

Minutes*

Senate Committee on Finance and Planning February 6, 1990

Present: Burton Shapiro (chair), David Berg, Carol Campbell, John Clark, James Coad, Arthur Erdman, Tony Faras, Lael Gatewood, Virginia Gray, Nick LaFontaine, Cleon Melsa, Jeff von Munkwitz-Smith, Charles Speakes, Rob Webb

Guests: Assistant Vice President Mary Bilek, Associate Dean Mark Brenner (Graduate School), Senior Vice President Gordon Donhowe, Associate Vice President Edward Foster, Ken Jansen (Regents' Office), Geoffrey Maruyama, Rabun Taylor (Footnote)

1. Discussion of New Athletic Facilities

Professor Shapiro welcomed Senior Vice President Donhowe to the meeting and explained that now that the Committee had had an opportunity to talk with the two athletic directors and the director of Recreational Sports about the proposed new athletic facilities it was in a better position to understand the entire picture. He asked Mr. Donhowe to provide an overview of the plans.

Mr. Donhowe began by explaining that they approached these plans with the conviction that sports should be an integral part of undergraduate education at the University: recreational sport should be a part of every lifestyle and intercollegiate athletics, for better or worse, is a part of the college experience so it should be made as amateur and good as possible.

Second, the University has among the oldest facilities for sports in the Big Ten; the question is whether they should be replaced or their lives extended.

Third, there are gender equity issues which must be addressed in the availability of athletic facilities.

Fourth, there was the question of how seriously the University would consider off-campus sites; Mr. Donhowe said that ACIA, the athletic directors, the President, and everyone else he could find with talk to said they should be kept on campus.

On the financial side it was decided that the effort should be made to remedy the situation with little or no reliance upon the legislature. There are already too many projects in the pipeline which are planned and not built; it would be the late 1990s at the earliest before state support could be sought.

There is also, Mr. Donhowe reflected, a funny atmosphere prevailing in the Twin Cities; it is Men's Athletic Director Rick Bay who noticed it. Professional sports in the area come and go (e.g., the Lakers left, the North Stars might, the Vikings have threatened, as have the Twins, the Timberwolves are new, the Monarchs folded, as did the Kicks, and the Twins came from Washington as the Senators) but they are

* These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate or Twin Cities Campus Assembly; none of the comments, conclusions, or actions reported in these minutes represent the views of, nor are they binding on, the Senate or Assembly, the Administration, or the Board of Regents.

never bashful about asking for major public handouts. The only consistent and high-quality sporting events attended by many people are the Gophers--and suddenly there is a hue and cry that no tax dollars be used to support them. This, Mr. Donhowe noted, is very perplexing--and the University should express its displeasure.

The conclusion that there should be little or no draw on appropriated funds led to the potential solution that the University should build its own new Arena by issuing its own bonds and fund them from income generated from the facility. The problem is that there is no funding plan for the Pavilion (which would afford competition and practice space for several women's sports and for some men's non-revenue sports). Also unfunded is a practice ice sheet for the men's hockey team. Both facilities will need to be paid for from donations or state funds or a combination of both. To expect state funding, however, makes the schedule of construction indefinite, which is unacceptable to women's athletics--and quite understandably so.

Some Alumni and Foundation people have suggested that the costs of renovation may be overstated in order to foreclose it as an option and force the construction of new facilities (as was alleged in the case of Memorial Stadium, forcing a decision to move to the Metrodome). As a consequence the University is seeking a second opinion on the remodeling costs and is carefully re-evaluating the elements of the remodeling (which plans would entail keeping Williams Arena as the basketball facility, converting Mariucci Arena to the Pavilion, and building a new hockey facility). This alternative, Mr. Donhowe warned, will make hockey a prime target for those who wish to move it off-campus--a risk he does not like. Mr. Donhowe added that he has not seen any proposal from St. Paul concerning the Civic Center although presumably one is being prepared.

Another element being considered is lowering the cost of a new Arena by locating it north of Fourth Street rather than adjacent to the swim center; because of foundation and utilities changes, and the need to demolish Memorial Stadium, it would be cheaper to put it elsewhere. There is also simply not enough space on the Memorial Stadium/Oak & Washington block to put the Arena, the Pavilion, the Recreational Sport facility, and the proposed University Center--unless we want to jam things together in the fashion of the Health Sciences south of Washington.

Asked what the changes in a remodeled Williams Arena would consist of, Mr. Donhowe listed backs on the benches, elimination of leaks in the roof, increased energy efficiency, a full concourse all the way around, elimination of restricted vision seats, enhanced egress, and general fix-up. (He also recalled a letter he had received which accused him of wanting to "tear down the Wrigley Field of basketball.") These changes, it was suggested, would not respond to Coach Haskins' concerns about how the Arena appears to recruits, to which Mr. Donhowe responded that Coach Haskins has been giving mixed signals and that the advantages of Williams Arena for the home team should not be underestimated.

Mr. Donhowe also commented on the ten-year history of attendance at basketball games, going from a Big Ten championship to a dismal competitive record and back, last year, to reaching the NCAA final 16. Student tickets went from about 4000 to less than 900 back up to about 2700. Public purchases have remained consistently at about 7000 - 8000; there is a strong corps of public supporters who buy tickets come hell or high water.

The question will ultimately boil down, Mr. Donhowe told the Committee, to whether or not the

University can finance these facilities on their own bottom.

Mr. Donhowe was asked whether or not the Pavilion would also be placed on a site north of Fourth Street, if there was recognition that women's athletics are reaching the point where they need real gains in facilities in the next five to ten years, and whether or not it might be possible to obtain state support for the gender equity portion of the facilities proposals. He responded that the Pavilion would also be relocated and that there is recognition of the need for facilities for women's athletics--but that if state support is needed it will not come for many years. It is the latter two points which made him change his mind about moving forward in steps; either all of the facilities will be built so they can support themselves or they will not be built. The pending financial difficulties of the State only make that conclusion more compelling.

Asked about possible legislative reaction to these plans, Mr. Donhowe told the Committee that while one legislator had expressed concern, he did not believe it could be generalized to the remainder of the legislature. He agreed that there was a need for more communication with the legislature but he sensed no adverse reaction from those who deal with higher education.

Mr. Donhowe expressed the hope that the cost estimates would be received by the end of February. The University must also be prepared to say that it will go out and raise funds for these projects--as well as \$5.6 million to complete the recreational sports facilities. The recreational facilities cannot be left unfinished and, in his judgment, it is crucial that Phase IB be completed--or the University will have the biggest basement around.

The University will also have to do a good job of selling the legislature on the request for the portion of state funds needed to complete the recreational facilities. They are in keeping with the President's Initiative to improve undergraduate education; where facilities at other campuses are available, they are used heavily seven days a week.

These plans, together, will change the entire east end of the campus. It will be user-friendly, have a high activity level, and present a pleasing entrance to the campus. This would be in marked contrast to the present environment, which Mr. Donhowe said reminded him of a war zone--with the forbidding walls of Memorial Stadium and a large parking lot.

Mr. Donhowe agreed that as he fleshes out the pros and cons of the various options and develops a recommendation for the Board of Regents he will return to the Committee with his findings.

Mr. Donhowe concluded his remarks by informing the Committee that one intriguing possibility for future site consideration--although it has not materialized--is the option of the University to purchase 23 acres north of Fourth Street around the Oak Street extension. Irrespective of whether or not the land is purchased, any new athletic facilities would have vastly improved access because the busway should be built, the I94 exit will be changed to route it directly to University Avenue, and there will be new ramps available.

2. Resolution on Costs of Athletic Investigations

Professor Shapiro next asked Professor Speaks to report on the result of his meeting with the

Assembly Committee on Intercollegiate Athletics to discuss the resolution calling for athletic departments to pay a fair share of costs of investigations arising from allegations of rules violations. Professor Speaks reported that all who spoke at the ACIA meeting were opposed to the resolution. The views, as summarized by Dean Robert Stein at the meeting, were these: One, why are the athletic departments being singled out when ethical violations in other departments are not treated in the same way (such as racism and sexism); two, the current wording is unacceptable in that it implies future investigations of past deeds might be included; three, there should be no costs in the future because these investigations should be unnecessary, and four, the resolution reflects a lack of confidence in the leadership of the two new athletic directors.

Professor Speaks said that he would nonetheless prefer that the Committee voted on the resolution and, if adopted, forward to the Faculty Consultative Committee for disposition.

It was suggested that the resolution be less specific and that the intent of the Committee be forwarded to the President to handle as he determines best. Professor Speaks accepted this as a friendly amendment.

Questions were raised about whether or not this intrudes on the turf of ACIA; this Committee is only tangentially concerned with athletics whereas ACIA spends all its time overseeing the programs; action here would suggest either that this Committee knew more than ACIA does or that they are not doing their job. Another suggestion was that the reference to athletics be removed and that the resolution be applicable to the entire institution.

Professor Speaks said he did not believe it necessary to try to address all the ills of an institution in order to address one of them and rejected the notion that the resolution should be institution-wide in effect. Another Committee member noted that there has been continuing dissatisfaction with the performance of ACIA--a phenomenon not unique to Minnesota--and that there have been repeated reform groups appointed on the campus, including the most recent one established by the Board of Regents. This is exactly the reaction that should have been expected from ACIA and is the natural response of the athletic directors. There is, in addition, it was argued, a difference between athletics and an academic department, both because of the degree of public embarrassment that athletics can cause and because athletics has a revenue stream from which it can pay these expenses; departments can hardly subvert federal grant funds to pay for investigations. It was suggested that the Committee adopt the resolution as amended and let the Faculty Consultative Committee sort out the possible conflict between the financial concerns of this Committee and the turf question as it relates to ACIA.

In view of the other agenda item pending, it was agreed to table this matter until the next meeting of the Committee.

3. Principles Governing Indirect Cost Recovery Funds

Professor Shapiro turned to Professor Tony Faras to discuss the proposal from the Senate Research Committee concerning Indirect Cost Recovery funds (hereinafter ICR). Professor Shapiro first explained that the Senate Research Committee had been dealing with ICR funds over the past several years, partly in response to perceived inequities in their distribution, and that only last week he had learned that Associate Dean Mark Brenner and others were working on a different set of principles--so this discussion

was awkward.

Professor Faras concurred that this was not a felicitous conjunction of events but that most important is that a plan be adopted--no matter who is doing it or whence it originates. Any plan, he said, must deal with two issues: Inequities in the allocation of ICR funds and addressing of concerns by principal investigators (PIs) that some money be reallocated back to their projects. The latter point is important for several reasons. First, major government agencies are funding fewer and fewer grants, so there is less money to do research; second, Congress passes mandates but provides no funds (such as on AIDS research, the human genome project, etc.)--so meeting the mandate requires that support be carved out of existing agency funds; third, the PIs are nickel-and-dimed to death by support services for maintenance and minor renovation--which expenses must be absorbed out of (shrinking) direct costs provided by the agencies. These issues are starting to snowball for the PIs--in an atmosphere where funds are harder to obtain and competition is getting worse.

It is not important, Professor Faras added, that there be a strict division of ICR funds or that it be done tomorrow. The document that Dr. Brenner is drafting, he has been told, takes into account the principles developed by the Research Committee; what is important is that support for research activities be extended and that the PIs receive some funds.

Dr. Brenner then recalled for the Committee that the President had spoken with FCC last year and will do so again; he also reported that the President has encouraged the Research Executive Council to develop a policy. The drawback to the Research Committee principles, he said, are that they do not address all of the problems, such as:

- The need for additional research space; the research enterprise has been growing at a far faster rate than the space available for it. Research facilities are at the top of the capital request, even over some Academic Priorities. One possible solution might be to use ICR funds to lease space or to pay off bonds issued to build new space--the latter of which would relieve pressures on the University's capital request.
- The funding of operation and maintenance expenses in new space, which the legislature has not done. It would perhaps be appropriate to put some ICR funds aside for research space and to hold Physical Plant accountable for maintenance--and for maintenance done at market rates.
- The need to take depreciation on capital equipment; researchers have to scramble for funds to repair equipment.
- The need to retain centrally flexible funds to provide matching dollars; the University has outperformed itself and needs funds for matching. It also needs them to cover lapses in funding.

Dr. Brenner said he is working on a document at present; when it is completed he will bring it to the Senate Research Committee for review and further consultation in the governance system. The goal will be to have a policy which all can accept and which will solve the major problems.

Dr. Brenner observed that the University community has become accustomed to a certain distribution of ICR funds and that the policy will not propose to pull the plug. What they are looking at is new funds--persuading the State to release the last \$6.5 million offset against ICR funds (out of a total of \$34.5 million), an increase in the total grants to the University, and the termination of some expenditures which have been made in the past. The legislature, he said, could likely be sold on the release of the last \$6.5 million when shown the increase in the amount of University research activity.

Asked if he could respond to Professor Faras's concern that the PIs receive funds, Dr. Brenner said he could not because the Research Executive Council is not in sympathy with that view. It was suggested that if the University increased the number of areas where ICR funds would be used to support researchers there would perhaps be no legitimate complaints.

Professor Faras, however, inquired what would be covered by the policy and contended that PIs feel that the University moves the dollars to do other things which do not affect them (such as matches). They see the college and department heads use the money for different priorities whereas they--the PIs--want the funds in order to run their projects as they need to in the face of cuts all along the way before their grants are finally awarded. Significant ICR funds, he noted, go the libraries and computing, which are items that the State should support so money can be freed for research. He repeated, however, that he did not disagree with any of the points made by Dr. Brenner, only that the PIs should receive something back as well.

Professor Maruyama pointed out that the legislature believes the ICR funds are being used to stimulate new research; if they are to be used in support of ongoing research, the legislature is less likely to support the release of the funds.

ICR funds, said one Committee member, is a formula allocation negotiated between the agency and the University, and the agencies do look at institutional costs for research such as computing, libraries, ORTTA--infrastructure items--and the University should look at ICR funds as support for that infrastructure. It is not realistic to redirect the funds away from those items; they should be seen as a wash, not incentives for PIs--unless the funds are being used for the infrastructure. It may be that the University needs to put more expenses in direct costs. Or, Professor Brenner, added, use the funds better.

Another Committee member pointed out that legally the University can use the funds as it wishes. In the past funds were allocated as they were earned; few universities, however, follow that practice any more. In principle the University is tied to no particular formula although it has been the philosophy of the administration that funds should be distributed to departments for administrative overhead. The University is obligated, however, to spend every dime for research, which is the reason the funds are so carefully accounted for.

Yet another Committee said that there should be no guarantees to any PIs, in part because different parts of the University operate in different ways. In CLA, for instance, the distribution should be at the discretion of the dean and department chair because there are few external research funds; the ICR money can be used to the benefit the entire college, which is good for the entire University. Assistant Vice President Bilek informed the Committee that \$6.5 million has been distributed by formula to the colleges; some keep it at the dean's level, some distribute part of it to departments, some use internal formulas. The central administration does not direct the colleges on how to use the money.

There are financial implications for the Health Sciences which should be noted, it was said. First, there used to be NIH funds to support new research and to fill in gaps in funding; those are no longer available. Second, health science faculty are heavily supported by grant funds; as those funds decline, departments will have difficulty supporting their faculty. Even the agency contributions toward PI salaries are being cut in some cases (i.e., percentage contribution to salary is reduced).

Dr. Brenner agreed that the revised policy will be brought back to the Senate Research Committee. He was admonished not to ignore the three years' work of the Research Committee, even though its document might not be the one the governance structure will take up.

The Committee adjourned at 5:00.

-- Gary Engstrand

University of Minnesota