, 3M's gift of \$1,000,000, Curt Carlson's extraordinary lead gift of \$10,000,000, and other gifts, we have raised approximately \$13,000,000. It is very important to emphasize that our first priority for capital project fundraising is the Carlson School; it must remain our top priority until we reach the goal.

Given the Governor's recommendations, that means that we must investigate very carefully:

- the timing implications of not getting construction money for the Archives facility until 1996 and the debt capacity implications if we cannot convince the legislature that the state should cover debt service;
- the possibility of raising funds to cover one-third of the debt service for Mechanical Engineering and Architecture—again, after completing the fund-raising for the Carlson School.

• Supplemental Legislative Request •

The 1994 legislative session is not an operating budget session, but we have proposed, as noted in the February 7, 1994, letter to the Board from Senior Vice Presidents Erickson and Infante, a supplemental budget request for Fiscal

Year 1995. The request is for one-time appropriations that would allow progress on the development of our educational and support infrastructures, the development of a user-friendly community, and ongoing funding of a few programs of compelling state-wide nature. The request includes:

A.	Student Services and Campus Development	\$6,231,000
B.	Educational Equipment and Technology	\$7,200,000
C.	Improving Library Resources	\$1,375,000
D.	Program Funding - Ongoing	<u>\$1,650,000</u>
	Total	\$16,456,000

• UMC Report •

Chancellor Don Sargeant's report yesterday was a clear indication that the reorganization of the curriculum on the Crookston campus is already showing very positive results. Their increased enrollment, their tremendous progress in incorporating the use of technology throughout the campus, both in and out of the classroom, and their continued progress in developing partnerships with other higher education institutions, along with their strategic plan's measurement points or benchmarks, are an example of what the University 2000 planning process is all about.

• Report on Research and Postbaccalaureate Education •

Under the leadership of Anne Petersen, Vice President for Research and Dean of the Graduate School, the Strategic Planning Committee for Research and Postbaccalaureate Education, has issued its report, *Enhancing Research Effectiveness: The Foundation of Learning and Teaching in the 21st Century*.

This report is comprehensive and timely. A decade ago, the University's efforts to improve the quality of graduate education and research were primarily inspired, defined, and set in motion by four important task forces:

- *Computation, Communication, and Information* (Carl Adams, chair)
- *Higher Education and the Economy of the State* (David Lilly, chair)
- *Facilitating the Scholarly Activities of the Faculty* (Jack Merwin, chair)
- *Graduate Education and Research* (Robert Holt, chair)

Over ten years, the initiatives, investments, and policies recommended by those task forces have contributed much to maintaining the University's stature in research and graduate education. It was time, however, to reassess the external and internal environments for research and postbaccalaureate education, to measure the quality of programs, and to redefine the agenda for programs and their evaluation in the future. This report provides benchmarks and guidance to implement University 2000 and to take us well into the next decade.

• Report on Community Building •

Virtually all colleges and universities—large or small, public or private—face serious challenges to their "sense of community." If nothing else—and, of course, there are many other factors—the electronic and telecommunications revolution can be imagined to undermine sense of community, in favor of cocooned, isolated computer users, interacting only through their keyboards.

Most of higher education faces more immediate forces undermining community, notably perceived disciplinary boundaries, many varieties of often competitive interest groups, no shortage of distractions to the academic life, and altogether too little tolerance and civility among individuals and groups. These are not just University of Minnesota problems, but for the Twin Cities campus, our size, complexity, and location all complicate the community-building challenges, as does our recent history of substantial institutional change.

The Office of the Vice President for Student Affairs started the University Community Building Project in 1992. Under the leadership of Vice President Marvalene Hughes, that pioneering effort has continued and grown as a model for higher education, featuring systematic coordination with University 2000 planning, recognition that effective community-building covers a very wide range of activities and responsibilities, and a commitment to rigorous research and assessment.

In short, given the University 2000 strategic directions, especially improved undergraduate education, outreach and access to the University, and user-friendliness, the University Community Building Project is the right effort in the right place at the right time. Its own strategic initiatives fit right into the implementation of University 2000.

• External Review of Minnesota Supercomputer Center, Inc. •

I am very pleased to report that another external review has reaffirmed the value of the Minnesota Supercomputer Center, Inc., both as the provider of supercomputing services to the University of Minnesota Supercomputer Institute, and as a productive investment for Minnesota's economy.

This review, conducted by KPMG Peat Marwick Management Consultants, has confirmed that the University's investment in MSCI provides supercomputer access to University of Minnesota and other faculty members at consistently lower costs than are charged to MSCI's commercial customers and at costs that compare favorably with those charged to university faculty by other supercomputing centers. The University's investment in MSCI does not subsidize commercial customers.

Second, the Peat Marwick review provides documentation that the University's \$8 million annual investment in MSCI yields more than the \$8 million in supercomputing services to the University. In terms of general economic

impact, using industry-specific "multiplier effects," that \$8 million yields \$20 million in annual economic impact, plus 334 workers (who pay \$1 million a year in taxes). And these measures do not capture the potential impact of the knowledge gained or the knowledge shared with faculty colleagues, graduate and undergraduate students, or industry.

The review confirms that the Supercomputer Center and the Supercomputer Institute serve as magnets for research dollars and research personnel, as well as new teaching and training resources. More than \$130 million in federal research projects have been attracted in the past four years.

The Peat Marwick review also reaffirms that relationships must be improved between the Supercomputer Center and the Supercomputer Institute, recognizing as well that efforts to that end are already under way.

• Accreditation Reform - NPB, HEIA •

Last month I reported to you on my meeting with higher education representatives and U. S. Education Secretary Richard Riley. One of the key issues we discussed was the growing intrusion of the federal government in the accreditation process. For nearly 100 years, college and university accreditation has been a voluntary, peer review system, designed to assure the quality and integrity of higher education institutions. The system is organized around six regional associations—ours is the North Central Association of Schools and Colleges—and the regional associations carry out accreditation through a total of nine accrediting commissions that deal with different types of institutions.

Despite generally similar processes, there are many differences in specific policies and practices. That's been a problem for the federal government, since accreditation is a requirement for participation in federal student financial aid programs. As the government has tried to combat fraud and abuse and reduce student loan defaults, more pressure has been put on the accreditation associations to take on new responsibilities, especially federal policy enforcement.

There is encouraging progress toward working out solutions. In late January, a new organization called the National Policy Board on Higher Education Institutional Accreditation met in Tucson to lay out an agenda for setting core standards and developing a permanent national organization. Its purposes are:

- To insure the public accountability of accreditation and to hold accrediting agencies responsible for their standards and procedures;
- To serve as an advocate for self-regulation before the federal government and with the general public;
- To sponsor research and development projects; and

- To help coordinate and integrate activities of the higher education community on accreditation issues.

C. Peter Magrath, President of the National Association of State Universities and Land-Grant Colleges (and former President of the University of Minnesota) is a member of the National Policy Board, and as Chair-Elect, then Chair, of NASULGC, I will be working closely with Peter on these matters.

• NCAA Convention and Big Ten Meetings•

My report to the Faculty and Staff Affairs Committee yesterday is appended.

• Siehl Prizes for Excellence in Agriculture •

To conclude my report on a high note, the first three winners of the University of Minnesota's newly established Eldon R. Siehl Prize for Excellence in Agriculture were announced Monday. At the award ceremony on March 17, Siehl Prizes of \$50,000 each and the Siehl Prize sculpture, created by Professor Thomas Rose of the Department of Art, CLA, will be presented to:

Mr. Aldrich Bloomquist, a consultant for American Crystal Sugar from Moorhead, Minnesota, who helped form America's first sugar-beet cooperative, which virtually saved the sugar beet industry in the Red River Valley;

Mr. Bert Enestvedt, a farmer from Sacred Heart, Minnesota, who specializes in certified seed production (corn, soybeans, wheat, and oats) and was honored by the Agricultural Experiment Station's 1991 release of a soybean variety named "BERT;" and

Professor Emeritus William E. Larson, who headed the University's Soil Science Department from 1982 to 1989 and was particularly known for his championing of conservation tillage techniques.

Appended:

**Resolution in Support of University 2000, Board of Trustees, U of M Foundation
Letter to the Editor, Star Tribune, from 21 former National Presidents of the
Minnesota Alumni Association
Final Summary, University 2000 Conversations with Minnesota
Report on NCAA Convention and Big Ten Meetings**

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**RESOLUTION
IN SUPPORT OF UNIVERSITY 2000**

**Approved by the Board of Trustees
February 9, 1994**

RESOLUTION IN SUPPORT OF UNIVERSITY 2000

WHEREAS, the Regents of the University of Minnesota on January 14, 1994, approved a mission statement for the University and the U2000 vision and strategic directions in a document entitled "University 2000," which establishes the guiding principles by which specific strategic plans will be developed to reform, revitalize and refocus the University as it enters the Twenty-first Century; and

WHEREAS, University 2000 places high importance on a strengthened commitment to quality -- of students, faculty, facilities, campuses and administrative support units; and

WHEREAS, University 2000 emphasizes the importance of preparing students for a more complex, technologically-based, globally-oriented and diverse world; and

WHEREAS, University 2000 recognizes the primacy of students and the quality of the student experience -- from recruiting, admissions, and the availability of financial aid to deserving and needy undergraduates, to superb teachers and learning environments, to increased on-campus housing, a safer campus environment, and a heightened sense of community, to increased involvement with and understanding of diverse cultures and people, to improved counseling, registration, and other support services for full-time, part-time, and non-traditional students, to committing the University to becoming more user-friendly; and

WHEREAS, University 2000 seeks to expand partnerships both within the University through interdisciplinary and other integrative programs that foster more flexibility and creativity among students and faculty and have resulted in so many research advances and discoveries as well as external public-private partnerships and partnerships with other educational institutions to achieve optimal implementation of its strategic plans; and

WHEREAS, the University of Minnesota Foundation has already experienced success in securing increased private gifts for programs and themes prioritized in University 2000, such as scholarship gifts for students, which have increased from \$4.4 million in 1990 to \$9.2 million in 1991, \$14.7 million in 1992, and \$11.2 million in 1993; and with an increase in the market value of University of Minnesota Foundation endowments for scholarships from \$28 million in 1990 to \$58 million in 1993; and

WHEREAS, the University of Minnesota Foundation has existed as a form of public-private partnership for its entire 31-year history to seek and to manage private voluntary financial support to benefit its sole beneficiary, the University of Minnesota;

BE IT THEREFORE RESOLVED that the Trustees of the University of Minnesota Foundation hereby:

- Express their enthusiastic endorsement for the mission, vision and strategic directions stated in the "University 2000" document;
- Express their belief and confidence that the key features of University 2000 will help motivate donors and prospective donors to be more inclined to support the University of Minnesota in the years ahead;
- Rededicate themselves to seeking increased levels of private gift support to benefit the University of Minnesota; and
- Call upon all Minnesotans, University alumni, and all citizens and institutions that care deeply for the future quality and vitality of the state and region to come together as advocates, volunteers and donors in support of this great land grant research institution of higher learning, the University of Minnesota.

January 25, 1994

Star Tribune
Editorial Page Editor
425 Portland Avenue South
Minneapolis, MN 55408-0002

Dear Editorial Page Editor:

All of the signatories to this letter are former national presidents of the University of Minnesota Alumni Association.

All have suffered personal anguish over the revelations of impropriety in the conduct of some members of the University faculty and staff.

Now, however, we all share the excitement of the future that lies before our University under the leadership of President Nils Hasselmo within his vision of University 2000.

No letter to the editor can do justice to the potential significance of University 2000. This newspaper's excellent editorial on the University 2000 plan required three columns on each of four separate days (Oct. 18-21, 1993) to do the job.

But we want to add our enthusiastic endorsement to your editorial's assessment that Hasselmo's University 2000 plan is "a gem with great potential to elevate all three of the university's principal missions: research, education and service to the community." (Oct. 21)

And we want to help focus the debate over University 2000 on its essentials and away from the sideshow that relates to the creation of something called the University College. This is not intended to be a college in the traditional sense, and it is emphatically not a device for relegating some students to second-class status.

Instead, the University College concept represents a welcome recognition that part-time students and special-needs students should have programs tailored to them -- tailored to delivering an academic experience of greater value to those who

Star Tribune
Editorial Page Editor
January 25, 1994
Page 2

can only attend classes part time or at night or off campus or by correspondence.

What deserves greater attention is the University's determination to implement at every level a decision-making process designed to make the institution stronger, more efficient, and more responsive to the needs of all of its customers.

Every unit within the University will be required to identify, as to its programs:

Whether they are central to the needs of our state or to the mission of the University;

Whether there is a demand for the product;

Whether the program is at a competitive advantage or disadvantage to comparable programs offered elsewhere; and

Whether the program is cost effective or could be made more cost effective.

Based on these criteria, the University will commit to make the extremely difficult, and sometimes painful, decisions to strengthen, maintain, diminish, or even eliminate its offerings.

In short, University 2000 is a plan for assuring that the University of Minnesota, the state's preeminent institution of higher education, concentrates its fine faculty and limited resources on what the students and the state need most and the University does best.

We call upon the people and the government of this state to rally behind President Hasselmo's admirable vision of University 2000.

Signatures

Enclosures

MLL180E5.WP5

University of Minnesota Alumni Association

Past Presidents

Michael W. Unger	1992-93
John D. French	1991-92
Sue Bennett	1990-91
Steve Goldstein	1989-90
Kenneth Glaser	1988-89
Fred R. Friswold	1987-88
Harvey Mackay	1986-87
Penny Winton	1985-86
Charles Osborne	1984-85
Tom Holloran	1983-84
John W. Mooty	1982-83
Robert J. Sheran	1979-80
Alan Ruvelson	1978-79
M. Elizabeth Craig	1977-78
Thomas Swain	1976-77
Wallace Salovich	1975-76
George Pennock	1974-75
Harry Atwood	1973-74
James Watson, Jr.	1969-70
Glen Seidel	1956-57
Francis Lund	1954-55

University 2000

Conversations with Minnesota

Final Summary

2/8/94

The Facilitation Team (Appendix A) presents this final summary of the U-2000 Conversations with Minnesota effort. These perspectives are offered in addition to the findings summarized in the weekly chronological summaries previously presented and included in this report.

Sixty eight formal listening sessions with a wide variety of groups and organizations were conducted from October 15, 1993 through January 11, 1994 (Appendix B). Nearly 1000 Minnesotans participated in these sessions. Sixty five of these sessions resulted in 591 completed individual feedback forms which were analyzed and summarized by group and in the weekly summaries. Seventeen Central Administrators and all 12 members of the Board of Regents participated in one or more of these sessions.

The summary comments, observations and suggestions of the Facilitation Team are organized into seven categories.

The Process

Conversations with Minnesota was designed to provide a consistent and systematic listening process that would be applicable to a variety of groups and audiences of varying sizes. This was a deliberate structure intended to facilitate individual participant feedback. Its features included advantages found in focus group interviews (synergy, idea building) coupled with advantages that occur in individual reflection and problem solving (privacy, absence of intimidation).

A standard format for each listening session was developed along with specific roles for central officers, regents and facilitators (Appendix C). Data from participants was collected via an instrument designed to elicit response on key open-ended questions as well as questions rating U-2000 proposals on various dimensions (Appendix D). Data was collected, analyzed, and summarized by members of U-2000 Facilitation Team.

The Facilitator Team highlights the following comments with regard to the process:

- People across the state were grateful that key university officials came to them on their turf and asked for their thoughts and concerns.
- Public participants indicated a willingness to dedicate a good deal of time to this process. This process was different from previous opportunities in that these sessions conveyed a sense of openness and integrity and that participant's views were valued. It was a process many participants didn't quite expect.

- Participants felt energized around the idea that the University recognizes that it needs to change and that their views mattered. Organizations that participated have a stake in the long-term relationship with the University.

University Advisory Groups

- Advisory boards have a breadth and range of experiences with the University and the ability to think broadly about the institution and its future. Advisory groups have a great deal of dedication to help make the University better.
- These advisory groups represent a broad cross-section of constituents and collectively, represent a immense breadth of support for the University. The University would be well-served to capture the energy, ideas, and enthusiasm these groups have for the well-being of the University.
- These advisory groups bring financial support, linkages with many other organizations and are anxious to help. They provide a broad base of support for the entire University. Members are influential and are concerned about the future of the institution. They collectively can be a more active and powerful support network if more fully utilized.
- Members of advisory groups can be articulate spokespersons for the University and more effective mechanisms to share information with them would be beneficial. All hoped that more conversations of this type continue.

The University of Minnesota as a Leader

- Personal Leadership People have a great deal of trust in the personal leadership demonstrated by Nils Hasselmo. He is viewed as a catalyst, as one who can make things happen within the University and beyond.
- Institutional Leadership the University is perceived as the leader in numerous arenas:
 - economic health of the state
 - setting the standards and coordinating higher education in the state.
 - helping K-12 education improve
 - ensuring accessibility and diversity
- People seem cognizant of change at the University, but there remains a continuing challenge to communicate with even greater clarity about the University's role.

University College

- The University College concept was a lightning rod for discussion in many listening sessions. It became a focus which provided a useful juncture for dialogue.
- There was some confusion and lack of clarity abut the name and purpose of University College. With further discussion, participants generally believed the intent was important and conceptually sound.

- In spite of general conceptual agreement, several concerns remained. These included:
 - How is this different from General College? What is the linkage with CEE?
 - Does or will this concept create a caste system?
 - Will quality be the same in University College?
 - Does University College detract from the quality initiatives being outlined?
 - Does it exacerbate the problem of trying to be all things to all people?
- The underlying core value of accessibility must be made clear regarding the University College. Continuing public discussions about this concept must be very clear and very public as there is a great deal of interest in this concept.

Diversity and Communities of Color

- There is a high level of distrust toward the University among communities of color. There is a long-standing history of promises made by the University that have never been achieved. People of color do not know if or how their repeated input was used.
- The University is not seen as a supportive climate for people of color and there is concern about hiring and staffing decisions being made which seem to overlook qualified applicants of color.
- There is great concern about the tension between access and standards. Will high standards bar access to students who have not had a strong high school background? Will diversity goals be achieved by recruiting Minnesota student of color, or students from outside the state?
- A clarion cry was sounded: "If the University doesn't change, the next generation of students of color will not come here."
- A major challenge is finding avenues for members of these communities to be meaningfully involved in the University of the future.
- Some questions that need to be answered include: What are the tangible outcomes and changes that come from input gathered from various diversity reports? How are these changes and outcomes reported back? How are administrators, faculty and staff held accountable for implementing the diversity agenda?
- Should diversity be a stated strategic direction?

Elitism/Access

- Participants generally endorsed the notion of increased standards and expectations and the concept of focusing efforts within the University (not being all things to all people).

- A significant concern of many groups, however, is how to balance increased standards and expectations while maintaining appropriate access and avoiding the stigma of elitism. How can the University develop elite programs without fostering an elitist attitude and institution?
- Participants varied in their response to the elitism issue. Some indicated that the University must have the elite programs and should be viewed as elite. Others worried that the proposals "will be perceived as elitist". Others were very concerned that the plan is an elitist plan.

Change

- Participants questioned whether real change will occur. What will be different next year? There is concern that change will be hindered by a reluctant faculty, by public misperceptions, by the sheer enormity of the changes needed, or by inability on the part of central administration or regents to make the tough choices.
- People recognize that change of this magnitude is a long-term effort that requires perseverance, commitment, and integrity.
- It is suggested that some areas for demonstrable change be identified, that realistic goals and action plans to be established and that some changes are accomplished soon.

Report on the NCAA Convention and Big Ten Meetings
President Nils Hasselmo
February 10, 1994

INTRODUCTION

In January, the NCAA held its annual convention. The event featured a number of controversies that captured the headlines of sports pages and that warrant summary here.

The action that attracted the most publicity was a threatened boycott of men's basketball games by the Black Coaches Association. The proposed walkout was triggered by a convention vote to retain the number of scholarships in men's basketball at 13. At the same time, the underlying issues are much broader than a single grant-in-aid, and the tensions are much deeper than a single NCAA vote. Instead, there is a collision of values, priorities, and opinions on at least four athletically-related matters: 1) cost containment; 2) academic integrity; 3) gender equity; and 4) minority participation.

The basic question is not whether, but how, to advance each of these goals. Stated differently, there is little disagreement that universities must provide equitable opportunities to student athletes regardless of race or gender, promote the academic success of all student athletes, and ensure financial accountability in their athletic programs. There are, however, significant disputes on balancing these competing responsibilities. Unfortunately, those disputes are growing and are taking on an "us vs. them" divisiveness, which all too often pits:

- presidents vs. athletic departments;
- men's vs. women's programs;
- minority vs. women's interests;
- revenue vs. non-revenue sports;
- academic vs. athletic priorities; and
- conference vs. national reforms.

A summary of issues debated at the recent NCAA Convention and Big Ten Conference meetings illustrates those differences.

COST CONTAINMENT

Background

- Most Division I programs are expected to be self-supporting, relying primarily upon revenues from men's football and basketball.
- Athletic costs are outpacing revenues; 70% of Division I athletic programs had operating deficits in recent years.
- Significant increases in income are unlikely given flat television revenues and limited capacity for expansion.

Aside from football, the University has limited options, given:

- Near capacity crowds at men's basketball and hockey games;
- Ticket surcharges for the construction/renovation of Mariucci Arena, Williams Arena, and the Sports Pavilion;
- Unlikelihood that any of 18 "non-revenue" sports will become self-supporting in the foreseeable future.
- National cost containment is the most responsible option, but it has taken on the characteristics of an athletics "arms race."
- The 1994 NCAA Convention was expected to pass major cost containment legislation, but fell short of significant reforms.

NCAA Actions Approved

- Restriction of off-campus scouting of opponents in Division I football and basketball.
- Elimination of recruiting coordinator position in Division I football.
- Reduction of the number of official recruiting visits in football and basketball.
- Limitation to 105 of the number of student-athletes who may participate in Division I pre-season football.

NCAA Actions Defeated

- Squad travel size limitations when an overnight stay or air travel are involved.
- Training table meals outside the playing season.
- Elimination of special housing for student-athletes prior to regular season home competition.

Big Ten Actions

- Big 10 Presidents supported, with limited exceptions, the cost containment proposals sponsored by the NCAA Presidents' Commission.
- Presidents agreed to continue spending increase limitations for Big 10 member schools: 1992-93 - 3%; 1993-94 - 3 1/2%.

ACADEMIC INTEGRITY

Background

- The recruitment, academic performance, and graduation of student-athletes have become national as well as campus concerns.
- In recent years, the NCAA has adopted a number of standards—most notably Proposition 48—designed to encourage high school student-athletes to prepare for the challenge of higher education.
- Some groups believe the more rigorous academic standards to be discriminatory to minority student athletes.
- Existing data suggest that Proposition 48 and related reforms have improved the academic success of student-athletes without denying opportunities for minorities.
- The major academic issue at the NCAA Convention was whether to implement reforms that are scheduled to take effect in 1995 and that would strengthen standards for freshman eligibility.

NCAA Actions

- Approved a resolution to study NCAA initial eligibility standards.
- Approved a number of modest changes in scheduling that would lessen practice time demands on student athletes.
- Defeated a proposal to extend competition eligibility to five years.

GENDER EQUITY

Background

- 1994 NCAA Convention was intended to focus upon gender equity reforms, but fell short of expectations.

NCAA Actions

- Established a principle of gender equity in the NCAA's principles of conduct of intercollegiate athletics.
- Allowed schools to utilize emerging sports in meeting the criteria for NCAA minimum sports-sponsorship and financial aid awards.
- Referred for further study a proposal that would increase the number of participants in women's gymnastics from 10 to 12.

Big 10 Actions

- Big 10 Presidents are continuing to implement 60:40 gender equity plan.
I.e., Women's soccer is now a conference sport sponsored by eight schools;
University of Minnesota participation ratio has changed from 70:30 to 65:35 over the past year (351 males v. 189 females).
- Presidents approved a Post Season Conference Playoff in Women's Basketball, beginning in the 1995 season.
- Presidents intend to develop an affirmative action policy for female minority athletes.

MINORITY PARTICIPATION

Background

- Threatened boycott by Black Coaches Association triggered by denial of 14th scholarship in men's basketball, but concerns are much broader, including grievances re:
 - increased standards for freshman eligibility;
 - off-campus coach/student-athlete interactions;
 - recruiting restrictions;
 - absence of minorities in NCAA and athletic department leadership positions
 - participation of minority female student-athletes.

NCAA Actions (Post Convention)

- Department of Justice has offered to mediate differences between BCA and NCAA
- NCAA has accepted; as of February 1, BCA has not responded; boycott is still a possibility
- Other reported options: initiate lawsuit; file complaint with Equal Employment Opportunity Office; seek Congressional regulation of NCAA.

Big 10 Actions

- Presidents have reviewed and are in process of adopting an affirmative action policy for the Conference office, for athletic department personnel, and for student athletes. Included are goals of:
 - Increasing minority hires across the Conference;
 - Increasing minority student athletes in all sports (University of Minnesota estimates: 81% caucasian; 19% minority);
 - Increasing female minority participation;
 - Hiring of minority academic advisors.

ADDITIONAL ISSUES

Restructuring of NCAA

- Proposal by Division I Commissioners to create a 15 member board of trustees for Division I schools either within or as an alternative to the NCAA.
- Big Ten Presidents support the restructuring, believing that "institutions with the greatest equity (financial and competitive) are not adequately empowered to effectuate policy."
- Proposal has been criticized by NCAA Committee on Women's Athletics for failing to include gender representation.

Big Ten Expansion

- Moratorium on Big Ten Expansion expires in June, 1994.
- A Presidential Committee is studying issues and will report to Presidents prior to that time.
- Options include no change or addition from one to three members.

Good News from Men's Intercollegiate Athletics

Kerry Huston

Junior gymnast Kerry Huston underwent 6 hours of surgery on Wednesday to stabilize his neck after dislocating vertebrae in an accident at a Winter Cup Challenge meet on Saturday.

The operation appears to be successful, and he is listed in fair condition.

Kerry will remain in the hospital for at least another week.

In the meantime, we extend our best wishes on a speedy recovery.

Athletic Rankings

The Men's Department is enjoying one of its most successful quarters ever, with nationally ranked teams in eight sports:

Wrestling	No. 1	Baseball	No. 22
Hockey	No. 3	Basketball	No. 23
Gymnastics	No. 8	Golf	No. 26
Swimming	No. 12	Tennis	No. 27

Academic Success

GPA in Fall Quarter, 1993, was 2.85, the highest ever for the men's department.

National Leadership by Mac Boston

Minnesota, through Mac Boston, is represented in the national debates of major athletic issues:

Member of: Division I Basketball Committee
NCAA Certification Committee
NCAA Student Welfare Committee

MBG
2/92

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
March 11, 1994**

Madam Chair, Ladies and Gentlemen of the Board, I reported last month on two reports commissioned by the Minnesota Legislature. The first, authorized in 1991, was the *Final Report of the Minnesota Task Force on Post-Secondary Funding*, the result of a two-year study of Minnesota's "Average Cost Funding" system for higher education. The second, authorized in 1993, was the *Report of the Minnesota Financial Aid Task Force*, a study of Minnesota's student financial aid programs, especially the state grant program. On February 25, these important reports were joined by a third, *Higher Education Tuition and State Grants*, reporting on a study done by the Program Evaluation Division of the Office of the Legislative Auditor.

All three of these studies can be seen as "reality checks," authorized by the Minnesota Legislature to check on its own higher education policies. Have policies had the effects originally intended? Are revisions or whole new policies needed for the future?

Over the last several years, the Legislature, the Executive Branch, and the higher education systems have worked together to devise and refine "Average Cost Funding," a system that recognizes the different costs of types and levels of instruction and provides appropriate incentives for higher education. We've also worked together on the "Design for Shared Responsibilities," the State of Minnesota's policies and programs on tuition and student financial aid. Both efforts were grounded in the concept of "shared responsibilities." Both could be regarded as efforts to define and maintain the "contractual" relationships of state government, higher education, and students.

In both cases, with a decade of experience behind us and a decade of change ahead of us, there is growing recognition that it is, indeed, time to renegotiate our contracts.

• *Higher Education Tuition and State Grants* •

The Legislative Audit Commission authorized this study last June. They wanted to know the reasons behind tuition increases, and they wanted to know how the state grant program helps various types of students.

As originally intended and written into law, "shared responsibility" meant that University students' tuition would cover 33% of instructional costs; state appropriations would cover 67%. In reality, University tuition now covers 42% of instructional costs. Due mainly to state budget problems, the appropriations to the University have slipped further and further away from the intended state responsibility of 67%.

The Legislative Auditor's report shows clearly that tuition rates followed inflation rates quite closely from 1971 to 1981; the Consumer Price Index rose 118%, and University tuition rose 117%.

From 1981 to 1993, however, there has been a dramatic change. The C.P.I. increased 64%, but University tuition increased 183%.

The report demonstrates that the major factor in the tuition increase has been the decreased share of state appropriations. The state's budget problems may well have left no other feasible choices, but it is now clear that 1984's intentions for shared responsibility are not 1994's realities.

As documented in the Legislative Auditor's report, the last decade's tuition increases beyond inflation and the inability of student financial aid programs to make up the difference impose constraints on our financial planning. This morning's student financial aid report by Associate Vice President Peter Zetterberg showed specifically that, while the cost of undergraduate education for University of Minnesota students (tuition plus living expenses) has increased by more than 100% since 1982-83, most forms of student financial aid have lagged behind. The federal Pell Grant program, the foundation of need-based student financial aid for undergraduates nationwide, has fallen far behind, increasing only 47%. Fortunately, funding for the State Grant program has kept pace with students' costs, and so have the University's own scholarship resources, thanks both to the management of our endowment funds and the success of fund raising efforts. All things considered, however, the financial aid resources available to our students have not kept pace with the costs of education. That fact, and the fact that the last decade's tuition increases for University of Minnesota undergraduates were beyond our comparable institutions' rates, must be—and is—recognized in University 2000 strategic financial planning.

• Strategic Financial Plan - University 2000 •

The University 2000 Financial Strategy presented to the Board this morning is a comprehensive attempt to spell out our current financial situation, then forecasting or simulating the investments that we need to make in order to carry out the strategic directions identified in *University 2000*. It will not provide a detailed, final "price tag" for *University 2000*. Too many factors will change over the next few years; most of the factors are interrelated, so a change in one may well mean a change in others. The main challenge at this stage of *University 2000* planning is to lay out all of the investment initiatives and all of the revenue possibilities, measured or forecasted as well as we can—with sensible ways to adjust the plans when adjustments will be needed.

Our 1995-97 biennial request and the deliberations of the 1995 legislative session will be our opportunity to renegotiate our contract with state government. The task force studies and the Legislative Auditor's study all strengthen the case

that changes are needed, and we must make more powerful arguments for a renewed approach to shared responsibility—for new public investment in students and in the University, coordinated with the investments that we are committed to make through the difficult choices of continued reallocation.

There is no issue more central to the future quality of the University and its ability to serve Minnesota than competitive faculty salaries. If we cannot recruit and retain talented faculty members, we cannot expect to retain, let alone improve, our status as a major research university.

This morning's faculty salary report by David Berg, Director of Management Planning and Information Services, showed conclusively that University of Minnesota faculty salaries have become less and less competitive in the real marketplace of research university faculty talent.

Among the 30 major American research universities, our faculty compensation now ranks 25th, 13% below the average (mean). Among the public research universities in that group, our faculty compensation ranks 9th of 13 institutions, 2.5% below the public universities' average. We are also slipping in comparison with Big Ten public universities, the traditional comparison group that has been cited in University and legislative salary discussions for several decades.

The central issue is that long-standing comparison groups no longer reflect the real competitive marketplace. The change has been happening for several years, but we have yet to convince the legislature that neither the Big Ten public universities nor the group of national public research universities is the real competition today.

In 1973, private doctoral campus salaries were only 4.7% higher than public doctoral campuses. Over most of the next 20 years, our legislature provided salary increases that enabled University of Minnesota salaries to track public doctoral campus salaries quite closely. The competitive problem is that salaries on private doctoral campuses advanced much faster; they are now 26.9% above public salaries.

Public institutions faced with state budget problems and constraints on tuition and student financial aid have simply not been able to stay competitive with the private research universities. Public universities and legislatures that have pursued equity or competitiveness among public universities have simply lost ground in the real marketplace. Continuing to define our competition as only the public institutions is a guarantee that our competitiveness in the real marketplace will continue to diminish.

University 2000 strategic financial planning recognizes and projects the new resources necessary to meet inflation, provide competitive compensation, and strengthen key disciplines. It cannot and does not guarantee stronger competitiveness in the year 2000, because marketplace forces will change. That is where the efforts of the Compensation Working Group, chaired by Professor

Mario Bognanno, become so important. That group, which has recently been appointed, is developing objectives and strategies for a faculty compensation system that will recognize and address the real marketplace in order to serve University 2000 goals.

The Office of Human Resources, which also reported on salaries this morning, will continue to conduct annual market analyses of civil service and bargaining unit salaries, reporting regularly to the Board of Regents. Such analyses will allow the University to determine job classifications that are under or over the competitive markets and to determine where further alignments are warranted, based on internal and external equity. The Civil Service Committee will begin discussions with central administration to develop compensation principles that will guide future pay plans.

• Capital Bonding Bill Status •

Last month I reported on the Governor's recommendations for University capital improvement projects. This month I can add the first step in the legislative process, the "committee bill" passed by the Higher Education Finance Division of the House Committee on Education.

University Requests:

Health and Safety	\$20,000,000
Facility Renewal (Def. Maintenance)	20,000,000
Archives Facility	41,286,000
Carlson School of Management	25,000,000 (\$20M private match)
Assessments	<u>1,220,000</u>
 Total	 \$107,506,000

Governor's Recommendations:

Health and Safety	\$15,000,000
Facility Renewal	20,000,000
Archives Facility (Planning)	2,700,000
Carlson School of Management	25,000,000 (\$20M private match)
Assessments	1,273,000
Mechanical Engineering	13,712,000 (\$6M non-state match)
Architecture Bldg Renovation	22,463,000
Information Services Planning	<u>1,000,000</u>
 Total	 \$101,148,000

Higher Education Finance Division of the House Committee on Education:

Health and Safety	\$15,000,000
Facility Renewal	20,000,000
Archives Facility (Phased)	12,500,000
Carlson School of Management	25,000,000 (\$20M private match)
Assessments	1,273,000
Mechanical Engineering	13,712,000 (\$6M non-state match)
Architecture Bldg. Renovation	22,463,000
Duluth Medical School Addition	<u>4,158,000</u>
 Total	 \$114,106,000

(The bill also removes the requirement that higher education systems provide 1/3 of the debt service.)

(Bill goes next to the House Committee on Education, then to the House Committee on Capital Investment.)

Higher Education Division of the Senate Committee on Education:

The Division heard testimony on the University request on Wednesday, March 9. We do not know how soon a bill will be written.

• Supplemental Budget Request Status •

We have submitted a supplemental budget request for one-time appropriations that would allow progress on the development of our educational and support infrastructures, the development of a user-friendly community, and ongoing funding of a few programs of compelling statewide nature. The request includes:

Student Services and Campus Development	\$6,231,000
Educational Equipment and Technology	\$7,200,000
Improving Library Resources	\$1,375,000
Program Funding - Ongoing	<u>\$1,650,000</u>
 Total	 \$16,456,000

The Governor did not include any of our request in his Supplemental Budget Recommendations, published last month. Consideration of our requests by legislative committees will begin next week.

• President's Forum on Teaching •

The second session of the President's Forum on Teaching was held on February 22. I had the pleasure of joining nearly 100 faculty members representing 24 departments to hear Professors Kent Crookston and Steve Simmons, Department of Agronomy, describe and demonstrate their use of the "decision case" method of teaching.

Decision cases are real-world examples of critical problems for which there is no "correct" answer. I will almost resist the temptation to add "...like the problems on the Regents' docket."

In decision case teaching, the decision-maker must weigh a complex array of conflicting and even incomplete information—like the real world—and, as in the real world, must make a decision.

The third session in this series on teaching strategies will be held in April, dealing with the uses of computer technology in teaching.

Similar forums are being hosted by the Chancellors at Crookston, Duluth, and Morris.

• Undergraduate Research Fair •

On February 23, I had the opportunity to see first-hand the impressive research results being produced by our talented undergraduate students. The setting was the Undergraduate Research Fair in Coffman Union, a "What's on Wednesdays" program featuring 24 student researchers, including one from UMD and two from UMM, representing a wide range of disciplines. Several presented talks about their research; most presented poster sessions.

Most of the projects were funded by UROP, the Undergraduate Research Opportunities Program, which continues to exemplify the unique opportunities available to undergraduates in a research university. These were very impressive students, presenting very impressive work!

• Army High Performance Computing Research Center •

We have been informed by the U. S. Army that the renewal of our five-year contract with the Army Research Office will be subject to a national competitive bidding process—as was the original contract. To be sure, we would have preferred a simple renewal of the contract, avoiding the time, effort, and uncertainty of a bidding competition. But, we are confident that the strength of our program and the changes already made to increase the interactions among Army labs and academic researchers at Minnesota and other universities will allow us to present a competitive and ultimately successful bid.

• N.S.F. Geometry Center •

Coincidentally, the National Science Foundation has raised concerns about the renewal of our five-year grant for the Geometry Center. An earlier site visit by N.S.F. challenged the Center to improve its outreach activities.

I want to assure the Board that I. T. Dean Francis Kulacki and the new director of the Center, Professor Richard McGehee, have aggressively addressed the N.S.F. suggestions and are looking forward to a successful follow-up site visit in late May.

• ALG Program •

Our decision today to close the ALG Program was a very difficult choice—a sad ending. Because this has been such a difficult choice, Senior Vice President Erickson has been extraordinarily careful in exploring every option, using the best available help of consultants and advisers to seek out other organizations to take over ALG production and FDA approval.

We have explored the market as fully as possible, and the market has spoken. Given other drugs on the market and under development, and given the investments required to complete the FDA approval process and bring ALG to the market, we were not able to attract a commercial buyer. Given the further investments that we would have to make—\$5 million to \$8 million over the next three years—we could not justify continuing to run the ALG Program ourselves. Our concerns have been humanitarian as well as financial, but other drugs are available now, and others will be available by the time ALG could be approved and available.

• Health Sciences Provost •

We are preparing for the final round of interviews of candidates for the position of Provost for the Health Sciences. The expectation is that we will be able to arrange these interviews by late March and early April.

• Alumni Association and University Foundation Events •

I'm happy to report that University 2000 continues to be supported strongly by Minnesota Alumni Association Chapters and University Foundation President's Club members.

On February 25, I met with the Tampa Chapter of the Alumni Association, presenting and discussing University 2000 with a group of about 60, hosted by Shirley and Gus Cooper. Jerry Fischer also presented an update on the University of Minnesota Foundation.

The next day, in Naples, Jerry and I made similar presentations to a group of about 160 alumni and President's Club members at a brunch hosted by Louise and Lee Sundet. The Minnesota group in Naples continues to be very enthusiastically involved in University events.

On March 3 in New York City, Duane Kullberg, Margaret Carlson, and I met with about 80 alumni at the Babcock Galleries, owned by Morris graduates Jeanne Baker and her husband John Driscoll. Duane reported on the Foundation, and I presented University 2000. Thanks to Margaret Carlson, I can report that we have young and enthusiastic leadership in New York, and I look forward to active growth in the New York Chapter.

On March 4, we stopped in Detroit for a reception and dinner with about 50 alumni, hosted by Lois and Dick Lindgren, a member of the MAA National Board.

On each of these occasions, I was gratified and energized by the understanding and support of alumni and donors. They care deeply about the future of their University, and it's a privilege to interact with such loyal friends. Later this month, I will be attending six more of these events in California and Arizona.

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
April 8, 1994**

Madam Chair, Ladies and Gentlemen of the Board, this month's presentations on the Academic Plan, the Budget Plan, and the Capital Plan represent fundamental improvements in the University's ability and commitment to integrate decision-making with long range planning. The process began several years ago, but this year is the first time all three have been presented together, with all three specifically tied to our current plan, the 1991-96 *Restructuring and Reallocation Plan*, and our plan for the future, *University 2000: The University of Minnesota for the 21st Century*.

The University's Academic Plans for 1994-96 provide continuity with long-standing institutional planning and mark transition to *University 2000*.

- The budget reductions and reallocations of the 1991 Restructuring and Reallocation are continued—on schedule.
- Other quality improvement efforts, notably the Undergraduate Initiative, the Diversity Agenda, the Outreach Council, and telecommunications continue as high priorities for collegiate and institutional planning.

The Budget Plan for next year continues to rely significantly on self-help, both from University programs and from University students. In the Budget Plan expenditures for salary increases, non-salary inflation costs, and quality improvement initiatives, every new state dollar is matched by at least \$1.13 in self-help: 36¢ from increased tuition revenue and 77¢ from reallocation within existing University budgets.

Our state appropriations provided an additional \$17.3 million in resources for salary increases and non-salary inflation, while the Budget Plan calls for expenditures of \$24.2 million. Other major expenditures in the Budget Plan include \$8.5 million for the Strategic Investment Pool, plus another \$3.4 million for fourth year of the five year, 1991-96 Restructuring and Reallocation Plan. To meet these additional expenditures, the Budget Plan includes \$10.27 million of targeted budgeted reductions, a \$6.3 million increase in tuition revenue, and \$3 million in additional budget reductions based on the 1991-96 R&R plan.

• Strategic Directions, Critical Measures, and Benchmarks •

This morning's report on *University 2000 Strategic Directions, Critical Measures, and Benchmarks* was the first status report on institutional performance measures that will be presented to the Board for review in June and action in July. As the paper elaborates, performance measures allow us to gauge success in meeting stated goals and objectives, guiding self-improvements, linking planning, performance, evaluation, and resource allocation, and comparing ourselves with similar institutions.

Beyond these internal considerations, the University is also subject to growing demands, both state and federal, to publicly demonstrate performance in research, teaching, and outreach.

Today's report was the first step—defining terms and offering a set of principles that can guide the selection and development of performance measures. The second and third steps, identifying a set of performance measures and carrying out consultation with appropriate internal and external constituencies, need to be completed by the end of May. Then in June and July, the Board will be asked to:

- consider and approve a core set of institutional performance measures; and
- set annual performance goals or benchmarks for each measure, beginning with the 1995-96 biennial request. Next spring, and annually thereafter, the Board will assess prior year performance and establish new goals as part of the approval of the academic plan and budget.

• "University College" Report •

The "University College" Working Group, chaired by Vice President Gene Allen, has presented a conceptual overview of "University College." The name is kept in quotation marks, both because the name may well change, and because the concept itself has changed considerably since I first discussed "University College" in the *University 2000* working hypothesis. That last fall's version of *University 2000* was a working hypothesis is nowhere better illustrated than in the history of the "University College" idea from last fall to the present.

- From a Twin-Cities-only endeavor, the "University College" idea is now system-wide.
- From continuing the dual registration system, we've moved toward a single registration system that is friendly to both part-time and full-time students.

- We've found greater overlap (about 30%) of day school and CEE students that calls for a more seamless approach to course offerings and student services.
- We still haven't been able to settle on a name, but internal and external conversations have made it clear that a separate college, based on full-time/part-time distinctions and the time of day students can attend class, is not the option we need in the years ahead.

"University College" is now seen, not as a separate college, but as a student-centered educational delivery system that should build upon our strengths and resources to:

- improve access to existing University courses and degree programs by being more responsive to student scheduling and support service needs, while also permitting the creation of a stronger campus community for full-time and residential students;
- provide broader bases of information for courses or degree programs drawn from employer needs and labor market projections, while ensuring the necessary, high quality liberal education component in our undergraduate degree programs; and
- assess the need for, and develop, additional certificate programs, as well as a limited number of special, experimental partnership degrees, while ensuring the quality of core undergraduate, graduate, and professional degrees of this land-grant university.

• Diversity Agenda •

We are approaching the deadlines set when the Board of Regents approved the goals of our diversity agenda in 1989, and we are now preparing new diversity goals as an integral part of University 2000.

We will meet our 1989-to-1994 goal to increase the enrollment of students of color to 10% of total enrollment, but it is now obvious that we need new goals that are specifically addressed to each of the communities of color.

We may meet, technically, our 1989-to-1994 goal to improve the retention rates through graduation of students of color by 50%. Using five-year graduation rates, we improved from 14.9% in 1989 to 21.8% in 1993 (a 46% improvement), but those are still far too low and do not represent the retention success that we need in the future.

We may meet, again technically, the 1989-to-1994 goal of doubling the hiring of faculty members of color, but it is clear that our retention of faculty members of color has not been high enough, eroding some of the gains made.

Problems of retention, whether among students, faculty members, or staff members, call for new efforts to improve campus climate, student and personnel policies, and the effectiveness of our programs.

• National Graduate Feeder Program •

Diversity in higher education—both in student enrollment and in staffing—is a challenge we share with most colleges and universities in the country. Particularly in graduate education, successful education of students of color is an absolute requirement in order to enlarge and broaden the pool of talent from which we seek future faculty and staff members.

I am particularly happy to report that we will be part of a national effort, known as the National Graduate Feeder Program, which is being developed by the National Association of State Universities and Land-Grant Colleges and the American Association of State Colleges and Universities.

A grant from General Electric will allow NASULGC and AASCU, in cooperation with the Historically Black Public Colleges and Universities, to set up a computer system that will link HBPCU students to all of the member institutions of NASULGC and AASCU. In turn, our institutions will have information on all HBPCU graduates, an important talent pool for graduate education recruitment efforts.

The National Graduate Feeder Program promises a better organized, more cooperative, and nationwide initiative to expand and enhance doctoral educational opportunities for minority students. I have committed the University to provide 10 new fellowships through this program.

Both independently and through other organizations, the University of Minnesota has been developing programmatic relationships with a number of historically black institutions in recent years. I know that many other members of NASULGC, AASCU, and HBPCU have sought and established similar interactions. From our own experience, I know that this new program will also provide needed and useful professional support to faculty members of the Historically Black Public Colleges and Universities. This program will not replace successful programs already in place, but I am convinced that improved coordination among our three associations and their member colleges and universities will make more programs more successful.

• Study by the Minnesota Private College Research Foundation •

Just released, *Divided We Fall* is a study of Minnesota youth from low-income families and communities of color, conducted by the Minnesota Private College Research Foundation. The study covers population demographics, high school dropout rates, and college participation. It shows alarming trends in secondary education that raise major questions

about postsecondary participation.

From 1990 to 2010, growth of Minnesota's 15-19 year old population is projected to be:

White	04%
Native American	62%
Asian	82%
Hispanic	98%
Black	160%

Of students entering high school in 1991, the dropout rates by 1995 are projected to be:

White	16%
Asian	21%
Hispanic	50%
Native American	56%
Black	62%

Of students entering high school in 1991, the chances of entering college in 1995 are projected to be:

White	39.5%
Asian	39.5%
Hispanic	21.7%
Black	14.0%
Native American	11.7%

Students from families with incomes of \$50,000 or more are twice as likely to enter college as students from families with incomes of \$25,000 or less.

These are sobering numbers that underlie *University 2000*'s new commitment to a strong diversity agenda—an agenda that will not prevent talented students from getting financial access to the state's research and land-grant university.

• Employee Opinion Survey •

Within the next two or three weeks, we will publish the 1994 Employee Opinion survey, which follows up surveys conducted in 1989 and 1991. This year's survey shows very encouraging progress since 1991.

- Job satisfaction has improved from 67% in 1991 to 83% in 1984.
- Favorable responses about employee involvement improved from 63% to 75%.

- Responses about work unit management were mixed, with the most concern expressed about staffing levels and timely resolution of problems.
- Favorable responses about supervision increased from 56% to 75%.
- On working conditions, favorable responses about safety increased from 68% to 80%; favorable responses about the physical environment increased from 38% to 55%.
- Favorable views of benefits increased from 71% to 89%, but salaries remain a critical problem, with favorable responses of only 10%, compared to 7% in 1991.
- Only 54% believe that new employees receive necessary training, down from 58% in 1991.
- Favorable responses about the University as an employer have increased, but from only 21% in 1991 to 27% now.

The administration is working with the Civil Service Committee to review these issues and develop a set of compensation principles. The recent salary and benefits showed competitive benefits, but salaries of classifications above, below, and on the market. Another survey will be conducted this spring.

• **Reorganization of Administration •**

Strengthening and clarifying the management infrastructure is one of the primary objectives that was set by the Board for this year. With the assistance of consultants from McKinsey & Company, Inc, we have been studying the central administration structure, the needs for change, and especially the implications of University 2000.

The consultants have carried out extensive interviews and analysis over the last several months. The reorganization of the Health Sciences under a Provost is now almost completed, and we are still considering the options for the structure of the rest of the Twin Cities Campus. I will report to the Board on these matters by June.

• **Intercollegiate Athletics •**

Crookston's hockey team, coached by National Junior College Coach of the Year Scott Oliver, has won its second straight national championship. This was the University's only national championship, but there have been many other athletic and academic achievements in men's and women's intercollegiate athletics on all four campuses. A summary is appended.

• Faculty Awards •

Regents Professor **Eville Gorham**, Department of Ecology, Evolution, and Behavior, College of biological Sciences, has been elected as a Fellow of the American Academy of Arts and Sciences. The Academy was founded in 1780 by John Adams and other leaders, "to cultivate every art and science which may tend to advance the interest, honor, dignity, and happiness of a free, independent, and virtuous people." The Academy's 3700 Fellows and Honorary Foreign Members include 168 Nobel laureates and 62 Pulitzer Prize winners.

The 1994 winners of the University of Minnesota Morse-Alumni Awards for Outstanding Contributions to Undergraduate Education are:

William Brustein, Department of Sociology, CLA, Twin Cities
James Farr, Department of Political Science, CLA, Twin Cities
Leslie Hansen, Department of Animal Science, COA, Twin Cities
Linda Hilsen, Instructional Development Service, CEHSP, Duluth
Laura Coffin Koch, General College, Twin Cities
Alex Lubet, School of Music, CLA, Twin Cities
Marvin Marshak, School of Physics and Astronomy, IT, Twin Cities
Roger Miller, Department of Geography, CLA, Twin Cities
Christopher Paola, Department of Geology and Geophysics, IT, Twin Cities
Thomas Scanlan, Department of Rhetoric, COA, Twin Cities

The University software development team that developed "Gopher" has shared in the first annual Federal Applications Medal of Excellence, awarded to the Extension Service, U. S. Department of Agriculture, in recognition of their program, "Americans Communicating Electronically."

• California and Arizona Meetings •

Over a very busy week from March 19 through March 26, several of us attended a number of events in southern California and Arizona, sponsored by the University of Minnesota Foundation and the Minnesota Alumni Association.

Foundation chair Duane Kullberg reported on Foundation activities:

- \$59 million raised last year, a 15% increase;
- the first six months of this year running ahead of last year;
- investment performance producing fund growth of nearly 23%, adding \$30 million to our endowment above and beyond what we would have received earning at the rate of the CDA Index of college and university endowments;
- opening five facilities made possible by private giving (the Mann Concert Hall, the Weisman Art Museum, Mariucci Arena, the renovated Williams Arena, and the renovated Sports Pavilion);

- and the campaigns for Cancer Center and the Carlson School of Management.

I reported on University 2000, extending the boundaries of our "Conversations with Minnesota" to include our many friends and supporters in the Southwest.

We started on the 19th with a Major Giving Club reception for about 40 in Palm Springs. On the 20th, Mary Houts hosted a Major Giving Club brunch for 25 in Costa Mesa. Then on the 21st, Jerry Fischer and I had a meeting with the Keck Foundation, followed by a Major Giving Club/Alumni Association reception for almost 100 in Pasadena, hosted by Donald F. Wright.

On the 24th, a brunch for 80 at Rio Verde Ranch in Arizona was hosted by Jane and John Mooty and Nancy and Chip Glaser. The Sun City Chapter of the Minnesota Alumni Association then hosted a luncheon for about 100 on the 25th. Then, on the 26th, Raymond and Andy Tarleton hosted a brunch for about 30 in Tucson.

As we found with the similar events in Florida, New York, and Detroit, the University's donor and alumni friends living outside Minnesota are taking active interest in University 2000 and supporting institutional priorities with generous contributions and influential advocacy.

Appendix:

Report on Intercollegiate Athletics: Academic and Athletic Achievements

University of Minnesota, Crookston - Intercollegiate Athletics

All-UMC Academic Awards

(all students lettered for two years and attained at least a 3.0 G.P.A.)

Chris Benson	Hockey
Chad Brookings	Hockey
Ken Essay	Hockey
Kevin Jeanson	Hockey
Corey Lane	Hockey
Bill Trew	Hockey
Carrie Olson	Softball
Cindy Sipe	Softball
Ben Sather	Football
Tricia Swenson	Basketball
Lori DeHennepe	Basketball and Softball
Brandi Toft	Volleyball and Softball
Jennifer Walter	Volleyball
Gina Wardner	Volleyball

Teams

Hockey Coach: Scott Oliver

- Coach **Scott Oliver** won the National Junior College Coach of the Year
- Team won the National Junior College Athletic Association championship for second consecutive year with a 26-0-1 record
- **Bill Trew, Nathan Pitt, Mike Peterson, and Jeff Malowski** were named to the All-Region 13 team

Football Coach: Jim Sims

- **Derrick Sanders** was named to the All-State team

Men's Basketball Coach: Gary Senske

- **Dan Phillips and Donovan Quam** were named to the All-Conference 13 team

Volleyball Coach: Janna Hjelseth

- Placed 2nd in the Minnesota State Community College tournament
- **Jenny Walter** was named to the All-Region 13 and All-State teams

Women's Basketball Coach: John Mitchell

- **Chrissy Nettum** was named to the All-State team

University of Minnesota, Morris - Intercollegiate Athletics

Wrestling

Coach: Doug Reese

- 8 of 10 team members qualified to compete in the national championships
- **Ross Hendrickson** finished 4th in the nation in his weight class

Football

Coach: Jay Mills

- finished 6th of 7 teams; no post-season competition

Men's Basketball

Coach: Perry Ford

- Was the NSIC conference regular-season champions
- In the regional playoffs, won first two games but lost in the Region championship game
- **Jason Cordes** and **Tom Notch** were named to the All-Region team; both were also named to the All-Conference team

Men's Golf

Coach: Gary McGrath

- Placed 3rd in the NSIC for the Fall 1993 season
- **Shane Eastman** was named to the All-Conference team

Women's Volleyball

Coach: Shelia Perkins

- Finished 6th of 7 conference teams in the regular season, but placed 3rd in the District 13 playoffs
- **Heather Pennie** and **Beth Ploof** received All-District 13 honors
- **Ploof** was also named to the All-Conference team, and **Nancy Zierden** received All-Conference Honorable mention

Women's Basketball

Coach: Michelle Woodard

- Team finished 6th of 7 teams in the regular season
- **Kathy Heuer** was named to the All-Midwest Region team, was named an All-America Scholar-Athlete, and was also named the UMM Honor Athlete of the Year

Indoor Track, Men & Women **Coach: Brian Petermeier**

- **Mark Frietag** won the NSIC's Athlete of the Meet award, comparable to the conference MVP. At that meet, he placed 1st in the long jump, 400, and 200, and 2nd in the 55 meter dash.
- Freitag competed in the NAIA National Championships in the 440 meter dash, 60 meter dash, and long jump (in which he placed 8th).

These sports are currently in season:

Baseball - Men

Tennis - Men & Women

Golf - Men and Women

Outdoor Track - Men & Women

Softball - Women

University of Minnesota, Duluth - Intercollegiate Athletics

The women's basketball team advanced to the NAIA National Tournament in winter 1993. The hockey, men's track, and wrestling teams sent representatives to NCAA national and/or regional events.

Six student-athletes received All-America honors. UMD also won the first NSIC (Northern Sun Intercollegiate Conference) Women's All-Sports title. The men's program placed second in this competition (after winning the previous seven titles).

In *revenue-producing* sports (men's & women's basketball, football, and hockey), 86% of those who participated graduated; 88% of those who received aid graduated; 96% of those who exhausted eligibility graduated. In *non-revenue* sports, 84% of those who participated graduated; 85% of those who received aid graduated; 97% of those who exhausted eligibility graduated.

UMD Scholar-Athletes (1993-94)

Hockey: WCHA All-Academic

Chet Culic
Brett Larson
Taras Lendzyk
Jeff Romfo

UMD Scholar-Athletes of the Year

Brett Hauer	Hockey
Jeff Walker	Football
Amy Erickson	Basketball
Brandi Harkonen	Softball

NSIC (Northern Sun Intercollegiate Conf.) All-Academic Women's Teams

Tracy Nelson	Cross Country	Kristi Duncan	Basketball
Jennifer Madland	Cross Country	Karyn Shold	Basketball
Molly Madland	Cross Country	Emily Rademacher	Basketball
Mary Dunemann	Volleyball	Rochelle Smetanka	Basketball
Brandi Harkonen	Softball		
Paula Uttech	Softball		
Jen Brevik	Track	Molly Madland	Track
Jena Berryman	Track	Jen Swee	Track
Jennifer Madland	Track		

National Softball Coaches Association All-America Scholar-Athletes (1993)

Brenda Bergquist
Shelley Fredrickson
Brandi Harkonen

University of Minnesota, Duluth - Intercollegiate Athletics

NAIA All-American Scholar-Athletes (1993) - Women's Basketball

Kelley Tralle
Ann Erickson
Amy Erickson
Julie Coughlin

Men's Athletics:

Basketball

Coach: Dale Race

- **Jeremy Meyer** set an all-time, all-division NCAA record for career assists. He was also named to the All-Conference team and was an All-America selection.

Hockey

Coach: Mike Sertich

- **Chris Marinucci** won the **Hobey Baker Award** as the best college hockey player in the country
- Marinucci was named a first team All-Conference selection and WCHA player of the year. **Brad Ferenko** was named to the All-Rookie team.
- In 1992-93, **92%** of those who received athletic aid graduated and did so in 4.55 years. **100%** of those who exhausted their eligibility and received athletic aid graduated and did so in 4.58 years.

Cross Country

Coach: John Fulkrod

- The following runners were named as All-Conference selections:

Greg Hanson	Rand Nord
Andy Hopkins	Daniel Rannaby (Conference MVP)
Brian Berchard	Wade Wiebold
Drew Pollock	Dustin Gonzales

Wrestling

Coach: Neil Ladsten

- The following wrestlers were named to the All-Conference team:

Tim Anderson	Tom Cardinal
Troy Haglund	Tom Youngblom
Ron McClure	
- **Ron McClure**, **Troy Haglund**, and **Tom Cardinal** were named as All-Americans

University of Minnesota, Duluth - Intercollegiate Athletics

Track and Field

Coach: Bill Hudspith

- The following athletes were named to the All-Conference team:

Duane Philip	Andy Hendrickson
Aron Sandquist	Ted Rogers
George Hanson	Matt Schemmel
Chad Lehman	Rand Nord
Bret Reinerson	Wayne Robke
Nick Anderson	Drew Pollock
Eric Storhoff	Brian Gilbertson
Eric Stommes	Dan Rannaby
Dennis Williams	

- Duane Philip was named an All-American in Indoor Track

Football

Coach: Jim Malosky

- The following players received post-season All-Conference honors:

Paul Lombard	Tony Poncelet
Greg Valaskey	Dave Emerson
Mark Achterkirch	Reggie Koonce
Jim Wagner	Todd Erickson

Honorable Mention:

Scott Coleman	Chad Stoskopf
Scott Graunke	Noble Rainville
Scott Larson	Brian Potocnik

Women's Athletics:

Women's Basketball

Coach: Karen Stromme

- Team advanced to the national tournament
- **Sara Belanger, Jodi Ierino, and Stacy Sievers** were named All-Conference selections. All three were also All-NAIA Midwest Region selections.
- Amy Erickson was named a UMD Scholar-Athlete of the Year

Cross Country

Coach: Eleanor Rynda

- Team won the NSIC Conference Championship
 - The following women were named as All-Conference selections
- | | |
|-----------------|--------------------------------|
| Marie McCracken | Karen Walczak (Conference MVP) |
| Carin Carlson | Molly Madland |
| Alena Grabowski | Jennifer Madland |

University of Minnesota, Duluth - Intercollegiate Athletics

Softball

Coach: Bill Haller

- **Brandi Harkonen** was named a UMD Scholar-Athlete of the Year

Track & Field

Coach: Bill Hudspith

- The Indoor team won the NSIC Championship
- The following women were named to the All-Conference team:

Bekki Eisenmenger Karen Walczak

Marie McCracken Rachel Smetanka

Jennifer Madland Molly Madland

Volleyball

Coach: Pati Rolf

- Coach **Pati Rolf** was honored as Coach of the Year

- The following were named to the NSIC All-Conference team:

Julie Bubar Jodi Jost (Honorable Mention)

Mary Dunemann Vicki Joyce

Alyson Grey

University of Minnesota, Twin Cities
Women's Intercollegiate Athletics and Men's Intercollegiate Athletics

Academic All-Big Ten

Fall Sports - 1993 (25)

Julie McGough	Cross Country	Mark Gonzales	Cross Country
Rochelle VanAmber	Cross Country	Paul Michalek	Cross Country
Angela Abbott	Cross Country	Mark Narveson	Cross Country
Lori Townsend	Cross Country	Jason Rate	Cross Country
Kristen Bubolz	Cross Country	Kurt Runzheimer	Cross Country
Jessica Langford	Cross Country		
Andrea Grove	Cross Country		
Michael Chalberg	Football	Ben Langford	Football
Justin Conzemius	Football	Jeff Rosga	Football
Omar Douglas	Football	Craig Sauer	Football
Chris Fowlkes	Football	Mark Tangen	Football
Peter Hiestand	Football	Lance Wolkow	Football
Todd Jesewitz	Football		
Gretchen Dahl	Volleyball		
Heidi Foesch	Volleyball		

Winter Sports 1994 (45)

Shannon Loeblein	Basketball	David Grim	Basketball
Carol Ann Shudlick	Basketball	Ernest Nzigamasabo	Basketball
Susan Castner	Gymnastics	Burton Haun	Gymnastics
Lori Kindler	Gymnastics	Fredrick Moeller	Gymnastics
		Brian Yee	Gymnastics
Kristen Anderson	Swim. & Diving	Alan Boelk	Swim. & Diving
Rachel Claflin	Swim. & Diving	Paul Domer	Swim. & Diving
Jenny Cook	Swim. & Diving	Can Ergenekan	Swim. & Diving
Michelle Hamren	Swim. & Diving	Chad Erpelding	Swim. & Diving
Kara Martin	Swim. & Diving	Eric Haseman	Swim. & Diving
Laurie Nelson	Swim. & Diving	Darren Heydanek	Swim. & Diving
Anne Peters	Swim. & Diving	Michael Hinchcliffe	Swim. & Diving
Tressia Shaw	Swim. & Diving	Andrew Kurtz	Swim. & Diving
Pam Smith	Swim. & Diving	Paul Lillehei	Swim. & Diving
Susan Suomu	Swim. & Diving	Brian Morrison	Swim. & Diving
Leslie Wilcox	Swim. & Diving	Michael Schonknecht	Swim. & Diving
Wendy Woods	Swim. & Diving	Michael Sime	Swim. & Diving
		Kenji Sucloh	Swim. & Diving
Brandon Paulson	Wrestling	Scott Walker	Swim. & Diving
Jeffrey Thompson	Wrestling	Bernd Zeruhn	Swim. & Diving

Academic All-WCHA

Brian Bonin	Jeffrey Callinan	Justin McHugh	Jeffrey Moen
Jeffrey Nielsen	Daniel Trebil	Gregory Zwakman	

University of Minnesota, Twin Cities - Women's Intercollegiate Athletics

25 Athletes Named Academic All-Big Ten (Fall 1993 & Winter 1994)
Program Average G.P.A.: 3.00

Basketball Coach: Linda Hill-MacDonald Cumulative G.P.A.: 2.80

- Tied for 4th in the Big Ten
 - Earned a berth in the NCAA Championship, in which they won their first game, but lost their second
 - Senior **Carol Ann Shudlick** finished her career as the All-Time leading scorer at Minnesota and 3rd on the Big Ten's All-Time scoring list. She was named **Big Ten Player of the Year**, as voted by coaches, and was awarded the Silver Basketball Awarded by the Chicago Tribune. She was also a first team **Kodak All-American**, the **1994 Sports Channel Player of the Year**, and (announced April 15) the winner of the **1994 Wade Trophy Award**, given to the best senior women's collegiate basketball player in the nation by the National Association of Girls and Women in Sport.

Cross Country Coach: Gary Wilson Cumulative G.P.A.: 3.16

- Team finished 3rd at the Big Ten Championships
 - Senior **Jessica Langford** finished 4th at the Big Ten Championships and 5th at the Region IV meet in the 5,000 meter race.

Golf Coach: Kathy Williams Cumulative G.P.A.: 3.05

- Currently in season

Gymnastics Coach: Jim Stephenson Cumulative G.P.A.: 2.94

- Finished 3rd at the Big Ten Championships
 - Qualified for the Central Region Championships

Soccer Coach: Sue Montagne Cumulative G.P.A.: 2.97

- 13-6 overall, 3-2 in Big Ten
 - Sophomore **Jennifer Walek** ranked fifth in the nation in scoring and was named to the NSCAA/UMBRO All-Central Region second team.

Softball Coach: Lisa Bernstein Cumulative G.P.A.: 2.82

- Currently in season, 11-16 overall

Swimming & Diving Coaches: Jean Freeman (Swimming)

Doug Fraser (Diving)

Cumulative G.P.A.: 3.12

- Finished 6th at the Big Ten Championships
 - Placed 22nd at the NCAA championships

University of Minnesota, Twin Cities - Women's Intercollegiate Athletics

Swimming & Diving, continued

- Junior **Laurie Nelson** was an All-Big Ten At-Large selection and earned All-America honors with her diving finishes. She now has more All-America honors than any other Gopher woman student-athlete in any sport.
- Junior **Kara Martin** earned All-America honors after placing 3rd in the country in platform diving.
- Sophomore **Jessica Grass** finished 13th in the NCAA Championships and also earned All-America honors.
- **Doug Shaffer** was named Big Ten Diving Coach of the Year.

Tennis Coach: Martin Novak *Cumulative G.P.A.: 3.35*

- Currently in season, 5-8 overall, 1-2 in Big Ten

Track & Field Coach: Gary Wilson *Cumulative G.P.A.: 3.05*

- Indoor: finished 4th at the Big Ten Championships
- Junior **Joan Karnes** took 1st place in the Big Ten shot put competition
- Outdoor is currently in season

Volleyball Coach: Stephanie Schleuder *Cumulative G.P.A.: 2.78*

- Finished 3rd in the Big Ten
- Qualified for the NCAA Championship, winning their first two games and making it to the East Regional Finals, the "Sweet 16," before losing to Notre Dame.
- **Katrien DeDecker** was named Big Ten Freshman of the Year.
- **DeDecker** and senior **Sue Jackson** were named to the All-Big Ten team; sophomore **Heidi Olhausen** received All-Big Ten Honorable Mention.

University of Minnesota, Twin Cities - Men's Intercollegiate Athletics

**45 Athletes Named Academic All-Big Ten
Program Average G.P.A.: 2.81 (Fall Quarter 1993)**

Football Coach: Jim Wacker *Cumulative G.P.A.: 2.56*

- 4-7 record, up from 2-9 last year. No post-season competition
- Recognition: Seniors **Omar Douglas** and **Rob Rogers** were second team All-Big Ten selections
- Seniors **Omar Douglas** (3.20 G.P.A.) and **Jeff Rosga** (3.60), along with sophomore **Justin Conzemius** (3.69), were honored as second team GTE Academic All-Americans

Basketball Coach: Clem Haskins *Cumulative G.P.A.: 2.45*

- Team was ranked in the top 25 Division I teams all season, and was seeded #6 in the West Regional of the NCAA Championship
- At the NCAA tournament, the team won its first-round game but lost its second round game
- Junior **Voshon Lenard** was a second-team All-Big Ten selection and was an honorable mention All-America choice
- Senior **Arriel McDonald** was a third-team All-Big Ten choice

Hockey Coach: Doug Woog *Cumulative G.P.A.: 2.82*

- Won the Western Collegiate Hockey Association (WCHA) post-season tournament, and advanced to the "final four" of the NCAA championships, held at the St. Paul Civic Center
- Senior **Jeff Nielsen** was a second-team All-WCHA selection who was also honored as the league's Student Athlete of the Year
- Senior **Chris McAlpine** was a first-team All-WCHA choice and second-team All-America selection

Cross Country Coach: Roy Griak *Cumulative G.P.A.: 3.12*

- Finished fourth at the Big Ten Championships and third at the Central Collegiate Championships
- Placed fifth at the District 4 Championships in Bloomington, IN last fall. The district consists of 29 teams aiming to qualify for the NCAA championship meet.
- Senior **Curt Kotsonas** qualified for the NCAA Championship meet individually, placing 12th at the district meet.

Wrestling Coach: J Robinson *Cumulative G.P.A.: 2.61*

- Placed 2nd in the Big Ten tournament and 13th in the NCAA
- Senior **Brad Gibson** won the 177-pound Big Ten Championship and placed 3rd in the NCAA tournament. He won All-America honors, the 8th Gopher wrestler to be a repeat All-American.
- Junior **Brett Colombini** was a runner-up at 167 pounds in the Big Ten Tournament and took 6th in the NCAA Tournament

University of Minnesota, Twin Cities - Men's Intercollegiate Athletics

Swimming & Diving Coaches: Dennis Dale (swim.) Doug Shaffer (diving)

Cumulative G.P.A.: 2.92

- Placed 7th at the NCAA Swimming & Diving Championships, held at the University of Minnesota Aquatic Center
- Minnesota also hosted the Big Ten Championships, in which the team took in 2nd place
- Senior **Paul Nelsen** took second in the 200 individual medley at the NCAA Championships
- **Paul Nelsen, Bernie Zehruhn, Can Ergenekan, Matt Brown, and P.J. Bogart** were honored as All-Americans

Tennis Coach: David Gaetz *Cumulative G.P.A.: 2.72*

- Senior **Paul Pridmore** won the Big Ten Indoor Singles Championship; freshman **Lars Hjarrand** was runner-up
- The team has won the Big Ten title two years in a row and has not lost a match since March 1991

Gymnastics Coach: Fred Roethlisberger *Cumulative G.P.A.: 2.89*

- The team finished 4th in the Big Ten Championships
- At the Big Ten Championships, senior **Brian Ottenhoff** placed 2nd on the high bar
- Senior **Bo Haun** finished 4th on the high bar and tied for 5th on the parallel bars
- Senior **John Roethlisberger** was awarded the NCAA Top Six award, which considers athletics, academics, character, and community work. Students in all sports and at all NCAA schools compete for the award. John's sister, Marie, won the award in 1991.

Track & Field Coach: Roy Griak *Cumulative G.P.A.: 2.97*

- The team placed 4th at the Big Ten Championships in February
- At the Big Ten Championships, the following athletes won individual titles :
 - Omar Douglas** 55 meter dash
 - Norris Williams** 600 meter dash (set Big Ten record)
 - Keita Kline** Triple Jump
- **Martin Eriksson** finished 6th in the pole vault at the NCAA Indoor Championships. He earned All-America honors for the 3rd time in his career. He has won a \$10,000 Walter Byers scholarship.

Golf Coach: John Means *Cumulative G.P.A.: 3.16*

- Senior captain **Phil Ebner** has been voted a pre-season All-America. Ebner finished 6th in the Big Ten Championships last season.
- Last season, the team finished 3rd in the Big Ten

Baseball Coach: John Anderson *Cumulative G.P.A.: 2.64*

- Began season ranked in top 20 in U.S.
- Have had 33 straight winning seasons

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**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
May 13, 1994**

Madam Chair, Ladies and Gentlemen of the Board, this month marks the end of a difficult legislative session and the culmination of another annual cycle of the Board's budget and capital budget deliberations. As it surely should, *University 2000* has been a dominant feature of all of these deliberations, and that is encouraging for the long range. For the short range, all of these deliberations produced mixed encouragement and discouragement, but it is next year that will provide the real test for *U-2000*.

• 1994 Legislative Session •

All of the 1994 session's legislative signals pointed to current support of our directions in *U-2000*. In private discussions and hearings, we heard the questions that we should have heard from public policy makers. As the discussions developed, we also heard support—support for those details that we could provide, as well as support for the general directions that couldn't yet be detailed.

The dollar amount for University projects in the bonding bill, \$68.7 million, is itself a tangible message of support. There was enormous competition for those dollars, and our appropriation is a recognition of priority and investment value. On the less tangible level, we should also recognize and appreciate that the legislature's bonding bill process respected our own capital planning and budgeting process, approving only projects that are on our list and explicitly complimenting our capital process, particularly the comprehensiveness of our life/safety and facilities renewal planning.

The legislature's responses to our supplementary budget requests must also be seen as encouraging. Again, legislators' comments on *University 2000* were supportive, and in a climate where all budget requests and legislative appropriations decisions were controversial, legislators came through with an appropriation of \$9,145,000, of which \$8,845,000 was targeted for one-time investments in *U-2000* priorities, with language spelling out specific legislative intent that we focus on improving the actual classroom and experience of undergraduates.

That the Governor vetoed this appropriation is a major disappointment. Those dollars could have accelerated and strengthened our own self-help initiatives—our Restructuring and Reallocation investments in the Undergraduate Initiative and the further investments in undergraduate education and user-friendliness from the "Strategic Investment Pool," approved today by the Board.

Those two self-help commitments—the Restructuring and Reallocation Plan and the Strategic Investment Pool in *University 2000*—are irrefutable proof that we take our own plans seriously. We are putting our money where our mouth is. And that money is hard to come by; it's not easy to cut budgets and increase tuition.

For ten years now, our requests to state government have been grounded in a shared responsibility ethic. We have avoided making requests that depend solely on new state spending. We have only asked the state to invest in program improvements that we value enough to support with reallocated and tuition dollars, hard as they are to scrape together at the same time we've also had to deal with budget cuts, unfunded inflation, and salary freezes.

I recognize the political difficulties that have prevented state government from responding as we would have wanted in recent years—accepting a state share of the responsibility for investing in quality improvements—but I was encouraged that the state budget surplus would allow some one-time, supplementary expenditures—expenditures that do not have "tails," the automatic obligations for spending beyond next year.

Now, with the Governor's veto, what carries over into future years are unmet needs—improvements in the undergraduate experience that will have to wait, gaining in urgency and not serving thousands of students who will be on our campuses next year.

Back to the less tangible level, there is also the undeniable impact on morale, when the University community struggles to honor its share of the shared responsibility, sees the legislature being willing to put dollars behind its support of *University 2000*, but then is left with legislation that "talks" support, but doesn't "walk" support.

There is an irony that the line-item veto of expenditures still leaves the language of legislative intent intact, but I'm glad the language is still there. Our commitment is still there, and we will focus on the undergraduate experience, and we will go back to state government with a biennial request for 1995-97 that stays on course.

• 1996-97 Biennial Request Process •

We are taking a two-stage approach to the development of the biennial budget request that will be acted upon in the 1995 legislative session. Work on the conceptual stage begins immediately, with a retreat for the Deans on May 16, followed by a month of internal consultation and the appointment, by June 1, of an Advisory Committee on the Biennial Budget Request. (That advisory committee will include 3 Deans, 3 central officers, 2 faculty members, 2 members from coordinate campuses, a Vice President, a

student, a labor representative, and a departmental administrator.) Another retreat for the Deans and the President's Cabinet will be held on June 21, and the conceptual framework for the biennial request will be presented for the Board's review at the July meeting.

Our assumptions for the conceptual framework are that the biennial request must be grounded in *University 2000* and the supplementary budget requests that the legislature supported in the 1994 session, with specific proposals

- that are easy to understand,
- that will produce measurable results, using the benchmarks and institutional performance measures that will be presented to the Board for action at the July meeting,
- that relate as directly as possible to dominant public concerns, and
- that will make a compelling argument for a new contract between the University and the state—a contract for investments in University quality that will pay off for the people of Minnesota.

The second, technical stage will be from July through October 15, the deadline for transmitting the Board's approved request to the Minnesota Department of Finance. The draft of the request document will have to be ready for the Board's review in September and for extensive internal and external consultation throughout September, as we develop strategies for internal and external support.

• Council on Liberal Education •
Diversified Core Curriculum and Designated Themes

Thanks to the extraordinary efforts of the Council on Liberal Education, a major step in the implementation of the Twin Cities Campus's new liberal education curriculum has been accomplished. The **diversified core curriculum and designated theme** liberal education course requirements will be in place next fall. The courses that meet the diversified core and designated themes requirements have been identified for the fall quarter class schedule, and the winter and spring class schedules are now in process.

For fall quarter, 270 courses meet the diversified core requirements:

- **Physical and Biological Sciences** - 3 or more courses totaling at least 12 credits, including 1 course with lab or field experience in the physical sciences and 1 course with lab or field experience in the biological sciences. There are 56 courses available; 17 of them also meet designated theme requirements.

- History and Social Sciences - 3 or more courses totaling at least 12 credits, including one course with historical perspective. There are 96 courses available; 54 of them also meet designated theme requirements.
- Arts and Humanities - 3 or more courses totaling at least 12 credits, including courses in two of the following: literature, philosophical perspective, and visual or performing arts. There are 103 courses available; 47 of them also meet designated theme requirements.
- Mathematical Thinking - 1 or more courses totaling at least 4 credits. There are 15 courses available.

Designated theme requirements are met by 245 courses that focus on issues of compelling importance to the nation and the world. The liberal education requirement is a minimum of 6 courses (or 5, if one course includes an approved practicum), including one course in each of the following themes:

- Cultural Diversity - 52 courses, 30 of which also meet core requirements
- International Perspectives - 115 courses, 58 of which meet core requirements
- Environment - 47 course, 19 of which meet core requirements
- Citizenship and Public Ethics - 31 courses, 9 of which meet core requirements.

Behind these numbers of courses, there is a monumental amount of faculty work, analyzing each course to make sure it meets the goals of the new liberal education curriculum, and making sure that Twin Cities campus undergraduates have flexible access to courses that meet the new requirements. It's not high visibility work, but it is curriculum reform that will help shape the undergraduate experience for thousands of students for years into the future.

• Personnel •

This meeting's appointments of Dr. Mario (Mike) Bognanno as Associate to the President and Dr. Melvin D. George as Vice President for Institutional Relations fill two major posts in central administration.

Dr. Bognanno replaces Ms. Kathleen O'Brien, who was appointed City Coordinator by Minneapolis Mayor Sharon Sayles Belton. His appointment is effective June 16, when he will assume the responsibilities for overseeing the President's Office, organizing and implementing the administration's

work plans, and facilitating communication within the administration and between the administration and our constituents.

Mike has been a member of the University faculty since 1970. A Professor of Industrial Relations, he's been Director of the Industrial Relations Center of the Carlson School of Management, and he also holds a professorship in the graduate program in Health and Hospital Administration. He chaired the Faculty Consultative Committee in 1992-93, and he currently chairs the Working Group on Faculty Compensation.

Dr. George's appointment as Vice President for Institutional Relations is a critical step in meeting one of the four major priorities that the Board of Regents identified for this year:

Develop an external relations program to provide the Board and management with an ongoing means of ensuring the institutional goals are responsive to the needs of Minnesotans and to enable the University to secure support for critical priorities.

Prior to his nine years as President of St. Olaf College, Dr. George served as Interim President, Vice President for Academic Affairs, Associate Dean of the Graduate School, and Professor of Mathematics over two ten-year periods at the University of Missouri, as Dean of the College of Arts and Sciences at the University of Nebraska, Lincoln, for five years in between, and also held research positions at Texas A & M and the University of Maryland.

In recognition of the fact that internal communication is a critical part of this vice presidential assignment, I have changed the title from "external" relations to "institutional" relations, returning to the name we used for several years in the 1970s and '80s.

Another change, which I will include in the administrative reorganization that I will present to the Board at the June meeting, will be to reassign the Office of Federal Relations from the Vice President for Research to the Vice President for Institutional Relations. That move will not change the basic duties that are being performed by Mr. Tom Etten, Director of Federal Relations, but it will allow us to have a single "governmental relations" office where federal, state, and local government relations efforts can be coordinated, as more and more issues now require. Mr. Etten will continue to serve as Director of Federal Relations, working with Ms. Donna Peterson, Director of State Relations, and Ms. Ann O'Loughlin, Coordinator of Community and Collegiate Relations.

We are also losing two key members of central administration. Dr. Marvalene Hughes, Vice President for Student Affairs, has just accepted the presidency of California State University, Stanislaus, and Dr. Anne C. Petersen, Vice President for Research and Dean of the Graduate School, has announced that she will accept, pending U. S. Senate confirmation, the

Deputy Directorship of the National Science Foundation. At a time when women and minority leaders are vital to the University, it is undeniably difficult to lose both these leaders. They both move on to greater leadership responsibilities that they certainly deserve, but it's still hard to lose them.

Since joining us in 1990, Dr. Hughes has comprehensively reorganized Student Affairs to improve student services and integrate the whole range of student activities with the University's academic and institutional plans. Through her leadership, the University's community-building activities have developed into a very wide range of effective programs that engage individual students, staff, and faculty with the University community. Working with Dr. Josie Johnson, she brought the same breadth of student involvement to the University's Diversity Forum.

Dr. Petersen has also accomplished comprehensive assessment and development of research and graduate education policies and programs. Thanks to her leadership, the University is now at the forefront of research policy reform and the development of public-private partnerships. Through the Strategic Planning Committee for Research and Postbaccalaureate Education, we have the vision and the agenda in place for the research and graduate education strategic direction in *University 2000*.

Following the May 13 meeting of the Board of Regents, Dr. William R. Brody accepted my offer to recommended him for appointment as Provost of the University of Minnesota Health Sciences. That appointment was approved at a Special Meeting of the Board of Regents on Monday, May 16.

Dr. Brody is currently the Martin Donner Professor and Director of the Department of Radiology at The Johns Hopkins University School of Medicine. He also holds a Secondary Appointment in Biomedical Engineering and a Joint Appointment in Electrical and Computer Engineering, and he is Radiologist-in-Chief of The Johns Hopkins Hospital.

From 1983 to 1989, Dr. Brody served as founder, President, Chief Executive Officer and Chairman of the Board of Resonex, Inc. and he is a member of four other corporate boards.

From 1977 to 1984, when he took a leave of absence to start his company, he was an Associate Professor, then a Professor of Radiology at the Stanford University School of Medicine.

Dr. Brody earned Bachelor of Science and Master of Science degrees in electrical engineering from the Massachusetts Institute of Technology, his M.D. degree and his residency in cardiovascular surgery from the Stanford University School of Medicine, his radiology residency at the University of California, San Francisco, and his Ph.D. in Electrical Engineering from Stanford University.

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
June 10, 1994**

Madam Chair, Ladies and Gentlemen of the Board, in the spirit of keeping first things first, I must note that it is commencement season—24 University of Minnesota commencement ceremonies altogether, ten of which I will be happy to have been able to attend, as I know members of the Board are, as well.

In the spirit of reporting on important measures, I can report that the University of Minnesota has awarded at least **10,725** degrees this academic year, 1993-94, including approximately **675** doctoral degrees and **2190** master's degrees, **120** of them from UMD. If past patterns hold, approximately **70%** of our graduates will remain in Minnesota, contributing to our quality of life and economic well-being.

Again this year, Pat and I will have the pleasure of hosting the graduates and their family members at 10:00 and 3:30 open-house receptions at Eastcliff.

• Scholars and Scholarships •

On May 20, the North Star Ballroom of the St. Paul Student Center was filled for another celebration, the President's Scholarship Luncheon and Awards Ceremony for our National Merit Scholars, our Presidential Scholars, and our Morton S. Katz and President's Outstanding Minority Scholars. Regent Hogan presenting greetings from and represented the Board of Regents.

The next week, on May 27, Northrop Plaza was the site of another celebration, honoring Kirby and Tonya Puckett for their creation of another minority scholars program, the Puckett Scholars Program. Their lead gift of \$250,000, matched with an anonymous bequest through the University of Minnesota Foundation, reaches the half-way point toward a \$1 million endowment to support scholarships for students of color—13 each year when we reach the goal, with the first four to be awarded for 1994-95.

The scholarships will be up to \$3000 a year for up to five years, awarded to University of Minnesota students who have financial need and demonstrated potential to succeed at the University. Each recipient will be assigned a University mentor, and bonuses will be awarded annually to students who earn a GPA of 3.0 or above.

The rest of the fund-raising is underway, with the Twin Cities-based company, Wilsons The Leather Experts, giving \$50,000 and pledging another \$100 for every hit Kirby Puckett has this season. (He averages 200!)

Before Chancellor Ianni raises his hand to remind me, I'd like to add that another athlete, former Gopher football star Kenneth Foxworth—now Coordinator of UMD's Student Equity Programs—raised over \$60,000 for minority scholarships earlier this spring, with his remarkable long-distance run from the State Capitol building to the UMD campus. He will be honored at a reception at Eastcliff on June 16.

Another minority scholarship program will be celebrated later this month, June 20, with the sixth annual award ceremony for the Alan Page Scholar Program, supported by the Page Education Foundation.

Started when Justice Page was Regent Page, the Page Scholar Program has grown at a phenomenal pace. Ten scholarships were awarded in 1989, growing to 31 in 1990, 65 in 1991, 103 in 1992, and 180 in 1993. That growth continues; for next year, the Page Education Foundation has awarded 225!

Page Scholarships are not limited to students attending the University of Minnesota, but of the **more than 400** Page Scholars honored so far, **281** have enrolled here. Measured in dollars, the **more than 600** Page Scholarships have totaled an estimated **\$640,000**, with **\$310,000** for Page Scholars attending the University of Minnesota.

• Undergraduate Recruiting •

Looking ahead, I think we have some excellent news about the freshman class that will be enrolling next fall. Applications are up 9% over last fall, 24% over the fall of 1992, and applications and admissions of students of color are also up.

We expect a significant increase in the academic preparedness of new freshmen, continuing the improvements that began when we implemented the strengthened preparation requirements in 1991. It's particularly encouraging that academic preparedness of students of color will likely be stronger, which ought to enhance the likelihood of success and retention.

Using high school rank as an indicator, next fall's freshman class promises to be the best freshman class in a decade.

• University 2000 Action Plans and Critical Measures •

This morning's discussion of University 2000 Action Plans and the Critical Measures by which we will measure progress toward University 2000 goals illustrated both the complexity and the urgency of defining critical

measures and benchmarks that satisfy the principles that we discussed in April and that guide the on-going development process:

Measures should:

- be consistent with institutional values
- be relevant to the mission, vision, and strategic directions
- emphasize outcomes
- be meaningful at the institutional, campus, and college levels
- reflect common perceptions of University activities
- address controllable factors
- balance costs and benefits.

Those overall principles, plus the technical principles and the principles for using measures, are a good deal easier to express than to satisfy, especially in an enormously complex institution that is undergoing substantial change. We are an institution with too many measures—and too few.

I began my report with an important measure—10,750 degrees awarded this year. Next year, more than 7,500 of those graduates will probably be living in Minnesota, some furthering their education, most enhancing Minnesota's workforce. Are those "critical" measures? Certainly to those graduates and their families; certainly to employers; certainly to graduate and professional schools. They're important measures to the institution, but it's more critical to know that those graduates received a high quality education, delivered without unnecessary delays or costs, which will serve those students' lives and careers and serve the public interest—all of which are harder to measure.

To use a different kind of illustration, we honored 27 people this morning—students, staff, and faculty. That number, 27, is surely not critical. We honored these people for reasons that were barely sketched by presenters, just enough to give a small sense—an incomplete measure—of the accomplishments and contributions for which the honors were given. There weren't many numerical measures in those sketches. What we heard about were exemplary human interactions, attitudes toward serving, toward finding and sharing knowledge. What we heard in brief sketches was enough to know that, in each case, there was so much more—so many critical contributions—behind the honors bestowed.

Multiply those human interactions by thousands, and you have the challenge of finding critical measures that genuinely reflect the work and worth of the University, that really tell us how well our plans our working, and that provide information that is valid and useful to a wide variety of external audiences. We do have to have those measures, for our own planning and accountability purposes, as well as for the wide-ranging external accountability requirements.

To meet both the internal and external demands for measures, it is essential that we proceed carefully. Beyond meeting the principles listed above, it's important to develop understanding and consensus within the University community. The institutional measures and benchmarks must set the overall context in which the more program-specific critical measures and benchmarks will be developed by the academic units.

• **Restructuring of Central Administration •**

My recommendations for the restructuring of University administration are now on the table for review and discussion, and I will present a more finely tuned version for Board action in July.

In briefest form, my proposal seeks to separate system-wide policymaking, compliance monitoring, and management of support infrastructure from the operational, academic management of the three campuses at Crookston, Duluth, and Morris and three "provostial areas" on the Twin Cities campus. Those areas are:

- **The Academic Health Center**, already in place with the Health Sciences reorganization and the appointment of the new Provost, both actions taken by the Board earlier this year, and the model for the two new Provost structures I have proposed for the rest of the Twin Cities campus
- **Arts, Sciences, and Professional Schools**, primarily located in Minneapolis, including:

Humphrey Institute of Public Affairs
Carlson School of Management
Law
Education
Architecture and Landscape Architecture
Liberal Arts
Institute of Technology
General College
Biological Sciences *

- **Agricultural, Biological, and Environmental Sciences**, primarily located in St. Paul, including:

Minnesota Extension Service
Agricultural Experiment Station
Agriculture
Natural Resources
Human Ecology
Biological Sciences *
Veterinary Medicine **

- * The College of Biological Sciences has long-standing ties to both of the two new "provostial areas," and it is not yet clear which should be the primary reporting line.
- ** The College of Veterinary Medicine, now included in the Academic Health Center, also has strong ties to other St. Paul units, so there are unresolved questions remaining about the best reporting lines.

The three Chancellors and the three Provosts will report directly to the President. The Chancellors' responsibility and authority to manage their campuses are essentially unchanged. The Provosts will have the responsibility and authority to manage their academic units. The Chancellors and the Provosts will be responsible for making recommendations on promotion and tenure in their own units.

The systemwide **Central Administration** will be responsible for institutional planning, institutional policies and compliance, and selected systemwide and Twin Cities campus support and infrastructures. Reporting to the President—and serving essentially as a more broadly defined "Office of the President" will be the Senior Vice President for Academic Affairs, the Senior Vice President for Finance and Operations, the Vice President for Institutional Relations, the General Counsel, and the Associate to the President.

Vice Presidents reporting to the Senior Vice President for Academic Affairs will be the Vice President for Research and Dean of the Graduate School (current responsibilities essentially unchanged), a Vice President for Undergraduate Education and Student Development (replacing the Vice President for Student Affairs and adding policy and planning responsibilities for undergraduate education), and a new position of Vice President for Outreach (recommended in the report of the Outreach Council).

My primary intentions in this restructuring into systemwide and campus/"provostial area" responsibilities are to create a simpler organization structure with clear reporting lines, clear lines of consultation, well-defined responsibilities, explicit decision making authority, and minimal layers between faculty and key decision makers. That won't all happen with just a redrawing of the organizational charts. The effectiveness of the new structures in achieving these goals and supporting *University 2000* will be determined by many people working out the new relationships and building a new administrative culture that retains the best of our old practices and fashions new interactions that will be able to address new demands.

• Awards •

The **Regents' Professorship**, the highest faculty honor bestowed by the University of Minnesota was awarded this morning to **Professor Daniel D. Joseph**, Aerospace Engineering and Mechanics.

In the field of engineering, there is a so-called "triple crown" that involves the election to the National Academy of Sciences, the National Academy of Engineering, and the American Academy of Arts and Sciences. It is a rare accomplishment, and it is bestowed upon only the best and the brightest.

Daniel D. Joseph is such a triple crown winner and a world-class talent.

- He earned bachelor's, master's, and doctoral degrees in mechanical engineering from the Illinois Institute of Technology, as well as a master's degree in sociology from the University of Chicago.
- He was named assistant professor of aerospace and mechanical engineering in 1962 and was promoted to full professor in 1968.
- He was named the Russell J. Penrose Professor of Aerospace Engineering and Mechanics in 1991.

Scholarship

- Professor Joseph has earned an international reputation in the fields of fluid mechanics and applied mathematics.
 - Published nine books and more than 200 refereed journal articles
 - Secured five patents
 - Comments from international colleagues:

Teaching

- Professor Joseph is held in high regard by all students who work with him, from Ph.D. candidates to high school students.
 - Served as a visiting professor at nine international universities including the Universities of Naples, Rome, Paris, Nice, Sussex, and Melbourne
 - Served as graduate advisor for 29 Ph.D. and 10 Master's recipients, and is currently advising another dozen doctoral candidates;
 - Has hired minority high school students to work as apprentices in his laboratory;

- Has long involved undergraduate students in his laboratories. One of those students is Sarah Braasch, who is pursuing a double major in aerospace and mechanical engineering.

Ms. Braasch is the recipient of the Mercury 7 Award, which is a scholarship given to outstanding undergraduates in science and engineering. The award was initiated by the original astronauts of the Mercury 7, including University of Minnesota alumnus Deke Slayton.

Service

- Professor Joseph has made significant service contributions to his field and the University.
 - Served as editor for nine professional journals and officer in five professional societies
 - Organized programs in the University's Institute for Mathematics and Its Applications (IMA);
 - Served as consultant to a dozen private corporations on subjects as wide ranging as polymer blending and anisotropic etching to acoustic waves in bread dough.

The most fitting description of Professor Joseph can be summarized in his own words. In talking about his laboratory, he has often remarked:

"The laboratory has many happy and productive workers sharing a common attitude whose three principles are to have some fun, to tell the truth, and to do good research."

Horace T. Morse—Minnesota Alumni Association Award for Outstanding Contributions to Undergraduate Education

Associate Professor **William Brustein**
Sociology, College of Liberal Arts, Twin Cities

Professor **James F. Farr**
Political Science, College of Liberal Arts, Twin Cities

Professor **Leslie B. Hansen**
Animal Science, College of Agriculture, Twin Cities

Associate Professor **Linda Rae Hilsen**
College of Education and Human Service Professions, Duluth

Associate Professor **Laura Coffin Koch**

Mathematics Education, General College, Twin Cities

Associate Professor Alex J. Lubet
Music Theory and Composition, School of Music, College of Liberal Arts, Twin Cities

Professor Marvin L. Marshak
Physics, School of Physics and Astronomy, Institute of Technology, Twin Cities

Associate Professor Roger Pierce Miller
Geography, College of Liberal Arts, Twin Cities

Associate Professor Christopher Paola
Geology and Geophysics, Newton Horace Winchell School of Earth Sciences, Institute of Technology, Twin Cities

Associate Professor Thomas A. Scanlan
Rhetoric, College of Agriculture, Twin Cities

John Tate Award for Excellence in Academic Advising

Jacquelyn A. Henning, Assistant Director, Counseling Department, Continuing Education and Extension, Twin Cities

Associate Professor Christopher Paola
Geology and Geophysics, Newton Horace Winchell School of Earth Sciences, Institute of Technology

Amy L. Winkel, Senior Student Personnel Worker
Biological Sciences Student Services, College of Biological Sciences

Professor Val W. Woodward
Genetics and Cell Biology, College of Biological Sciences

Academic Staff Awards

Terry M. Anderson, Program Director and Continuing Education Specialist, Continuing Education & Extension and Summer Session, Duluth

Barbara Becker, Director, Student Academic Support Services, College of Liberal Arts, Twin Cities

Marjorie Cowmeadow, Associate Dean and Counselor Advocate, General College, Twin Cities

Earl Nolting, Director, Counseling Department, Continuing Education and Extension, Twin Cities

Jane Phillips, Coordinator of Instructional Laboratories, College of Biological Sciences, Twin Cities

Student Representatives to the Board of Regents

In addition to the Certificates of Appreciation presented by the Board this morning, I want to express my personal thanks to the Student Representatives to the Board of Regents who completed their terms this month:

**Narciso Aleman
Gina Brunko
Tom Donarksi
Joan Jensch
Sara Nienow
Rachel Paulose
Sara Rogers**

Their service to the Board and the University community has been important to us, and I am certain that their involvement and leadership has contributed much to their own educational experience.

I must pay particular tribute to **Ms. Rachel Paulose**, who has not only served two terms, but chaired the Student Representatives for two years, contributing genuine leadership both years.

• Personnel •

Dr. R. J. Lievano, Professor and former Dean of the A. D. Barney School of Business and Public Administration, University of Hartford, will be Dean of the School of Business and Economics at UMD, effective July 1.

Dr. Harold Hillenbrand, Professor and Head of the English Department at California State University, San Bernadino, will be Dean of the College of Liberal Arts at UMD, effective August 1.

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
July 8, 1994**

Madam Chair, Ladies and Gentlemen of the Board, I'd like to begin by calling your attention to two examples of national outreach and two events later this month—one on campus and one rather far off campus.

• Health Care Reform •

It's encouraging when University of Minnesota experts are sought out for advice, especially when the invitation comes from the President of the United States. Dean Ronald Franks of the UMD School of Medicine was one of the medical school deans invited to meet personally with President Clinton on June 27 to discuss health care reform.

• Family Re-Union III •

On Monday, July 11, in Nashville, Tennessee, the University of Minnesota's Children, Youth, and Family Consortium will play a central role in a third annual national conference on family policy, hosted and moderated by Vice President Al Gore and his wife, Tipper. The conference is called *Family Re-Union III: The Role of Men in Children's Lives*, and it is co-sponsored this year by our Minnesota consortium and the Tennessee Department of Human Services.

The Children, Youth, and Family Consortium is a program of the Institute of Agriculture, Forestry, and Home Economics, organized to coordinate the children, youth, and family work of University, state, and community organizations. It's a national model for bringing diverse resources to bear on these concerns, and it's caught the very active attention of Vice President and Mrs. Gore. Consortium director Martha Erickson will give the conference's opening remarks. A Consortium singing group, "Free Spirit," will perform at the luncheon, and several Minnesota community leaders will be involved in presentations. University faculty members participating will include Professor Richard Weinberg, director of the Institute of Child Development, and Assistant Professor Oliver Williams, Social Work, who studies family roles of African-American men.

• Summer Research Opportunities Conference •

The on-campus event is the Summer Research Opportunities Conference, sponsored by the CIC—the Committee on Institutional Cooperation (the eleven Big Ten universities plus the University of Chicago). Starting on July 22, about 800 undergraduate students of color from all twelve universities will be on the Twin Cities campus. It's a three-day conference

that caps off their summer research experiences on their own campuses with poster sessions, seminars, and career opportunities discussions. This is the eighth year of the CIC program and the first year that we have hosted the conference.

To help cover the increased travel costs and to broaden the career opportunities sessions, we have added corporate support and involvement this year, thanks to Cargill, Cray Research, General Mills, Honeywell, Northwest Airlines, Pillsbury Food Sector, Rosemount Engineering, Super Valu, and 3M—and thanks to our Development Office for raising the money and enlisting the corporate involvement.

• Annual Report on the Undergraduate Initiative •

Our own Undergraduate Research Opportunities Program, UROP, was one of several highlights of Vice President Anne Hopkins' annual report, yesterday, on the President's Initiative for Excellence in Undergraduate Education. UROP is a great success story in its own right, providing very special learning opportunities to 350 students this year, supplementing the other opportunities made possible by the research dollars our faculty members attract. As Vice President Hopkins reported, more than 1,000 other undergraduate students receive about \$3.5 million each year for their work as undergraduate research assistants, peer advisers, and tutors.

I am particularly pleased that the Undergraduate Initiative has made it possible to expand UROP from 300 students and \$300,000 in awards in 1992-93 to 400 students and \$420,000 in awards next year. Opportunities such as these exemplify undergraduate education improvements that are particularly well suited to our research university. UROP's expansion also exemplifies a very important point about the continuity from the Undergraduate Initiative, spelled out in June, 1990, to undergraduate education as a strategic direction of *University 2000*. When it comes to improving undergraduate education, University 2000 is neither starting from scratch nor changing course; improving undergraduate education has been a fundamental priority of the University since 1985.

We are dealing with a climate change, whereby undergraduate education is becoming a more important and integral part of the Twin Cities campus. The problems that we've sought to solve since 1985 are systemic and complex, involving recruiting and admissions, curriculum, advising and counseling, teaching and learning, the learning environment, the sense of community, and assessing our own progress. The course we are already on demands comprehensive improvements for which there are few, if any, simple solutions.

To stay on course and build even further momentum, it is essential keep track of the progress already made.

- 77.6% of new Twin Cities freshmen have met all of the strengthened preparation requirements, compared to 17% in 1986.
- The average high school rank of Twin Cities freshmen has increased.
- Students of color represented 13% of last fall's Twin Cities campus undergraduate enrollment, 18.6% of new freshmen.
- More effective recruiting has increased applications by 24% in two years.
- Credit loads are increasing.
- Five-year system-wide graduation rates have increased from 30% to 39%.
- The student:adviser ratio in CLA's pre-major advising office has been cut in half, and all six freshmen-admitting colleges on the Twin Cities campus have launched improved advising efforts.
- Classes are getting smaller. System-wide, lower division classes are down 13% since 1986; upper division classes are down 8%. On the Twin Cities campus, the average lower division class has 27 students, down 25% since 1986.
- Our forty largest courses are, on average, 27% smaller than in 1986. Last fall's largest class had 657 students, compared to 1,069 in 1986.
- They're also getting better, benefiting nearly all Twin Cities freshmen and sophomores. Over the last three years, \$1,450,000 has been invested in improvements to 13 large courses with registrations of more than 7,000 per quarter.
- The new Liberal Education Curriculum for Twin Cities campus is in place, on schedule, and getting national attention.
- Also attracting national attention is the Minnesota Transfer Curriculum, which has taken three years to develop and has been approved by all four public systems for implementation this fall. Students who complete this curriculum are assured that they have met the lower division liberal education requirements at any participating institution.

Since the Undergraduate Initiative began three years ago, we have been able to invest a total of \$9,610,000 in one-time central funds for these and other improvements, supplementing the recurring investments in the College of Liberal Arts, the Institute of Technology, and the College of Biological Sciences that have been made under the Restructuring and Reallocation Plan.

• Diversity as Strategic Direction of *University 2000* •

In earlier versions of *University 2000*, the University's commitment to diversity was reflected and incorporated into the Mission, the Vision, and each of the five Strategic Directions. Last month's report on *University 2000* Action Plans and Critical Measures suggested that our diversity efforts might benefit from even greater visibility and a more focused, unified discussion in a specific, separate section of our plans. After internal and external consultation, that is what we will do.

Diversity efforts will continue to be incorporated in the five other strategic directions, but we will also develop a specific section of institutional diversity plans, as well as directing each campus, academic unit, and support unit to develop appropriate actions to implement this additional strategic direction, consistent with their own unique roles.

• President's Minority Advisory Committees •

As I reported yesterday—and as we celebrated with yesterday's luncheon with members of the Minority Advisory Committees—we have substantially improved and worked into a regular, annual process the University administration's relationships with the six minority advisory committees:

UMD American Indian Advisory Committee
UMM American Indian Advisory Committee
Twin Cities American Indian Advisory Committee
African American Advisory Committee
Asian/Pacific Islander Advisory Committee
Chicano/Latino/Hispanic Advisory Committee.

Since they made their recommendations to the Board last July, Dr. Josie Johnson and I have met with these committees several times, developing better organized ways to refine and update those recommendations, to plan and implement feasible actions, and to develop measures that will allow us to assess progress and adjust plans on a annual basis. The refined recommendations have been discussed with the appropriate campus administrators for their input, actions taken, actions to be taken, and timelines. Our emphasis has been on specific action items that we can all recognize and follow as a clear annual agenda:

- Minority undergraduate students
- Minority graduate/professional students
- Minority faculty
- Curriculum and ethnic studies departments
- Environment and campus climate
- Accountability
- Goals.

This month's first annual report addresses the committees' recommendations, actions taken, and actions to be taken in each of these areas. I am very much encouraged that we now have a productive process for incorporating the advisory committees' good counsel and program evaluation into the strategic direction of diversity.

• Restructuring of Central Administration •

The reorganization of central administration discussed today is designed to provide more effective institutional management and the ensure the successful implementation of the strategic objectives of *University 2000*. The basic change is to separate system and staff responsibilities from campus and line responsibilities, a change that has been an issue for many years.

The principles for the reorganization include:

- assigning explicit decision-making authority and accountability to Provosts as the executives of three major entities on the Twin Cities campus (the Academic Health Center; the Arts, Sciences, and Engineering; and Professional Studies);
- assigning explicit responsibilities to system officers providing staff support to the President;
- separating system and campus responsibilities;
- separating staff and line responsibilities;
- providing clear reporting and consulting lines;
- assigning manageable spans of responsibility; and
- flattening and decentralizing the organization with minimal layers between faculty and key decision makers.

There is no ideal model that answers all the questions and satisfies everyone. After much discussion of several alternatives, I concluded that the following three Provost model meets our needs most effectively:

The **Academic Health Center** (approved earlier) consists of the School of Dentistry, the Duluth Medical School, the Medical School, the School of Nursing, the College of Pharmacy, the School of Public Health, the College of Veterinary Medicine, and the University of Minnesota Health System.

The **Arts, Sciences, and Engineering** would consist of the College of Biological Sciences, the College of Liberal Arts, the General College, and the Institute of Technology.

Professional Studies would consist of the College of Architecture and Landscape Architecture, the Carlson School of Management, the College of Education, the Hubert H. Humphrey Institute of Public Affairs, the Law School, the College of Agriculture, the College of Natural Resources, the College of Human Ecology, the Minnesota Extension Service, and the Agricultural Experiment Stations.

I have appointed a Transition Task Force and two subcommittees to work out the details, most of which should be accomplished by October, and a Transition Advisory Committee to deal with the relationships between the new administrative structure and the governance system. Pending Board approval of the reorganization in September, we hope to conclude searches for the following positions by January 1, 1995:

- Provost for Arts, Sciences, and Engineering
- Provost for Professional Studies
- Vice President for Research and Graduate Education
- Vice President for Undergraduate Education and Student Development
- Vice President for Outreach.

• President's Assessment and Goals and Objectives for 1994-95 •

I would like to thank the Board for another careful and thoughtful process of assessing achievements and progress toward the goals we set for 1993-94. I appreciate your recognition that we have, indeed, made progress on last year's ambitious agenda. I appreciate your thoughtful challenges for the coming year and your confidence and support for my presidency.

I appreciate your incorporating into the 1994 President's Annual Performance Assessment Report my proposed goals and objectives for 1994-95, and I have appended the Board's report to ensure that your specific challenges are communicated broadly.

• Legislative Auditor's Report, Minnesota Supercomputer Center, Inc. •

Since I have discussed the Supercomputer Center and the Legislative Auditor's study of the Center in a number of my monthly reports, it's a pleasure to acknowledge that the Legislative Auditor's Financial Audit and Program Evaluation have both confirmed that the University is, indeed, getting its money's worth and is improving both the accountability and the working relationships between the University and the Center.

We all appreciate the care with which Mr. Nobles and his staff conducted their two studies and the cooperation given by the Center and the University of Minnesota Foundation.

• Private Practice Income •

In accordance with the Board of Regents' policy on the Medical School Private Practice Plan adopted on July 9, 1993, the Board has now received a report on Medical School physician faculty income for the calendar year 1993.

The salary figures are reasonable and well within the bounds of national norms. The salaries of all but two of the department heads are below the 80th percentile of salaries of department heads in the Association of American Medical Colleges (AAMC). Departmental comparisons of University of Minnesota physician faculty with the AAMC and four practitioner data bases confirm the Minnesota salaries are in line with medical schools nationally and are generally below the reported private practitioners' incomes.

The competitive managed care environment in this state and the yet unknown impact of federal health care reforms continue to cast a shadow of financial uncertainty on the future of the Academic Health Center. What we know is that we must be competitive and flexible enough to adapt to the changing health care environment. To address these difficult issues, we are fortunate to have excellent new leadership in place in the persons of Provost William Brody, University of Minnesota Health System President Greg Hart, Hospital General Director Peter Rapp, and the UMHS Board of Governors. The search for a permanent Dean of the Medical School is now in the interviewing stage and will be brought to a close by early fall.

I want to express again my gratitude for truly outstanding service to the entire Transition Task Force that helped with the private practice plans, the reorganization of the Academic Health Center, and the transition to new leadership. I am particularly indebted to Mr. Winston Wallin, who heeded my call for assistance a little more than a year ago and who has provided outstanding service on a *pro bono* basis; to Dean and Deputy Vice President Shelley Chou, who came out of retirement to lead the Medical School through a time of great stress and many challenges; and to Dean and Deputy Vice President Richard Elzay, who added new responsibilities for the Health Sciences to his already heavy duties as Dean of Dentistry.

• Awards •

As Senior Vice President Bob Erickson reported, **University Parking Services** has received the Merit Award for Excellence in Parking Design and Innovation from the Institutional and Municipal Parking Congress for the University's Intercampus Transitway and related parking facilities. Our **Department of Environmental Health and Safety** has received the National Safety Council's Award of Recognition for a Unique and Innovative Program for our "After Hours Emergency Response Pager System," which assures timely response to hazardous materials emergencies.

Appendix

**University of Minnesota
Board of Regents
President's Annual Performance Assessment Report
July 1994**

The University of Minnesota is at the crossroads of an important opportunity for significant and positive change.

With the foregoing challenge, the President and the Board of Regents embarked upon an ambitious agenda for 1993-1994:

- To develop a strategic plan to guide the future course of the University of Minnesota;
- To strengthen and clarify the management infrastructure including personnel and systems, to ensure the capability of the organization to execute the strategic plan as well as the policies of the board and management;
- To improve the operating and capital budgeting processes to provide the Board and management the capability to allocate resources in accord with the strategic priorities set by the Board; and
- To develop an external relations program to provide the Board and management with an ongoing means of ensuring that institutional goals are responsive to the needs of Minnesotans and to enable the University to secure support for critical priorities.

Significant progress has been made against each of the objectives. The Board appreciates the leadership of President Hasselmo and the contributions and support that have been provided by the entire University community.

The Board concurs with President Hasselmo's recommendation that continued progress against these objectives is the highest priority for the coming year. The Board also supports the President's recommendation that a thoroughgoing evaluation be undertaken of University personnel policies, processes and practices.

The Board notes that the following challenges will be paramount to the success of the University over the coming year:

- It is critical that U2000 be strengthened by the formulation and articulation of the academic vision for the University. The academic vision must serve as the framework for critical resource allocation decisions.
- U2000, including the academic vision, must be integrated into the core planning of every academic and administrative unit.
- Roles and responsibilities of key administrative leaders within the new organization structure must be defined and supported to ensure that:

- Provosts and chancellors are fully responsible for operations within their respective areas and are directly accountable to the President for the achievement of results
- Provosts and chancellors exercise primary responsibility and accountability for developing and recommending academic and financial priorities within their respective provostial areas and campuses
- Central staff supporting the President exercise primary responsibility and accountability for developing and recommending academic and financial priorities among provostial areas and campuses
- Institution-wide academic and financial decision-making processes are developed and managed centrally and are implemented in an integrated and coordinated manner
- Systems and organizational culture are developed which provide timely information about compliance with University-wide policies and accurate financial and productivity information. This information is critical to support the provosts and chancellors in performing their operating responsibilities and to support the president in exercising effective oversight and institution-wide priority-setting
- Teamwork throughout the organization, from the top down, is strengthened and a cohesive organizational response is demonstrated in meeting the challenges of changing times and expectations
- The newly created or restructured positions resulting from the reorganization must be filled by strong leaders who are effective managers and who are consistently empowered and reinforced in the performance of their responsibilities.
- A core set of results-oriented objectives and benchmarks must be formulated to assist the President and the Board in evaluating and overseeing organizational performance in increasing the diversity of students, faculty, staff and key administrators.
- The consultative processes of the University must be overhauled to speed decision-making, and to strengthen the link between influence over decisions and responsibility for results.

Finally, the Board recommends that the President initiate a career development process for key administrative personnel throughout the University. This process would enable the organization to identify and overcome potential weaknesses in the management depth of the University and would be an important means for ensuring stability and continuity in future leadership.

President Hasselmo has the full support of the Board of Regents as he continues to address the formidable challenges of this critical period in the history of the University of Minnesota. The Board is pleased with the accomplishments of the President on behalf of the University and looks forward to a strong and productive partnership in the coming year.

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
September 9, 1994**

Madam Chair, Ladies and Gentlemen of the Board, *University 2000* has now moved from working hypothesis to work plan, shaping and informing virtually everything we do. Because *University 2000* is now such a central organizing force, we are now in a position where we can lay out a systematic, coherent agenda of issues and choices.

• FY 1996-97 Biennial Budget Request •

The biennial budget partnership proposal that we have presented to the Board of Regents lays out the real needs for increased investment in the next two years:

- \$45.4 million for a salary and fringe benefits pool—2.5% per year for the salary pool and 5% per year for fringe benefits cost increases;
- \$16.2 million to maintain the current budget base;
- \$33 million for physical resources—utilities, building operations and maintenance, and capital debt service; and
- \$43.1 million for *U2000* investments.

That is a total of \$137.7 million in increased investments that are required to continue delivering the University's services and to continue the course of *University 2000* quality improvements.

Based on a new state law passed in the 1993 session, we have every right—and I think obligation—to lay this partnership proposal out to the Governor, the legislature, and the people. That's what we have proposed to the Regents.

Our proposal, though, does not ask the state for the entire \$137.7 million. We are a partnership, and we have proposed a partnership financing agreement:

- \$77.7 million from the state over the next two years—a 5.5% per year increase;
- \$30.3 million from increased tuition revenue over the next two years—also a 5.5% per year increase;

- \$1.5 million from other revenue increases over the next two years; and
- \$28.2 million from University reallocation over the next two years. That figure includes about \$3.5 million in reallocations scheduled for year #5, the final year of the 1991 Restructuring and Reallocation Plan, plus the additional reallocation of \$24.7 million.

That same 1993 law also requires higher education to present a budget plan that is based on defined state spending caps. For the University, those caps would mean a \$16.2 million budget cut for the coming biennium, no increases for salaries or benefits, no adjustments to cover inflation, and no additional state investments for *University 2000* or facilities maintenance or operation. Such a budget scenario would also mean:

- continued erosion in state support for the University and higher education, erosion that has been occurring since 1987;
- a major shift in our compact with the state;
- further tuition increases and decreased access to courses;
- reduced research capacity and reduced ability to attract outside dollars;
- reduced outreach activities;
- an inevitable loss of competitive position among peer institutions; and
- when compared to our partnership proposal, more than double the impact on tuition and University reallocations.

To meet our \$137.7 million investment need with no help from the state would require tuition increases of at least 12% per year, other revenue increases of \$8.7 million, and University reallocations of \$61.4 million during the biennium. That level of reallocation clearly would seriously damage a University that has already reallocated tens of millions of dollars over the last five years under the 1991 Restructuring and Reallocation Plan, which included closing a campus!

To build support for the partnership plan, where the state shares responsibility with our students and our programs, we will need to communicate our investment needs, the potential pay-offs from those investments, and the disastrous consequences of further erosion of state support.

That communication effort must start now, addressing the 1995 legislative session, and it must also be a long-term effort to build and sustain more active support from the University's owners, the people of Minnesota.

• University 2000 Partnership Initiative •

The *University 2000 Partnership Initiative*, under the direction of Institutional Relations Vice President Mel George, will be a long-term, University-wide communications effort. In the words of the proposed budget resolution, it will "engage faculty, students, and staff, together with the State of Minnesota, to join in a partnership of commitment and shared responsibility for the maintenance and enhancement of the University's programs and goals in support of the well-being of the State of Minnesota and the nation."

We will pursue two primary goals with the many audiences concerned with the importance of the University to our state:

- to promote internal and external understanding of the critical importance of *University 2000*; and
- to make clear that the success of *University 2000* requires broad support—a partnership with Minnesota and its citizens as a long-term investment in the future.

Our major messages will be simple and to the point.

- The University of Minnesota is a vital institution, the long-term solution to many of Minnesota's needs and challenges.
- External changes and new expectations for services and accountability pose new and difficult challenges for higher education and the University.
- The University has responded to those challenges with the clear focus of *University 2000* to strengthen the University so it remains one of the nation's premier research, land-grant universities, while improving undergraduate education and becoming more diverse and user-friendly.
- Achieving *University 2000* requires hard choices on the part of the University AND partnership support, in particular from state government, but also from all Minnesotans, because...
- "This place is important for each of us to own." (U of M Alumni Association National Board Member)

• University 2000 Critical Measures •

One of the most important new features of *University 2000*, is the commitment to develop—and use—critical measures, performance goals, and benchmarks to:

- evaluate our progress in reaching stated goals and objectives;
- guide institutional, collegiate, and support unit self improvement;
- serve as an important link among planning, performance evaluation, and resource allocation; and
- provide a means for comparison with other institutions in the search for best practices for the accomplishment of institutional goals.

When completed, there will be 18 critical measurement areas. The first five, reviewed by the Board this month, are:

- Characteristics of Entering Students
- Graduation Rate
- Underrepresented Groups/Diversity
- Institutional Direct Expenditures per Student
- Sponsored Funding.

Seven more will be completed during the 1994-95 academic year:

- Student Experience
- Post-graduation Experience
- Scholarship, Research, Artistic Accomplishments and Public Service
- Responsiveness to Compelling State Needs
- Overall Satisfaction of Minnesota Citizens with the University
- Faculty and Staff Recruitment, Development, Satisfaction, and Retention
- Facilities
- Resource Development.

Finally, five measurement areas will require longer term development:

- Reputation of Undergraduate, Graduate, and Professional Programs

- Interdisciplinary/applied Programs and Activities
- Outreach and Public Service
- Responsiveness to Market Demand
- Customer Service/Streamlining.

None of these 18 measurement areas is simple. Thanks to the hard work and leadership of George Copa, Professor of Vocational Technical Education and Acting Associate Vice President for Academic Affairs, each of the critical measures will be grounded in careful attention to definitions, rationales, baseline information, costs, data collection processes, relationships to *University 2000*, and a clear understanding of responsibilities.

• Organizational Structure for Central Administration •

The clear understanding of responsibilities is also an important goal of the plan the Regents approved this morning for the reorganization of central administration and the establishment of the three Provost structure for the administration of the Twin Cities campus.

The new structure will separate and assign system and campus responsibilities. It will facilitate matrix management, supplementing vertical, direct reporting lines with horizontal, interdisciplinary structures for integration and cooperation. It will flatten and decentralize the organization, with minimal layers between faculty members and key decision makers. And, it will be a simpler structure, clarifying the major consulting relationships among the faculty, staff, and student governance systems and the President and system officers, each Provost and Provost's staff, and each Dean and Dean's staff.

The three Provost structure—**Academic Health Center, Professional Studies, and Arts, Sciences, and Engineering**—provides a manageable span of activity for the President as Chancellor of the Twin Cities campus, provides a manageable span of activity for each Provost, makes possible a desirable degree of homogeneity within the three provostial areas, and does not proliferate administrative structures beyond a desirable minimum, while making possible hands-on participation by Provosts in joint academic and budgetary planning with the Deans and an appropriate degree of oversight and evaluation.

• Minnesota Supercomputer Center, Inc. •

Between the September and October Regents' meetings, we will be able to complete the sale of the Minnesota Supercomputer Center, Inc. to Cray Research and beginning an exciting new public-private partnership.

The Minnesota Supercomputer Center, Inc. has been a major success story for the University, providing supercomputing resources, at reasonable prices, that have opened up whole new research opportunities for Minnesota faculty members, graduate students, undergraduate students, and even high school students. Having this unique supercomputing capability has also brought millions of sponsored research dollars into the University and the Minnesota economy.

These opportunities will be maintained under the new partnership with Cray Research. Cray is committed to maintaining and enhancing the Center's relationships with the University and the Minnesota Supercomputer Institute—the University's supercomputer research organization—providing better access and computer time to faculty researchers.

A portion of the proceeds of the sale, approximately \$11 million, will go to the University, the preferred stockholder and owner of 10 percent of the common stock. The remainder will go to the University of Minnesota Foundation, whose funds are used to enhance the quality of the University.

• Investment Performance •

Recent publicity of the University's investment losses when the bottom fell out of the "derivatives" market last spring should be taken with a grain of perspective. The good news—great news—is that despite that loss, we have a stellar long-term record. In the past 10 years, we have realized a 14.5% annualized return on our investments. The average for other universities and foundations was 12.9%. That means we have earned \$30 million more than we would have earned at the average return. We've earned that by taking calculated risks that have paid off handsomely, keeping University endowment investment performance in the top quarter of 400 universities and foundations. As was the case with the many other investors who lost money last spring on derivatives, we didn't anticipate the dramatic increase in interest rates.

The losses were tied to what we term "alternative" investments—more profitable, but more risky. Alternative investments, however, were limited to less than 7% of our total portfolio. A loss is still a loss, so we are in the process of instituting further measures to safeguard against such losses in the future.

• Personnel •

A fifteen-member search advisory committee for the position of Chancellor of the University of Minnesota, Duluth has been appointed and will be chaired by Gregory Fox, Vice Chancellor for Finance and Operations at UMD. I have asked the committee to submit to me a slate of no less than three candidates by December 15, 1994.

With the Board's approval this month, Dr. John Q. (Jack) Imholte will serve as Acting Vice President for Student Affairs, effective September 1, 1994. Dr. Imholte holds the rank of Professor of History at the University of Minnesota, Morris, and he served with remarkable effectiveness as UMM's Provost/Chancellor from 1970 to 1990. Those twenty years of distinguished experience as a student-oriented administrator have demonstrated that Jack has leadership qualities to carry us through this transition period.

• 1994-95 Gopher Guide •

I'm happy to distribute to the Board the *1994-95 Gopher Guide*, the second edition of this datebook and planner. In one, user-friendly booklet, this guide from the University Community Building Project in the Office of Student Affairs also provides information on:

- academic opportunities & career development,
- involvement opportunities,
- employment, internships, and volunteering,
- living on and around campus,
- campus services,
- and other campus activities.

I think members of the Board will also find this to be a helpful guide to programs and scheduled events.

MBG
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**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
October 14, 1994**

Madam Chair, Ladies and Gentlemen of the Board, the University of Minnesota's Biennial Budget Partnership Proposal is, first and foremost, an investment proposal. We plan to invest \$143.7 million in high priority programs, in quality improvements, in competitiveness for the state of Minnesota, and in critical infrastructure needs. Of those investments, \$115.5 million is new money, not reallocation. Reallocation accounts for \$28.2 million, 19.6% of the total investments.

News stories about the University of Minnesota's Biennial Budget Partnership Proposal have concentrated on the additional \$10 million requested from the state, as a result of the Regents' sense of urgency about our enormous needs, on possible tuition increases, budget cuts, and faculty and staff jobs that might be eliminated. Those are compelling stories, but, as you know, they're not the whole story.

The whole story, still unfolding and continuing to unfold until after the 1995 legislative session, will add more details on the program improvements that the University will invest in through reallocation, the actual investment decisions that state government will make, and then, in the winter and spring, the specific budgeting decisions that the University will make to balance a budget that follows the strategic directions of *University 2000*.

For the University, there is a crucial distinction between a "budget cut" and "reallocation." A budget cut is what the State Department of Finance has identified as the starting point in next year's state budget deliberations—a cut of \$16.2 million from the University's current level of state appropriations, and that's on top of \$78.8 million we've lost from state appropriations since 1991.

"Reallocation" means shifting existing budget dollars from lower priority programs to higher priority programs. Those are decisions we impose upon ourselves in order to improve quality and to put our money where our real priorities are. We have reallocated a cumulative total of more than \$80 million, above and beyond the losses from budget cuts, over that same period, and we're committed to even more of the self-help efforts that people have every right to expect of a university that sets and manages priorities wisely.

Our Partnership Proposal calls for an additional \$28.2 million of reallocations in the next two years, 19.6% of the \$143.7 million of investments that we propose to make. The whole story—and the net effect

on the major operating units of the University—has to factor in the new dollars those units would receive:

The Provost of the Academic Health Center has been asked to find \$5.8 million for reallocation. Total investments in those units would be \$35.5 million, a net gain of \$29.7 million.

The Provostial area, Arts, Sciences, and Engineering, has been asked to find \$4.3 million for reallocation. Total investments would be \$29.7 million, a net gain of \$25.7 million.

The Provostial area, Professional Studies, has been asked to find \$5.2 million for reallocation. Total investments would be \$21.6 million, a net gain of \$16.4 million.

Support units have been asked to find \$10.9 million for reallocation. Total investments of \$28.3 million yield a \$17.4 million net gain.

The Chancellor of the University of Minnesota, Duluth has been asked to find \$1.5 million for reallocation. Total investments of \$11.7 million yield a \$10.2 million net gain.

The Chancellor of the University of Minnesota, Morris has been asked to find \$300,000 for reallocation. Total investments of \$3.0 million yield a net gain of \$2.7 million.

Because of its restructuring into a four-year institution, the University of Minnesota, Crookston has not been asked for reallocation dollars, and that campus will realize a gain of \$1.7 million from investments.

And, beyond these investments, there will be an additional \$12.2 million reallocated from our Strategic Investment Pool to academic programs for strengthening key disciplines, targeted recruitment and retention, research and training grant matches, and excellence through diversity.

Yes, some of those reallocations decisions will mean eliminating faculty and support staff positions, but we will make every effort to use retirements and normal job turn-over to avoid actual lay-offs. And, if there must be lay-offs, we already have processes in place to retrain and reassign as many of those employees as possible.

At this time, though, we cannot know whether there will be actual lay-offs or, if so, how many. Likewise, we cannot know the actual tuition rates that any given student will pay next year. Those realities depend heavily on the outcome of the legislative process, and we believe the partnership proposal we've made is our best chance to reverse the general erosion of state support that we've seen since 1987 and to maintain reasonable rates of tuition.

Simply protecting the status quo is not a realistic option. Without our commitment to reallocation, the state cannot be expected to adjust our budget for inflation, to provide for competitive salaries, to avoid tuition increases, and to support *University 2000*.

With convincing evidence that we take our priorities seriously, and with the commitment that we are making to measure and report the results of our investments, we have a strong case to make for reaffirming and strengthening the state's partnerships with the University and our students.

• Report on Asset and Debt Management Results •

This month's summary report on asset and debt management provides perspective and context that has not been as widely reported as the losses we experienced with the limited portion of our portfolio that was invested in derivatives. To share this report more widely, I am including the highlights of this summary in my own report.

Asset Management

Consolidated Endowment Fund

- The Fund has grown from \$129.2 million to \$314.6 million in 10 years.
- The annualized return of 14.5% over 10 years compares to 12.9% for the average endowment, ranking us in the top quartile. The State of Minnesota Combined return was 12.8%.
- The University's endowment is valued at approximately \$30 million more than it would be with average performance over the 10 years.
- All of the purchasing power of the endowment that was lost in the 1970s and early 1980s has been recovered. Net of all spending, contributions, and expenses, the endowment has achieved nearly \$48 million of inflation-adjusted growth as of June 30, 1994.
- The University's endowment has broader diversification of asset classes and higher returns than the average of endowment funds.
- For the fiscal year ended June 30, 1994, the University's return was 2.4% versus 2.1% for the State's Basic Retirement Funds and 1.6% for the State's Post Retirement Fund.

Long-Term Reserves

- Invested in U.S. and international fixed income to support the infrastructure needs of the University.

- Annualized return of 12.0% for the past 10 years compares to 11.0% for the benchmark of U.S. and international fixed income.
- Returned 3.8% for the past year *versus* 1.9% for the benchmark.
- Out-performed the benchmark for every annualized period over the past 10 years.
- Long-Term Reserves return \$14 million more than if the reserves had performed at the benchmark return for the past 10 years.

Short-Term Reserves

- Represents the working capital for the University.
- Returned 7.8% annualized for the past 10 years *versus* 6.6% for the benchmark composite of institutional money market funds and 6.2% for 3-month Treasury Bills.
- Out-performed the benchmarks for all but one annualized period over the past 10 years.
- Short-Term Reserves returned \$50 million more than if the reserves had performed at the money market benchmark over the past 10 years.

Securities Lending and Arbitrage Program

- Low-risk, hedged investment strategies designed to produce incremental unrestricted income for the University's Central Reserves and other investment pools.
- Returns are included in the University's investment pools and in the University of Minnesota Foundation endowment, which participates on a separate basis.
- We have realized a positive return every quarter over the past 14 years.

Asset Management Expenses

- All external and internal money management expenses as a percent of total assets averaged 0.37% over the past 8 years *versus* 0.56% for the average of endowment funds.
- This difference has resulted in calculated savings of \$1.6 million since fiscal year 1987.

Debt Management

- The University has \$317 million of outstanding bonds issued for capital projects and actively manages the bonds to maintain the highest credit rating and the lowest debt cost.
- The University provides separate information to the rating agencies for the bond ratings as been granted a long-term rating of "Aa" by Moody's and "AA" by S & P.
- Moody's raised the University's rating in 1993 from "A" to "Aa" due to the University's strong financial management and balance sheet.
- The University has the highest possible short-term ratings of "A-1+" (S & P) and "P-1" (Moody's).
- The current debt mix is 58% fixed rate bonds and 42% variable rate bonds.
- Total interest cost for all University bonds was 3.9% on June 30, 1994, *versus* 6.4% for the Revenue Bond Index of high quality, tax-exempt bonds.
- This difference has produced calculated savings over the past 9 years of approximately \$44 million.
- Due to long-term, strong financial management, the University in 1991 was the first public university to issue short-term debt with external lines of credit less than the amount of outstanding short-term debt. This resulted in annual savings to the University of \$190,000.

Summary of Value Added

The value added from the University's asset and debt management programs over average performance can be quantified as follows:

- Asset management excess returns for the investment pools *versus* the appropriate benchmarks has resulted in total value added for the University of approximately **\$94 million over the past 10 years**.
- Debt management has resulted in value added savings of approximately **\$48 million** *versus* the Revenue Bond Index and from interest rate arbitrage and debt cost savings over the past 9 years.

• Carlson School of Management •

Monday night, October 10, the Carlson School of Management held a celebration to honor the major donors, individuals and corporate, who have

made it possible for the Carlson School to raise \$18.4 million toward the \$20 million goal for private contributions for the School's new building. It's very clear now that the goal will be met, to be added to the state appropriation of \$25 million, allowing groundbreaking ceremonies next summer, with this distinctive new facility opening in the summer of 1997.

• American Indian Higher Education Consortium •

The American Indian Higher Education Consortium is meeting in the Twin Cities this week, and it is our honor to host a reception for the Consortium this evening in the Frederick R. Weisman Art Museum.

The Consortium consists of twenty-four tribally controlled colleges, two tribally controlled postsecondary vocational/technical institutes, one fine arts institution, two institutions owned and operated by the Department of the Interior/Bureau of Indian Affairs, and two tribally controlled institutions in Canada.

The guiding philosophy of the American Indian Higher Education Consortium (AIHEC) is to "maintain the traditional values and philosophy of Native Americans." We adhere to the same philosophy in providing support services for American Indian students at the University of Minnesota.

This fall, we have approximately 450 American Indian students enrolled in undergraduate, graduate and professional programs at the four University of Minnesota campuses. We have two American Indian Learning Resource Centers, one at the Twin Cities campus and the other at the Duluth campus. These Learning Resource Centers provide culturally sensitive academic support services for American Indian students.

We also have two American Indian Studies Departments, one at the Twin Cities campus and the other at the Duluth campus. Both departments are staffed by nationally renowned faculty members. The Duluth campus has an endowed chair in American Indian Education. The Twin Cities campus has an endowed American Indian Professorship in the American Indian Studies Department.

Our Twin Cities campus has the American Indian Student Cultural Center to meet the social and cultural needs of American Indian students. The Cultural Center also sponsors many cultural and educational programs to enhance the University community's awareness of American Indian culture.

Last year, Associate Vice President Josie Johnson's office hosted the American Indian Religious Freedom Act hearings for the Midwest region. The American Indian Religious Freedom Act is now a law of the nation.

The University of Minnesota recently received a grant to establish a faculty

development fellowship program to help 24 minority faculty members pursue doctoral studies at the University of Minnesota. These 24 minority faculty members will be recruited from the Historically Black Colleges and Universities and American Indian tribal colleges.

This summer, the Office for Minority and Special Student Affairs sent five minority students to Navajo Community College in Tsaile, Arizona to take two courses in Navajo and Indian Studies. Our students had a wonderful educational and cultural experience, and we would like to utilize such institutional collaboration to attract tribal community college graduates to the University of Minnesota.

Associate Vice President Don Riley is meeting with the Consortium tomorrow to discuss the University's telecommunications capabilities to strengthen their distance learning projects.

Finally, as chair-elect of the National Association of State Universities and Land-Grant Colleges, I will have the opportunity to work with the Native American Tribal Colleges as the Association's newest members as federally designated land-grant institutions.

• Status of Searches •

The search committees for the Provost for Professional Studies and the Provost for Arts, Sciences, and Engineering have been appointed. The positions have been advertised, nominations and applications are due November 15, and I've asked both committees to report to me by December 15. The committees are:

Provost for Professional Studies

John Adams, Professor
Geography

Lauris Krenik
Regent Emeritus

Sheila Ards
Assistant Professor
HHH Institute of Public Affairs

Gary Lemme
Superintendent
West Cent. Experiment Station

Samar Barakat
Graduate Student

Barbara Loken
Professor, Management
Carlson School of Management

Patrick Borich
Dean and Director
Minnesota Extension Service

William Morrish, Director
Design Center, American Urban
Landscape
College of Architecture and
Landscape Architecture

Bonnie Braun
Associate Dean, Outreach
College of Human Ecology

Thomas Donaldson
Director
Industrial Relations Center

Alan Ek
Head, Forest Resources
College of Forestry

Dan Farber
Professor
Law School

Pierson M. Grieve
Administration
Chairman and CEO
Ecolab, Inc.

Mark Paulson
Minnesota Student Association

Ronald Phillips, Comm. Chair
Regents Professor
Agronomy & Plant Genetics
College of Agriculture

Mahlon Schneider
VP & General Counsel
Hormel Company

Karen Seashore Lewis, Chair
Educational Policy and
College of Education

Carol Siegel
Executive Assistant
Human Subjects Committee

Provost for Arts, Sciences, and Engineering

Ellen Berscheid
Regents Professor
Psychology
College of Liberal Arts

Rose Brewer
Chair, Afro-American Studies
College of Liberal Arts

John Chipman
Regents' Professor
Department of Economics
College of Liberal Arts

Sheila Corbett
President
Minnesota Student Association

D. Fennel Evans
Director, Chemical Engineering &
Materials Science
Institute of Technology

Diana E. Murphy
US District Court, Dist. of MN

Michael O'Keefe
Executive Vice President
McKnight Foundation

Michael Steffes
Professor, Laboratory Medicine
and Pathology
Medical School

David Taylor
Dean
General College

David Tilman
Professor
Ecology, Evolution & Behavior

Joyce Wascoe
Assistant to Dean
College of Liberal Arts

Robert M. Gavin, Jr.
President
Macalester College

Gerhard Weiss, Comm. Chair
Chair, German
College of Liberal Arts

Roberta Humphreys
Professor
Astronomy

Brent Whitmore
Speech Communication
College of Liberal Arts

Linda Molenda
Principal Account Supervisor
Minnesota Alumni Association

Patrice Morrow
Professor
Ecology, Evolution & Behavior

Appended:
State of the University 1994: A Partnership Renewed

October 6, 1994

STATE OF THE UNIVERSITY 1994: A PARTNERSHIP RENEWED

Nils Hasselmo, President

INTRODUCTION:

The title of this State of the University speech is: "A Partnership Renewed." Its subtitle is: "A Partnership Threatened."

The partnership is the partnership between, on the one hand, the State of Minnesota — originally, in 1851, the Territory of Minnesota — and, on the other, its research and land-grant university and the students of that university.

This is a partnership that has produced enormous benefits for the State and its citizens, and that must continue to do so as we move towards a new millennium, and the University's 150th anniversary in the year 2001.

A VITAL UNIVERSITY – GLIMPSES FROM THE PAST

The past vitality of the University of Minnesota can be measured by the vitality of Minnesota's economy—of the long-term development of Minnesota's natural and human resources; a distinguished history over—soon to be—150 years:

- a history in agriculture, shaping, reshaping, and continuing to reshape Minnesota's agricultural and agribusiness economy—providing University-developed crop varieties that now make up 80% of Minnesota's \$12 billion a year agricultural exports;
- a history in mining, including as good an example as can be found of long-term thinking and long-term impact—decades of research by Professor Theodore Davis and his colleagues that produced a taconite industry that has a \$2 billion annual impact on northeastern Minnesota;
- a history in forestry, developing and implementing renewable forest products and ever more sophisticated forest management, sustaining a strong industry in northern Minnesota;
- a history in health care, our Medical School and other health sciences and our University Hospital and Clinic laying the foundation for the state's leadership in this field;

- a history in many fields of science and technology, creating the foundation for Minnesota's high technology industries, particularly computers and biomedical devices; as Win Wallin, the Chairman of Medtronic said recently:

"Medtronic would not exist without the University of Minnesota and Earl Bakken's collaboration with those doctors."

"...Nor would Medical Alley and most of its member companies."

Medtronic employees total 10,000—3,700 working in Minnesota.

The value of its shares is \$6 billion, 4th largest in Minnesota.

- a history in the social sciences and human service professions, ensuring the state's national leadership in creating a more humane human environment;
- a history in the arts and humanities, contributing to the state's rich cultural environment — leadership in music, art, and theater;
- a history that has produced more than 10,000 graduates a year for the last 20 years;
- a history that by now has created 16,000 full-time, university jobs not paid for by the taxpayers of Minnesota; the two-thirds of the total employment in the University that is not paid for by Minnesota tax dollars in a university that receives only 28 percent of its total budget from the state;
- a history that has created over 2,000 corporations by Institute of Technology and Carlson School alumni alone; employing 370,000 people worldwide, at least 100,000 in Minnesota; with total annual sales exceeding \$43 billion, \$17 billion generated in Minnesota's economy;

and on and on and on!

It took a vital University to yield such long-term productivity; it still does.

THE NEW AGENDA—A CHANGING SOCIETY AND THE NEW CHALLENGES TO HIGHER EDUCATION

The new agenda, the agenda of the 1990s and the 21st Century, is even more important and even more demanding than that of the past.

We face—at least—the following new challenges:

- a knowledge explosion that is creating great new demands and opportunities;
- a technological revolution that is changing the way we function economically, socially, and culturally;
- a globalization of the economy — and many other aspects of society — that is creating many new interdependencies;
- a need for unity with diversity that is testing our institutions, the very fabric of our society;
- a competitiveness in the economy, and ultimately among societies, that is placing new harsh demands on our institutions and on us as individuals;
- a demand for accountability that is putting our values, our ethical and moral standards, to the test; and, last but not least,
- a questioning by society of our aims, our effectiveness, our very value.

On this last point, Bob Zemsky has put it this way in "To Dance with Change":
"The danger is that colleges and universities have become less relevant to society precisely because they have yet to understand the new demands being placed on them."

What are these demands, who or what are the wolves we are dancing with? Jobs, jobs, jobs; cost-effectiveness; access and service; accountability; the forces of a market-economy in higher education that is turning knowledge into a commodity?

We cannot turn our backs on these wolves; they will bite our heels.

We must face them, face change; look it straight in the face and say:

We understand the new demands being placed on us. We will meet them. We will make sure that the University's research, teaching, and outreach productivity is responsive to these demands, and that our ability to manage and govern ourselves also meets the new demands.

This requires—I want to emphasize this—that we preserve and enhance academic excellence – but with objectives and outcome measures that are clearly defined, stated and communicated to our leaders, to the constituencies we serve, and to the public.

What we need is a partnership that ensures that Minnesota continues to have one of the leading research universities in the nation.

- A university whose outstanding scientists, scholars, and artists – working in an environment of freedom of speech and freedom of inquiry – make up the State's major link to the knowledge network that is becoming the backbone of this new global, diverse, technological, competitive, and accountability-conscious world.
- A university whose outstanding research and graduate and professional education ensure that we have our own capability, our own expertise, our own leadership in key disciplines and professions; in agriculture, business, and industry; in government and in our civic and cultural life.
- A university whose undergraduate programs will provide outstanding learning opportunities for its students, with special emphasis on those men and women from all racial, ethnic, and socio-economic backgrounds, whose talents and commitment will place special leadership responsibilities on their shoulders, a university that is demanding in its standards but accessible in its delivery systems.
- A university where knowledge is widely shared and placed at the service of all citizens; a university in the community in the true land-grant spirit; a university that effectively transfers its knowledge.

I'm speaking of a university whose quality makes it stand out as a leading research university—perhaps one of a dwindling number of research universities—in this country.

A challenging task?

Yes.

And it is a task that we can fulfill only in partnership, in a new partnership with the State of Minnesota.

A PARTNERSHIP THREATENED

I speak with special urgency today. We are at a watershed.

The partnership is threatened. The state's most precious asset, its flagship university—this great university—is in jeopardy!

Higher education in this state is in jeopardy.

The reason: A continuing decline in state investment in higher education, in the University of Minnesota.

Since 1987, the proportion of the total state budget provided for higher education has declined by 21 percent.

Look at the graph — and let its implications sink in!

If we do not reverse this devastating downward trend, the flagship university of this state, yes, all of higher education in this state, may lapse into mediocrity, deadly mediocrity.

The effects of the State's budget cuts have been severe, in spite of our massive, continuing reallocation of resources.

- We went without salary increases for faculty and staff in 1991-92 and again in 1993-94.
- A serious erosion in the faculty and staff ranks has taken place. One thousand faculty and staff positions have been eliminated since 1991.
- The reallocations to, for example, CLA, IT, and Duluth that were key elements in our 1991 *Restructuring and Reallocation* plan were all but obliterated by the state-imposed cuts, slowing down or undermining key quality improvement efforts.
- And, frankly — and perhaps most disastrously — the severe cuts in the face of such strong self-help efforts have seriously undermined faculty and staff morale!

The University of Minnesota cannot remain a leading research and land-grant university on these terms. The University of Minnesota cannot be the spark plug of the state's economy that it has been for well over a century; it cannot be the foundation for the quality of life in this state as it has been for generations! On these terms!

We must meet the fundamental issue head on. We have had a major university for nearly 150 years. Is Minnesota to have a leading research and land-grant university for the next 150?

That's the question before us, before the decision makers of the state, before all the citizens of the state.

And, that is my basic message today:

The University of Minnesota is in jeopardy! The University of Minnesota—a healthy, vigorous, high-quality University of Minnesota that is indispensable to the welfare of this state and its citizens—is in jeopardy!

Let's join forces — inside and outside the University—for a new partnership, a new investment of state resources in a University of Minnesota for the year 2000 and beyond.

OUR REFORM AGENDA—SOLVING PROBLEMS

Sometimes I hear this objection: "Well, the 'U' has this problem, or that problem, so I can't give it my support."

Yes, there are problems. The changing times themselves present us with many problems.

But, the important fact is that we, the university community, have identified and addressed those problems. We have in many ways been our own harshest critics. We have defined the issues, and addressed them.

Let me give you a catalog of major changes that we have undertaken in the past five years or so:

- We have restructured our facilities management, have introduced a new capital budgeting process, and have launched a comprehensive master planning effort for all our campuses.
- We have reorganized our financial management; established a new strategic planning office and process.
- We have reorganized the Twin Cities Campus into three provostships, eliminating a layer of bureaucracy; we have reorganized the management of the Academic Health Center under a provost with executive authority, and have established a new University of Minnesota Health System, integrating the University Hospital and Clinic with the Medical School's practice plans, to be better able to function in the new managed care environment.
- We have cut or reallocated \$82 million in the past five years – about 15 percent of our state-appropriated dollars! In order to do this, we have had to close a campus; eliminate many majors, including most four-year teacher licensure programs in the Twin Cities; and reduce many administrative functions.

And the list goes on!

Yes, there are problems. We have addressed them. We will continue to address them.

Let me now discuss some examples of what we are, what we have done, and what we are doing, and of the resource problems we face. I hope these examples will help me make my point: We are addressing our problems – making change; but the lack of state investment is placing the University in jeopardy.

THE UNDERGRADUATE INITIATIVE

The Undergraduate Initiative, launched in 1990, was designed to deal with the long-standing effects of over-crowding and underfunding in undergraduate education.

It was not a change in the mission of the University of Minnesota; it was a reaffirmation of the fact that high-quality undergraduate education is an integral part of our mission.

The Morris campus has focused on the need to deliver a quality, liberal arts experience that has earned repeated national acknowledgment of the University of Minnesota-Morris as an outstanding liberal arts college.

Our Crookston campus is engaged in a significant and exciting restructuring of its programs in technical and applied education. This restructuring is being undertaken in direct response to needs of the citizens of our state.

The Duluth campus has, through significant internal reallocations, improved and focused its undergraduate programs and is developing nationally competitive programs in graduate education and research.

There have been many achievements through concerted faculty and staff efforts:

- New preparation requirements became effective in 1991 — requiring strong backgrounds in such areas as English, mathematics, science, and foreign language.

The effect? In 1993, 77.6 percent of new Twin Cities freshmen had met all of these new requirements in high school, as compared with 17% in 1986. A sea change!

- A massive new effort has been made to reach prospective students with good information.

The result? This fall's Twin Cities freshman class is the best in two decades!

Applications have increased by 24 percent in two years.

- 9.6 million in re-invested university dollars have helped us address problems in recruiting, admissions, advising, course access, instructional equipment, training of teaching assistants and faculty, and has allowed students to learn through an Undergraduate Research Opportunity Program and new service-learning courses.

The combined effect of all this? The five-year graduation rate for the Twin Cities Campus, exclusive of General College, has improved from 34 percent to 39 percent for students entering in 1982 as compared with students entering in 1988. A 15 percent improvement in six years.

Rates have also improved at Duluth – from 32 percent to 35 percent – and at Morris – from 41 percent to 54 percent.

We are continuing those efforts under *University 2000*: attracting mostly students from the top quarter in high school, well prepared students – or in special cases students given the opportunity to prepare themselves in General College for regular college work.

- The new liberal education curriculum is being implemented this fall through the combined efforts of many liberal arts and professional school departments. It combines solid grounding in the major areas of knowledge – physical and biological sciences, history and social sciences, humanities and the arts, and mathematics – with topics or themes crucial to the times – the international perspective, cultural diversity in the United States, citizenship and public ethics, and the environment.
- New partnership programs with North Hennepin and Inver Hills Community Colleges and a new Transfer Curriculum are helping provide new access to the special learning opportunities of the University.
- Crookston has initiated its four-year programs, with lap-top computers for every student and a new emphasis on applied, employment-oriented degrees.

Solid education for jobs and life, based on the principle that liberal and specialized education complement each other.

U.S. News and World Report this week ranked undergraduate education on the Twin Cities Campus the 21st best buy in the country among national universities. This ranking is directly related to state funding; the educational quality

required for the ranking is dependent on resources available, and the relatively low tuition required for the ranking is, of course, dependent on the availability of state funding.

As the legislative auditor pointed out in his report of February, 1994: The rise in tuition at the University has been very directly related to the reductions in state funding and to inflation. Using the Higher Education Price Index, reductions in state funding account for 46 percent of the tuition growth, inflation for 51 percent, and spending increases in the University and enrollment reductions for the remaining 3 percent.

Will we get the necessary state investment to sustain quality improvements and keep tuition at reasonable levels?

Let me give you another example.

The Army High Performance Computing Research Center

The Army High Performance Computing Research Center was established at the University of Minnesota in 1989. It was made possible by the existence of our world-class Supercomputer Center and selected investment of state funds.

The State of Minnesota invests about \$750,000 a year in this project.

The original federal grant that established the Center was for \$63,688,309 for the period 1989 through 1995, about \$12 million a year, most of it spent in Minnesota.

The Center's researchers also generate an additional \$4.3 million or so from eleven other public sources per year, and about \$1 million a year from over thirty industrial sources, for a total of over \$17 million per year.

The Center itself employs 20-25 graduate students every year, and 15 post-doctoral students; about the same number work in related research projects.

A good return on an investment of \$750,000 a year in state funding!

That return on investment will continue. I'm happy to report that Congressman Sabo announced this morning that the contract has been renewed – \$21 million for the next three years, with the option to renew two more years at \$7 million a year.

And then there is the return on the research itself!

And, there are educational benefits as well, even apart from graduate education: A Summer Institute on High Performance Computing for Undergraduate

Students attracted 18 students this past summer – freshmen through seniors – from Minnesota, and thirteen other universities, including four Historically Black Colleges and Universities.

A good educational return!

A judicious investment!

Will we have the resources to continue such centers?

These are models for our future development—on a selective basis.

These kinds of initiatives have placed the University of Minnesota among the top 16 U.S. universities, public and private, in annual federal funding for research and development. In 1992-93 our researchers brought \$262 million into the state's economy, quite apart from the knowledge and skills gained and the jobs created.

These kinds of developments have led to a vigorous patenting and licensing program. Between 1986 and 1992, we ranked 6th in the nation in patents and signed 222 license agreements with 179 companies.

Let me give you an example from our outreach.

The Minnesota Extension Service

Outreach, of course, takes many forms. In fact, most if not all academic units participate in outreach.

The Minnesota Extension Service has broadened its range of activities significantly in recent years. Essential work with agriculture continues, drawing on University expertise in the Agricultural Experiment Station. As part of the Minnesota Extension Service restructuring plan, its “re-invention” plan, ten interdisciplinary areas of specialization within the MES are being implemented and formal ties have been created with 15 university colleges, campuses, and other units. This “re-invention” helps MES address some of the central issues facing Minnesotans: environment and natural resources, human development, community leadership, and economic development.

It is work that is truly in the spirit of the land-grant university, and essential to our communities.

But, both federal and state funding has been cut severely in recent years. Fees have been introduced for certain services. Considerable layoffs have been necessary: 72 people have been laid off since December 1, 1991.

Will the state — which sets the budget for the MES directly as a state special — will the state renew its commitment to this very effective instrument for addressing economic and societal problems?

What are the factors that determine success in research, education, and outreach?

People, people, people! That's the key! Faculty members who are the established and future leaders in their disciplines. Supported by highly qualified staff, and the best technology available.

Finally, and most important, are we going to have the state investment to sustain the academic departments that make these teaching, research, and outreach activities possible?

The Department of Psychology

Take the Department of Psychology, one of our premier departments.

A recent accreditation report written by a Princeton professor said this:

(p.2) "it is quite a feat of faculty talent and commitment that Minnesota has managed to retain its ranking in terms of quality of faculty and graduate programs (e.g., ranking of 5 in latest Gourman Report, 1993). This is a notable achievement for a department with so many students and so few faculty (e.g., Michigan and Illinois each have approximately twice the faculty for 60-70 percent the number of graduate students. . . "

Lest you think that this department is only concerned about graduate education, let me quote another passage:

(p.2) "The Department mounts an extremely impressive and broad-ranging undergraduate program . . . Special effort is made to maintain a tradition of core faculty teaching the core curriculum – a particularly notable objective in view of the small faculty and the large enrollments . . . The basic program is well-supplemented by opportunities for research participation and individual attention, especially in the Honors Program."

(p.5) And poignantly: "Our meetings with faculty, staff, and students revealed tremendous strengths in all sectors, but in each case resource limitations threatened some vital aspects of the programs and offerings."

(p.6) "The Department is extremely tight on secretarial and technical support."

(p.7) ". . . a crying need for computer networking and support in the Department, and for a budget for equipment repair and replacement."

and finally:

(p.7) "A salary gap between Minnesota and its peer departments at the Associate Professor and young Full Professor ranks is also worthy of attention to ensure retention of some very promising scholars who may well represent the future leadership of the Department."

Overcrowded, underfunded. A national leader that may be slipping!

This is a decline that it has not been possible to stave off in spite of the fact that CLA, and Psychology, were main recipients of reallocated dollars in 1991. These investments – achieved by painful reallocation – were obliterated by the State's budget cuts in the last few years.

Can this trend be reversed? It must be! We are talking about the intellectual life blood of the enterprise!

UNIVERSITY 2000: A PARTNERSHIP RENEWED

The new Partnership Proposal, our budget request to the State for the 1995-97 biennium, is the first major financial installment in *University 2000*. It identifies essential needs, essential investments—\$137 million worth of investments:

- Investment in faculty and staff salaries — \$45.4 million, 3 percent of our compensation base for a pool which we will seek every opportunity to increase. Should the state's finances improve and/or any other opening present itself, we would leap at such an opportunity.
- Investment in *University 2000* Critical Initiatives — \$43 million for the biennium including.
 - Recruitment and retention of key faculty, to keep the creative and productive people who give us national and international leadership, and who provide exceptional learning opportunities for our students, and to recruit the next generation of scientists, scholars, and artists to continue that tradition.
 - Strengthening of top-ranked departments and interdisciplinary centers and programs — our claim to leadership in research and education—including the new Cancer Center and other initiatives.
 - Investment in student services, from recruitment and admission to financial aid, registration, and community building.

- Investment in educational infrastructure, including libraries and distance education.
- Investment in physical resources to support our academic programs and at least prevent further deterioration of our deferred maintenance situation — \$33 million.
- And, of course, cancellation of the \$16.2 million cut in our current base that the state's budget cap would impose on us — if maintained!

A total of \$137.6 million of investments in the most crucial needs of the state's flagship university!

Like any good partnership, this partnership is based on objectives to be achieved, on specific commitments to, and measures of, outcomes, on specific benchmarks. The investments we are asking for are tied to specific results to be delivered. Our Partnership Proposal is a new contract that we are placing before the state.

Among the critical measures are:

- Characteristics of entering students (readiness and diversity)
- Graduation rate
- Student experience
- Post-graduation experience
- Responsiveness to compelling state needs
- Scholarly, scientific, and artistic accomplishment
- Outreach/public service.

We are staking our reputation on being able to live up to ambitious benchmarks.

If we are given the necessary investments by the state, I have no doubt we can deliver.

Aren't we all spoiling for the opportunity to prove it?

It will take \$137 million to begin to restore what has been lost over a decade or more.

We have every right — and I think obligation — to lay this proposal out to the Governor and the Legislature. That is what I have proposed to the Regents.

It is still early, but the early reception by state leaders and by the Finance Department has been positive. I am absolutely convinced that our political leaders want to support the University, but to do it we need to prove that we are even more important than the many competing needs.

It is important that our proposal does not ask the state for the entire \$137 million. We want a partnership, and we have proposed a partnership financing agreement:

- \$77.7 million from the state over the next two years — a 5.5% per year increase on the proposed capped budget;
- \$30.3 million from increased tuition revenue over the next two years — a 5.5% per year increase;
- \$1.5 million from other revenue increases over the next two years; and
- \$28.2 million from University reallocation over the next two years.

We are asking the students to join us in this partnership to contribute \$30.3 million through tuition increases. We do not do this lightly, but we do it in the conviction that the students are the ultimate beneficiaries of the *University 2000* plan.

The proposal also launches yet another major restructuring and reallocation effort, another self-help effort by the faculty and staff of the University of Minnesota.

\$28.2 million has to be carved out of already seriously stretched budgets to meet our self-imposed target for re-investment of existing resources. On top of the \$82 million already reallocated or cut from those same budgets over the past five years!

But, if we can do that in partnership with the State – with our main partner giving us a badly-needed infusion of funds – I believe we can make yet another major effort to help ourselves.

THE IMPORTANCE OF A UNITED EFFORT

It is important that we should be united in these efforts to secure the future of our University.

Unfortunately, I already see the signs of corrosive dissension.

Yes, of course, we may have differing views. There are many constituencies within the University, with different aspirations and concerns. Faculty and staff salaries are a matter of deep concern.

Ultimately, a biennial request has to serve the interests of the entire University, as an institution of research and education.

Ultimately, a biennial request has to serve the people of Minnesota.

The request that I have placed before the Board of Regents does that. It is not perfect, but it is a good plan to which many have contributed over a period of a full year—Regents, faculty, staff, students, community leaders from across the state.

I can assure you that internal strife at this stage will hurt us badly with the State.

I urge you all, faculty, staff, and students to throw your full support behind this plan.

This is a sound beginning of what must be done. The Partnership Proposal lays a sound foundation for what we must do.

United we have a good chance to succeed!

Divided we will most surely fail!

CONCLUSION

For almost 150 years, the University of Minnesota has always been the state's best partner and investment — short-term and long-term.

Short-term, every tax dollar invested in the University generates more than three additional dollars during the same year.

Long-term, the investments in University research, teaching, and outreach generate far greater returns, in the state's economy, in the long-term solutions to the social problems that make demands on the state treasury, in the quality of life in this fine state.

Today, with *University 2000* as our vision and plan, and with specific objectives and demanding benchmarks as a self-imposed test of our productivity, we can document our investments and the results they will produce better than ever before.

Those are the messages that we all must communicate to the people and their elected representatives — standing united in our commitment to this fine university. With help from Minnesota's opinion leaders, from members of the Alumni Association, from the entire University community, and constituencies across the state — with the help of our political leaders — we can make that case and stay on track with a genuine and productive partnership.

Let's go forth!

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
November 10, 1994**

Madam Chair, Ladies and Gentlemen of the Board, I am pleased to report that the Faculty Senate has acted to endorse the critical measures and performance goals. Faculty support of this essential aspect of *University 2000* has always been important to our plans, but I want to emphasize also that the development and use of unambiguous outcome measures is particularly timely in view of Tuesday's election results.

Post-election analysis is almost a national pastime, especially this year, with the dramatic changes that observers and commentators seek to explain. Except for some items included in the Congressional Republicans' "Contract for America," higher education was not a major issue in most campaigns. More generally, though, it seems clear that the electorate's demands for public accountability will surely apply to colleges and universities. Continued support will depend heavily on delivering results that can be measured. With *University 2000*, the Partnership Proposal, and the critical measures and performance goals we are going to use, we have a running start on a much-improved ability to show taxpayers that we can deliver results that matter.

• Critical Measures and Performance Goals •

Approved at the Faculty Senate's November 3 meeting, the motion reads:

"that the Faculty Senate endorse the following five critical measures:

- Characteristics of Entering Students by Campus
- Graduate Rate by Campus
- Underrepresented Groups/Diversity
- Sponsored Funding by Campus
- Instructional Direct Expenditures per Student by Campus

and the process whereby specific performance goals will be defined and redefined in the future."

I'm gratified by this demonstration of faculty support. It's vital to the strengthening of our accountability and the strengthening of our public support.

• National Association of State Universities and Land-Grant Colleges •

At least one November 8 election featured no attack ads and produced no surprises. On Tuesday, I was elected chair of the board of directors of the National Association of State Universities and Land-Grant Colleges.

NASULGC's 178 member institutions include all the original land-grant universities, the historically black land-grant colleges and universities, and the tribal colleges that were recently afforded land-grant status by Congress. Our former President, C. Peter Magrath, is President of NASULGC, and I very much look forward to serving with Peter during my one-year term.

As the oldest national higher education association, NASULGC is one of our most important advocacy groups in Washington, D.C.. In the next session of Congress, NASULGC, the Association of American Universities (AAU), and the American Council on Education (ACE) will be especially important voices for higher education. We face major issues having to do with federal student financial aid programs, federal research budgets, and federal support for teaching hospitals.

At this point, proposed budget reductions are described only as "examples of possible offsets." If and when they become specific budget proposals, our national organizations will have especially important roles in testimony and advocacy, so I am very pleased to have the opportunity to be directly involved in a process that will have such a direct effect on the University.

• Compensation for Intercollegiate Athletics Coaches •

The compensation of athletic coaches is a subject of increasing debate across American higher education. Among the major issues are the salary differences between coaches of men's and women's sports and, in particular, between so-called "revenue" versus "non-revenue" sports.

At most universities, including the University of Minnesota, employee compensation—faculty, administrative, staff—is based upon marketplace and individual factors. In terms of Division I athletic coaches, these factors include the nature of the sport, fan interest, coaching responsibilities, competitive record, revenue generation, coaching experience/qualifications, student-athlete performance, and departmental expectations. The application of such measures has resulted in higher salaries for some coaches of men's sports (especially football and basketball) and lower salaries for other men's coaches and for coaches in the women's programs. This, in turn, has raised questions of gender equity and compliance with federal and state laws.

The University of Minnesota was asked by the 1994 Legislature to submit a report on the compensation of intercollegiate athletic coaches to the 1995 Legislature.

As I reported to you by letter this week, I have appointed a subcommittee of the Task Force on Administrative Compensation to assist in the review and further development of women's coaching compensation principles and plans. The membership of the subcommittee is drawn from the original Task Force, appointed in February, 1994, and has been augmented to include:

Sandra Hale (Chair)

President, Enterprise Management, International
Former Minnesota Commissioner of Administration

Charles Denny

Chairman, ADC Telecommunications
Chair, University Task Force on Administrative Compensation

Richard Lidstad

Vice President for Human Resources, 3M Company

Marilyn Bryant

Owner/Director, Adjustable Joist, Inc.
Chair, Advisory Council for Women's Intercollegiate Athletics

Mariah Snyder

Professor of Nursing
Faculty Representative for Women's Intercollegiate Athletics

Norm Chervany

Professor of Management Sciences
Faculty Representative for Men's Intercollegiate Athletics

The subcommittee will consider measures for establishing and maintaining adequate and equitable compensation systems that will attract, retain, and inspire outstanding coaches and that are consistent with overall University compensation standards.

The subcommittee will examine WICA's current compensation and performance appraisal policies as well as applicable laws, both federal and state, governing compensation. Moreover, the subcommittee will give due consideration to such issues as gender equity, job responsibilities, and the role of market forces.

The subcommittee will consider the philosophy underlying the WICA compensation structure and proposals of the WICA director. In particular, the subcommittee will review with the athletic director her plans for ensuring fair, equitable, and reasonable compensation of coaches.

The subcommittee will be provided staff assistance through the University's offices of the President, General Counsel, and Human Resources. The lead staff persons will be Associate Vice President Carol Carrier and Special

Assistant to the President James Borgestad. The subcommittee's secretary will be Dianna Gardner from the President's Office. Additionally, the subcommittee may employ outside consulting resources subject to my approval.

The subcommittee's recommendations will be presented to the WICA Director and to me by December 1, 1994.

The University's report to the legislature will include a four-part examination:

1. The comparative salaries of Twin Cities campus head coaches and peer competitors;
2. The factors that determine coaching salaries;
3. The University's compliance with statutory mandates involving coaching salaries; and
4. The principles and plans for providing fair and equitable salaries for coaches of women's sports on the Twin Cities campus.

The legislative report does not ask for general program information, but since I know Regents are asked about the women's intercollegiate athletics program, I want to add some background information for you:

- Over the past five years, operating expenses for Women's Intercollegiate Athletics have increased by more than 50%.
- Over the past three years, there has been a 17% increase in the number of student athletes participating in women's intercollegiate athletics, from 164 to 192, improving our male:female ratio from 70:30 to 65:35.
- We have added a women's soccer program.
- Salary increases totaling 16.3% were awarded to women's head coaches on the Twin Cities campus for 1994-95.
- The completion of the Women's Sports Pavilion has been a major improvement in the facilities for women's athletics.

Finally, in order to ensure that the lines of communication are open with Mr. Tim Stoner, an attorney representing the women's basketball and volleyball coaches, I also want you to know that I have asked General Counsel Mark Rotenberg to meet personally with Mr. Stoner concerning these developments and issues.

Appended: *University 2000 Status Report #5*

University 2000 Status Report

UNIVERSITY OF MINNESOTA

RICHARD A. MORRISON

5

November 1994

Diversity becomes a U2000 strategic area

U2000 is about strengthening the University's activities in strategic areas of importance to its future. The five strategic areas—undergraduate education, graduate and professional education, research, access and outreach, and user-friendliness—have now been joined by a sixth: diversity.

While diversity has always been an underlying theme of U2000, consultations with groups inside and outside the University indicated that the issue would be more visible as a separate strategic area—an idea approved by the Board of Regents. "Diversity must be further institutionalized and mainstreamed into the University community," says Josie Johnson, associate vice president for academic affairs. Giving it the visibility of a U2000 strategic area, she says, is a big step toward that goal.

The basic thrust of the diversity strategic area is that the University must go beyond equal access—it must aggressively increase the presence and participation of racial minorities and women where they are underrepresented. It must also create an environment that *all* find humane, hospitable, and conducive to learning and working.

The specifics of how the University will carry out those objectives—assuming adequate financial support for U2000—are spelled out in a series of initiatives that accompany the diversity strategic area. The initiatives focus on two major groups: students and faculty of color, and women and other underrepresented groups.

Focus on students and faculty of color

"On a personal level, you have to have people from the majority population interact with persons of color and get to know them, understand them, *see* them," says Johnson. "But such interactions won't occur unless

"Diversity must be further institutionalized and mainstreamed into the University community. As the sixth strategic direction for U2000, it helps put the University of Minnesota on the right track for the 21st century."

—Josie Johnson, associate vice president for academic affairs

our students and faculty of color feel comfortable and see that the playing field is level and everyone has an equal opportunity." Here are some examples of what the University intends to do to make that happen.

For K-12 students...

Because students can't go to college unless they graduate from high school, the University will help students from diverse cultures be successful in the K-12 system.

For starters, it will encourage research projects that involve and benefit K-12 systems, at the same time stepping up University faculty visibility in the schools.

It also will expand learning opportunities and precollege programs that

help prepare K-12 students of color for higher education. Examples are the Minority Encouragement Program, the Minneapolis Pathways project, and the Postsecondary Enrollment Options Program.

Finally, the University will prepare teachers to teach effectively in the K-12 systems in an increasingly diverse and multicultural world, and will graduate more teachers of color. Through the Common Ground Consortium, it recruits students from nine Historically Black Colleges and Universities into its graduate program in education—and provides them with financial aid, career development, and job placement—to prepare them to teach in metro-area public schools.

For undergraduate students...

The University will make special efforts to identify and provide financial support to students with high potential from educationally disadvantaged backgrounds.

For example, this school year the number of Outstanding Minority Scholarships has doubled, the first four Puckett Scholarships have been awarded, and a new merit/need-based scholarship program for high-ability students of color from the metro area is being developed.

To help retain and graduate students of color, the University will improve financial aid, advising, counseling, and other academic support services, and will publicize these

continued on p. 4

Measures of U2000 success taking shape

One of the most important features of U2000 is the commitment to develop—and *use*—ways to measure the University's success in achieving the plan's goals.

A working group led by George Copa, acting associate vice president for academic affairs, spent spring and summer developing a set of performance measures.

The working group consulted many interested groups—both inside and outside the University—about what measures should be used. (See *U2000 Status Report 4* for more detail.) By the end of summer, they had narrowed the list of possible measures to 18 and had fleshed out 5 for approval by the Board of Regents. The five are: characteristics of entering students, graduation rate, underrepresented groups/diversity, sponsored funding, and instructional direct expenditure per student.

"These five were selected," Copa told the regents, "because they are important to internal and external stakeholders from the meetings that we've had; they're areas where we have baseline data to help in setting performance goals; and they link in some very visible and strategic ways to U2000." Copa's group is still developing the other 13 measures.

The measures will do more than just tell how the University is doing—they will also tell how it *should* be doing. Each measure will include a baseline (how the University is doing now) as well as goals—assuming adequate funding of U2000—for each year up to the year 2000. Although the 18 measures are to be used throughout the University, each campus—Crookston, Duluth, Morris, and Twin Cities—generally will have its own baselines and set its own goals, based on its mission and circumstances.

In addition to using these 18 measures, campuses and collegiate and support units may come up with their own additional performance measures specific to their missions.

A look at the first five performance measures ...

1. Characteristics of entering students

Goals: increase the student body's diversity, improve entering students' readiness to succeed.

Specific measures: For undergraduates, percentage of entering freshmen from a targeted ranking in their high school class (varies by campus) and mean high school rank of entering freshmen. For transfer students and graduate and professional students, specific measures are still being developed.

Each campus will aim for an appropriate representation of students of color based on its mission and location. For instance, the Twin Cities campus will aim to mirror the representation of students of color among projected metro-area public high school graduates in 2000.

2. Graduation rate

Goal: increase graduation rates to desired levels.

Specific measures: Percentage of entering freshmen graduating in five years; percentage of entering minority freshmen graduating in five years. Specific measures are still being developed for transfer students and graduate and professional students.

3. Underrepresented groups/diversity

Goal: provide a picture of the University's progress in achieving

its diversity goals by compiling and reporting together data collected under many other performance measures. For now, this measure will focus on the most readily available data: characteristics of entering students, five-year graduation rates, and composition of the regular faculty.

4. Sponsored funding

Goals: increase total outside funding of research; maintain the University's national ranking relative to other major research universities.

Specific measures: Total outside funding for research, training, and public service from all sources; the University's national ranking in total research-and-development funding from the federal government.

5. Instructional direct expenditure per student

Goals: increase, maintain, or decrease expenditure, depending on circumstances of a particular campus, college, or program.

Specific measure: percent difference in expenditure between the University and other comparable institutions.

Helps monitor effectiveness, efficiency, costs of U2000 strategic areas of undergraduate, graduate and professional education.

... and the 13 measures yet to come

This academic year

Student experience

Postgraduation experience

Scholarship, research, artistic accomplishments

Responsiveness to compelling state needs

Overall satisfaction of Minnesota residents with the University

Faculty and staff recruitment, development, satisfaction, retention

Facilities

Resource development (fund-raising, investment performance, etc.)

Longer term

Reputation of undergraduate, graduate, and professional programs

Interdisciplinary/applied programs and activities

Outreach and public service

Responsiveness to market demand

Customer service/streamlining

University proposes partnership to fund U2000 initiatives

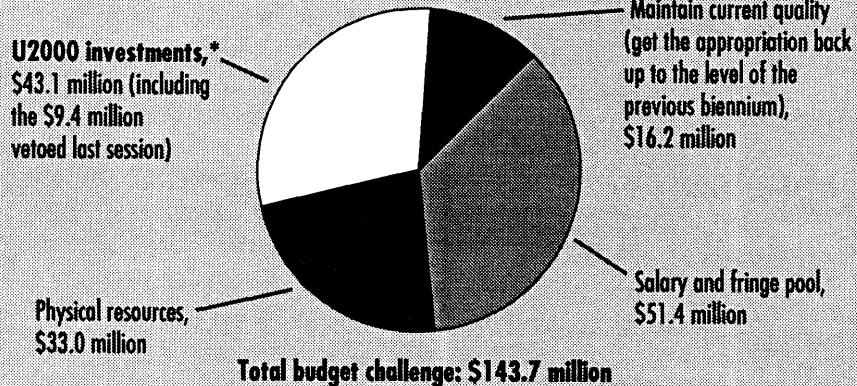
With the University's plan to invest in U2000 priorities going up against the threat of deep cuts in state funding for the 1996-97 biennium, "we are really at a watershed," President Nils Hasselmo told the regents in October.

The state Department of Finance has asked the University to submit a biennial request for \$908 million—\$16 million *less* than it received from the state in the 1994-95 biennium. Meanwhile, the University has determined that it needs \$144 million more than that for the two-year period. Fortunately, state agencies can make alternate proposals showing how they would use additional state funds—an opportunity the University will use.

In its "partnership proposal," the University combines its own internal reallocation with state contributions and student tuition increases to produce the needed \$144 million. "Reallocation" means shifting existing budget dollars from lower priority programs to higher priority programs," said Hasselmo. "Simply protecting the status quo is not a realistic option. Without our commitment to reallocation, the state cannot be expected to adjust our budget for inflation, to provide for competitive salaries, to avoid tuition increases, and to support University 2000."

If the state contributes only \$908 million, the University will try to come up with the additional \$144 million through much larger tuition hikes and reallocations. **U₂₀₀₀**

University needs beyond \$908 million (1996-97 biennium)



* U2000 investments include:

In research and graduate/professional education, recruiting and retaining outstanding faculty members; targeted investments in areas of excellence such as the Large Lakes Observatory on the Duluth campus; timber management and children, youth, and families programs; libraries and computing

In undergraduate education, recruiting, advising, course access, financial aid, faculty training, equipment, targeted investments in areas of excellence and high student demand

In outreach and access, joint programs with community colleges and the state university system, distance education, economic development

In a user-friendly University community, course registration, admissions, campus environment and safety

In diversity, K-12 outreach, recruiting and retention of students, faculty, and staff of color, additional graduate fellowships

Partnership proposal

	Millions
Additional state appropriations	\$ 87.7
Tuition increases of 4.8% per year ...	\$ 26.3
Other revenue increases	\$ 1.5
University reallocation	\$ 28.2
Total additional dollars	\$143.7

"We plan to invest \$143.7 million in high-priority programs, in quality improvements, in competitiveness for the state of Minnesota, and in critical infrastructure needs."

—President Nils Hasselmo

Partnership Initiative to seek broad support for U2000

While this year's state appropriation will be critical to the success of U2000, "there will be other biennial requests after this one to worry about, too," Mel George, vice president for institutional relations, told the regents in September. So the University needs to think long-term when it thinks about gathering support, he said.

George outlined plans for the U2000 Partnership Initiative to build statewide support for U2000 as "the best hope for the state of

Minnesota's future." The major messages are: The University is a vital institution, the long-term solution for Minnesota. External changes and new expectations for services and accountability pose new and difficult challenges. The University has responded with the clear focus of U2000. Achieving U2000 requires not only hard choices by the University, but also support from *all* Minnesotans, because "this place is important for each of us to own."

George plans to get everyone—alumni, donors, friends, parents, regents, students, staff and faculty, administrators, retirees, Minnesota communities, and interested groups—under the same banner: support for U2000 and a sense of personal investment in the future of the University.

"We have served this state well for nearly 150 years," George said. "It's now time for Minnesotans to act, to protect and nurture their investment for the next 150 years." **U₂₀₀₀**

Diversity, from p. 1

services. The Office for Minority and Special Student Affairs will strengthen academic support services such as its Summer Institute, which provides stipends for about 155 students of color. In addition, through a program sponsored by the Bush Foundation, the University will continue supporting activities that emphasize cultural diversity as a component of effective teaching and learning.

For faculty...

The University will use special funding to support hiring faculty of color. To retain them, it will create a \$150,000 fund to encourage research by faculty of color, will encourage grant-writing mentorships, will start a campuswide support network and mentoring program, and will conduct exit interviews with all departing faculty of color.

For graduate and professional students...

To get more students from traditionally underrepresented minorities into its graduate and professional

programs, the University will create more fellowships, assistantships, and dissertation grants. For instance, starting this fall it is funding special grants for graduate students from historically black schools.

The University will also identify disciplines where racial/ethnic minorities are underrepresented, and will work to recruit students into those disciplines.

It will also continue summer research opportunities, such as the Minority Development Program, and will encourage scholarship in areas related to African American, American Indian, Asian/Pacific American, and Chicano/Latino/Hispanic issues and studies.

Focus on women and other underrepresented groups

The University will identify disciplines where women faculty and graduate and professional students

are underrepresented, and will work to recruit them into those disciplines.

It also will support and expand mentoring programs such as those started by the Commission on Women, the Minnesota Women's Center, the Coalition of Women Graduate Students, the Coalition of Women Graduate and Professional Students of Color, and Women in Science and Engineering.

Physical accessibility will be a priority in building and remodeling, and the University will support and expand accessibility and support services for students, faculty, and staff with disabilities.

Finally, it will support and expand programs designed to prevent violence and harassment on its campuses, as well as diversity programming currently offered by the equal opportunity office, student affairs, Disability Services, and the Gay, Lesbian, Bisexual, and Transgender Office. 

University 2000 Status Report

No. 5, November 1994

University 2000 Status Reports—formerly called Strategic Planning Status Reports—describe the progress of U2000, the University's strategic planning effort. Status reports are published irregularly on the basis of new developments. They are produced by University Relations on the Twin Cities campus.

For more information on any of the subjects of this status report, or on U2000 in general, please contact University Relations, 6 Morrill Hall, 100 Church St. S.E., Minneapolis, MN 55455, 612-624-6868. Additional copies and alternative formats of this status report are also available from University Relations.

Text of the status reports also appears on Internet Gopher. The path is Home Gopher Server, University of Minnesota Campus Information folder, University Planning folder, Strategic Planning News folder.

If you receive more than one copy of this publication, please give one to a friend.

The University of Minnesota is committed to the policy that all persons shall have equal access to its programs, facilities, and employment without regard to race, color, creed, religion, national origin, sex, age, marital status, disability, public assistance status, veteran status, or sexual orientation.



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MBG
EPPR

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
December 8, 1994**

Madam Chair, Ladies and Gentlemen of the Board, I trust that you have noticed the administration's latest step to display the works of faculty and student artists. Thanks to the efforts of Vice President Mel George and his staff, we have begun a new tradition of rotating art exhibits in the second floor hallway of Morrill Hall.

Our first exhibit displays works by graduate students and faculty members from the Twin Cities campus Department of Art, chaired by Professor Wayne E. Potratz. On January 17, we are hosting a reception honoring the artists who have shared their work with us, and all of you will be invited.

Future exhibits, starting some time next year, will feature the art departments on our other campuses.

• Draft Environmental Impact Statement - Steam Plant •

As Associate Vice Presidents Sue Markham and Roger Paschke reported to you today, we now have the Draft Environmental Impact Statement on University of Minnesota Steam Service Facilities, drafted by staff and consultants of the Minnesota Environmental Quality Board.

In addition to the two options of the University's contract with Foster Wheeler Twin Cities, Inc., the Draft EIS explores five other alternatives. All seven alternatives offer substantially lower emissions than the University's current facilities, and all, we believe, are "permissible" under state and federal laws and regulations.

Despite others' interpretations and immediate judgments, it's critical to note that the Draft EIS draws no conclusions and makes no recommendations. It is a draft, offering tentative information that is drawn from our proposal documents and the contributions of EQB staff members and consultants. Under the EQB's regular process, we now begin the process where we are invited to review and comment on that tentative information, and where the public is invited to comment in public hearings. As Ms. Markham and Mr. Paschke reported, there are numerous differences of interpretation that need clarification. We're working on that process now, and we're looking forward to the opportunity to present our information to the public and to the EQB, as the EQB prepares its final EIS for presentation to you in a few months.

• Compensation of Coaches in Women's Athletics •

As you know, the University was asked to report to the 1995 legislature on the compensation of coaches in Women's Intercollegiate Athletics on the Twin Cities campus. To assist in the review and further development of compensation principles and plans, I appointed a Subcommittee on Compensation of Coaches in Women's Athletics:

Sandra Hale (Chair)

President, Enterprise Management, International
Former Minnesota Commissioner of Administration

Charles Denny

Chairman, ADC Telecommunications
Chair, University Task Force on Administrative Compensation

Richard Lidstad

Vice President for Human Resources, 3M Company

Marilyn Bryant

Owner/Director, Adjustable Joist, Inc.
Chair, Advisory Council for Women's Intercollegiate Athletics

Mariah Snyder

Professor of Nursing
Faculty Representative for Women's Intercollegiate Athletics

Norm Chervany

Professor of Management Sciences
Faculty Representative for Men's Intercollegiate Athletics

I have received a status report from Sandra Hale, and I would like to share with you the subcommittee's preliminary observations—emphasizing, however, that the subcommittee has not reached final conclusions or recommendations .

Preliminary Observations

"While the Subcommittee is not prepared to advance any conclusions, it does posit the following observations:

- The University of Minnesota is in compliance with Title VII, Title IX, and the Equal Pay Act as they relate to coaches of men's and women's athletics.
- The issues of coaching compensation are extremely complex and resist easy resolution. They extend beyond individual differences and require consideration of programmatic, institutional, and national factors.

- A comprehensive compensation policy should be developed that includes such elements as University values, desired competitive position, and marketplace definition. This policy should drive the establishment of mid-points or ranges for all coaches' positions.
- The major issues involving gender equity and coaching compensation stem largely from the higher salaries paid to coaches in a select number of men's sports (e.g., football, basketball and hockey).
- The issues of compensation philosophy and practices must be addressed in the context of all coaches' jobs. To look solely at women's coaches will only serve to perpetuate gender issues in athletics.
- While the Subcommittee has made progress in defining broad parameters, it will require additional time and deliberation before advancing a set of compensation principles."

I must add that I am very gratified by the subcommittee's progress. These are, indeed, complex issues, and I am encouraged that the subcommittee members have already demonstrated their ability and commitment to give us comprehensive good counsel.

• Blue Ribbon Football Panel •

Last Friday we announced the formation of a "blue ribbon" panel to study the University support systems that will help us develop a more successful football program. **Dr. McKinley Boston**, Men's Athletic Director, will serve as chair, and the other members are:

Jim Wacker - Head Football Coach

Tom Reagan - Vice Chair of the Board of Regents

Tony Dungy - Defensive Coordinator, Minnesota Vikings

Cal Stoll - Former Head Coach

Julia Davis - Dean, College of Liberal Arts

Dick Ames - CEO, Ames Construction

Margaret Carlson -Executive Director, U of M Alumni Association

Norm Chervany - Faculty Representative, Men's Intercollegiate Athletics

Rod Wallace -Owner, Thunderbird Motel

Paul Miller -Head Football Coach, Apple Valley High School

Russell Bennett - Former Chair, University of Minnesota Foundation

David Taylor - Dean, General College

Billy Bye -CEO, National Benefits

Lee Sundet - CEO, Sundet Companies

Dick Schultz (Panel Consultant) - Former Executive Director, NCAA

Mark Dienhart (Panel Staff) - Senior Associate Athletic Director

I appreciate Dr. Boston's leadership in suggesting and chairing the panel. Its work will be extremely important to both Men's and Women's Intercollegiate

Athletics at the University, but also to the University community and the state. A successful football program generates community, pride, and badly needed income.

We need a thorough study of the football program and the support it needs for both athletic and academic success. We need to learn from other schools that have improved their programs. We need to learn, also, from other Gopher sports that have made Men's Intercollegiate Athletics one of the most successful total programs in the country. We need to plan for long-range, lasting improvement. And, we need to consolidate support for Gopher football, both inside and outside the University.

I've asked the panel to give me their recommendations by next summer. I don't expect many quick fixes, but I know we can count on the members of this panel for careful work, complete integrity, and sensible advice.

• State Budget Forecast •

The regular November forecast for state revenues reflects continued improvement in Minnesota's economy and projects a modest surplus for the next biennium. That favorable announcement was followed by no shortage of advice that neither big tax cuts nor big spending increases can be expected, and then a court ruling was announced, mandating large state payments of tax refunds over the next four years.

I still find encouragement that the University's Biennial Budget Partnership Proposal can and will have a careful hearing in the 1995 legislative session. We know that the Governor and legislators are still faced with limited resources and competing demands. We also know—and we have to make the case at every opportunity—that the health of the present and future economy is—and will be—heavily influenced by the productivity of the University of Minnesota.

• Partnership Initiative •

Communicating the vital importance of the University as the State of Minnesota's oldest and most productive partner and source of long-term solutions and making the case for a renewed and strengthened partnership are the goals of Vice President Mel George's "partnership initiative." I'm happy to report that this effort is well under way. We are finding the most positive responses to Dr. George's efforts to enlist active support from both inside and outside the University community, and the materials to help those supporters will be available by the end of the month.

• Proposed Changes to Tuition Policy •

Tuition assessments within the University as a public institution must reflect the shared responsibilities, benefits, and needs of the state and the student. The tuition rate structure must provide appropriate and effective incentives for access, retention, and choice. It must promote timely progress toward degree completion and be responsive to state and federal student financial aid policies. Our tuition rates and course fees must reflect the costs and the competitive environments of individual programs, the personal benefits to individual students, and the needs of society.

Of the several revisions in tuition policies proposed this month, the greatest impact would be the move toward a base tuition rate, by campus, for all lower division students, with additional tuition assessed on a per credit basis for courses taken above the base rate, and with additional fees charged for those courses that have special costs. The total tuition rate for those lower division students would be less than or equal to the upper division tuition rates, and we plan to eliminate the variations in upper division tuition rates by 1998-99.

In the final analysis, we must always seek the appropriate balance among the costs of our programs to students, the financial aid available to them, and the revenue sources that the University relies upon to maintain the instructional programs. Tuition policies always contain an array of incentives, and our central concern must be to ensure that incentives are thoughtfully directed toward the goals of *University 2000*. The discussions initiated with this month's proposals will be both careful and strategic.

• Critical Measures •

Today's action by the Board reaffirmed the *University 2000* performance goals approved last January and approved the first five critical measures:

• Characteristics of Entering Students

To have 80% of the entering freshman class on the Twin Cities campus, excluding General College, be from the upper 25% of their high school graduating classes by the year 2000. (Baseline is 69% in Fall, 1993)

Institution-wide, for the mean high school rank of entering freshmen in the year 2000 to be at the 77th percentile. (Baseline is 72nd percentile in Fall, 1993.)

• Graduation Rate

To graduate, within five years, at least 50% of the freshmen who enter in Fall, 1996. (Baseline is 35% for freshmen entering in 1988)

- **Underrepresented Groups/Diversity**

Institution-wide, for students of color to represent at least 16% of entering freshmen in the year 2000, consistent with applicable legal requirements governing the recruitment and admission of students. (Baseline is 13% in Fall, 1988.)

To increase by at least 50% the graduation rate (within five years) of students of color, leading to a graduation rate of at least 33% for students who enter in Fall, 1996. (Baseline is 22% of freshmen of color entering in 1988.)

- **Sponsored Funding**

To receive \$375 million in sponsored funding from all sources in the year 2000, a 5% average annual increase. (Baseline is \$262 million in 1993.)

To maintain, in the year 2000, the University's mean rank of 15th in federal funding for research and development. (Baseline is 15th mean rank over the years 1983-1991.)

- **Investment per Student**

Achieve a funding level of 2% above the mean for comparable institutions in dollars of instructional direct expenditures per student. (Baseline is 4% below the mean for the Twin Cities campus and 8% below the mean for the Duluth campus; baselines are not available at this time for the Crookston and Morris campuses.)

Our discussions over the past several weeks have been dominated by concerns about access, a fundamental goal of both University and legislative policies for many years. It is critical that we continue to view access in both ways—University and statewide—since we must maintain both maximum access to higher education opportunities and access to the programs that afford the best likelihood of success to individual students and the most effective use of the resources that are unique to each system or institution.

The special genius and century-old tradition of the land-grant university is the integration of teaching, research, and outreach. As Minnesota's land-grant university, we have both the ability and the fundamental responsibility to draw upon our unique research and outreach environment to provide undergraduate, professional, and graduate education that features the most up-to-date, relevant, and useful knowledge. The land-grant university commitment to discover knowledge and share it widely with students and citizens offers special opportunities for undergraduate students—to be taught by faculty scholars who are at the forefront of knowledge discovery and, in

many cases, to participate directly in research, scholarly, and artistic activities.

The University's commitment to provide these special opportunities must be matched by students' commitment to prepare, in their high school careers, for rigorous and demanding courses of study, and to pursue aggressively the programs and resources offered by the University. We must seek out talented students across the socioeconomic, racial, and geographical spectrum, setting high expectations that challenge students and setting high standards for ourselves in providing the support that students need to succeed.

The University cannot and should not be the only point of access to higher education. We have, as a state, provided a rich variety of public higher education programs, plus student aid programs that provide access to Minnesota's fine private institutions as well. None of the systems, public or private, can meet all students' needs, nor should they try. Real access to programs that truly meet the needs of individual students requires flexibility, cooperation, and careful mission differentiation.

Within the University, we maintain the important, long demonstrated flexibility of admission to General College, where, in close cooperation with the undergraduate degree-granting colleges, GC faculty and support staff can prepare students for transfer and enhanced prospects for academic success. In the new structure of University College, we will provide additional opportunities for students who need to take non-credit coursework before seeking admission to degree programs. These are mission differentiation steps within the University.

Within Minnesota higher education generally, flexibility, cooperation, and mission differentiation are critical to successful access. Access—successful access—to the University of Minnesota is very often a matter of transfer—within the University and from other public and private institutions. It is absolutely critical that we continue to make progress in facilitating such transfers, ensuring that students have access to the right program at the right time in their academic development.

• Recognition of Student Athletes •

This afternoon we had the opportunity to meet and to honor student athletes from the Duluth, Morris, and Twin Cities campuses. We were able to meet, however briefly, many of those student athletes and their coaches. (The Crookston campus chose not to take part this year, because of their change from a two-year campus to a four-year campus and the resulting changes of conferences.) In all, we recognized more than 350 student athlete awards—campus, conference, district, and national—recognizing both academic and athletic achievements, with plenty of each to demonstrate that we can and do have men's and women's intercollegiate sports programs that succeed in both academics and athletics.