Minutes[•]

Senate Committee on Finance and Planning
October 22, 1991

Present: Burton Shapiro (chair), David Berg, Paul Hess, Michael Hoey, Craig Kissock, Nick LaFontaine, Fred Morrison, Jeff von Munkwitz-Smith, Irwin Rubenstein, Mary Sue Simmons, Charles Speaks

Guests: Senior Vice President Robert Erickson, Geoff Gorvin (Footnote), another reporter

1. Discussion with Senior Vice President Erickson

Professor Shapiro called the meeting to order at 3:15 and welcomed Senior Vice President Erickson to the meeting. The first issue raised was the reorganization of computing. Mr. Erickson explained that a decision had been made not to go forward with the plans but instead to hire a consultant to provide an overview of University computing. The "level of comfort" required to proceed is not present, he said. Consolidation makes sense, but so does an overview. The report from the consultant will be due by January 1, 1992.

Concern was expressed about the possibility that the University could become a prisoner of its computing organization in terms of rate setting; like the steam provider, it could become a prisoner of the provider. Mr. Erickson acknowledged the concern. He said that it makes sense to have mainframe operations all in one place; it could be in an organization under the University or the services could be "outsourced" in whole or in part. There would, in any event, be a short-life agreement (unlike with the steam provider).

Mr. Erickson noted that the Supercomputer Center is profitable, contrary to what has been said lately, is completely owned by the University, and has more supercomputers than any organization other than the federal government. But the comfort level needed for joining it to other computing functions is not present.

The Committee next turned to the nine resolutions drafted by Professor Morrison for consideration. Discussion focussed first on the question of across-the-board cuts, why the 3% cuts were imposed equally on all vice presidential areas, and the understanding among several Committee members that at least in some areas the 3% cuts were in turn imposed, across-the-board, on the collegiate units. Committee members had earlier expressed reservations about imposing equal 3% cuts on all vice presidential areas--there seemed to be no rationale for that decision--and were now even more concerned in that it appears the cuts within vice presidential areas are also be across-the-board. The President had assured the Committee that the only across-the-board cuts would be at the vice presidential level.

Mr. Erickson said that as plans come in from the colleges, it will be clear that the cuts are not across-the-board; Committee members agreed that this appeared to be the case, given what they know

[•] 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.

now about decisions within colleges. Mr. Erickson suggested that it would be more appropriate to discuss these issues with Senior Vice President Infante; he promised to mention the questions to him. He also pointed out that information about college plans will soon be known.

On the question of the vetoed $23 million in State Specials, Mr. Erickson said that the view of the administration was the same as that expressed in the draft resolution: Either the funds will be restored or the programs supported by the Specials will be discontinued.

Mr. Erickson was asked if consideration had been given to raising revenues from the auxiliary enterprises. He said that they were expected to fund their activities (e.g., Parking must generate sufficient income to maintain lots, pay staff, etc.) but that making a profit was not a goal. Asked about whether the Supercomputer Center pays rent, he pointed out that it shares in the cost of the building and since the University is the sole beneficiary of its activities, charging rent would only amount to engaging in more exact accounting than is necessary. He noted that the Supercomputer Center is structured as a for-profit organization because supercomputing cannot be supported with University activities alone; in order for the University to avoid paying unrelated business income taxes, the unit must be private. All computer time not sold is available to faculty and staff--and that is the majority of it.

CUFS will be going forward, Mr. Erickson reported in response to an inquiry; they decided last week that it will cost more to wait than it will to go forward. He acknowledged that there will be problems as it comes on line and that there will initially be additional costs for departments. Once running, however, it is expected that the system will reduce department costs. Mr. LaFontaine affirmed that the goal is to make it a "paperless" system (with the possible exception of travel, where signatures and documentation are required); he said he would try to clarify any misunderstanding that may exist about the need to continue to type forms while also entering information and data in the CUFS system.

Professor Shapiro and other Committee members expressed relief that the administration had opted to delay the reorganization of computing.

2. Various Resolutions Associated With the Budget Plan

<u>CEE</u> Several questions were raised earlier: Why is there a separate Summer Session office (there is no Fall or Winter office) and why cannot it be dissolved and the administrative costs distributed among the colleges? What are the costs of operating CEE and its units as separate entities? Why is there a separate registration process for CEE? What are the issues involved in the CEE tuition increase? The resolution requested additional information; no one present at the meeting could provide it. It was agreed that Dean Miller, among others, should be invited to speak to the Committee.

One Committee member related that he had become more involved recently in CEE activities and had come to realize that it had received different assignments over the last 10 years. There is a broader context which must be considered, he observed: The role of the University as a land-grant institution and with flexibility in its programs. The Committee must be careful not to look at the issue in such a way that the institution becomes the University of the Twin Cities or of Technology/Business/Law. There is a wider mission. The motion, it was pointed out by another Committee member, is not motivated by a wish to change the commitment of the University to the people of the State; it only speaks to questions of efficiency and financial operation.

Another Committee member argued that the existence of CEE, Extension, and Summer Session reflect a bygone age--when most regular students were 17-21 and these units offered special course work for those who needed it. Now the structure does not accord with the nature of the student body, which is much older and takes courses all the time--summer, day, night. Further, students taking CEE courses may not have the quality of faculty offered during the regular session. The faculty ought to be employed for 12 months (each with one quarter off) and work from 8:00 to 8:00 (some would work early, some late). These organizational distinctions, he concluded, no longer make sense.

The resolution was approved unanimously.

Structure of Administrative Services It was noted with irony that the University is spending about $2 million on vice presidential offices (Health Sciences, Agriculture, and Arts, Sciences, and Engineering) that are passing along across-the-board 3% cuts. In the business world, management is shrinking, not growing, and layers of middle management are being eliminated. Perhaps the University should consider returning to the system it had before, with the deans reporting to the Vice President for Academic Affairs. Another Committee member concurred but noted that pursuit of such an arrangement would likely be to no avail; the Vice Provost's office was created to ensure a stronger presence at central levels for the arts and sciences--the faculty did not believe those disciplines had a voice equal to that of the Health Sciences and Agriculture, represented by their own vice presidents. The solution would be to eliminate all three, but the University argues it MUST have vice presidents for the Health Sciences and Agriculture.

Asked about expenditures on administration compared to peer institutions, Mr. Berg reported that the University is not top heavy and in some areas it is nearly starved to death.

The resolution was approved unanimously.

Increased Tuition, Non-Graduate School Masters Programs The draft resolution called for the tuition rates in these programs to be raised to 100% of the Graduate School tuition rate (perhaps by phasing in the increase), rather than the 75% proposed in the budget plan. Committee members were of opposed views on the wisdom of bringing the programs within the purview of the Graduate School but agreed on the resolution.

The resolution was approved unanimously.

Crookston The draft resolution expressed reservations about the financial feasibility of developing a four-year program at the Crookston campus, requested the opportunity to review the financial data, and asked that the Senate Committee on Educational Policy review the educational adequacy of the plans.

Mr. Berg distributed to the Committee the discussion paper which had been prepared. He began by pointing out that if there is no change in the academic program at Crookston, the future does not look good. Enrollment is likely to drop; even under optimistic circumstances the Full-Year-Equivalent (FYE) cost per student would be about $7300 and under the more pessimistic predictions would rise to nearly $11,000. Even the $7300 figure would mean Crookston's costs would exceed by 150% those of any other lower division unit. That outcome is unacceptable, so either the campus must close or its program must change.

The demographics of northwestern Minnesota are not a problem, Mr. Berg told the Committee; for the area as a whole, its projected increase in the number of high school graduates matches that of the State.

Mr. Berg then explained a series of analyses that his office conducted in terms of the numbers of students and faculty that would be required to make a four-year program feasible. The Crookston administration has indicated it would need 18 new faculty and an increase in enrollment of about 600 (to a total of about 1400), which would reduce FYE costs to about $5800. The MPIS analysis, given the data provided, concluded that the Crookston estimates were slightly high and suggested 15 additional faculty and enrollment of just below 1300. At those levels, it appears that the changed program could be operated on the marginal increase in income that would be generated. There would be no need for new classrooms or buildings--because the campus is now considerably underutilized--but it would probably be necessary to increase the number of dormitory spaces (which would not be a big problem; the construction could be bonded and paid for with the revenue). Mr. Berg agreed that there might be marginal increases in administrative costs.

Some Committee members expressed doubt that the proposed increase in faculty would be sufficient to deal with an increased number of students who will be on the campus for twice as long as they are now. Mr. Berg said it was outside the purview of his office to make judgments about program quality and agreed that those issues should be referred to SCEP.

Asked about the source of students, Mr. Berg noted that they assume many currently at Crookston would stay--because many now transfer to 4-year institutions. Northland Community College would likely be a feeder school, and some students would very probably attend Crookston rather than Moorhead. Moorhead has expressed concern, but Mr. Berg pointed out that it is jammed full now, beyond its capacity, and to relieve some of that pressure would be a benefit to the entire system.

One concern likely to be expressed by HECB and others will be about duplication of programs. Mr. Berg pointed out that that argument tends to be simplistic; if expansion can serve the needs of the market, and the marginal costs can be covered, it SHOULD occur. The problem in Minnesota has been the expansion and duplication of programs which increased State costs; this would not do so. Morris duplicates part of the Twin Cities programs; should it be eliminated?

The resolution was adopted unanimously.

<u>Other Resolutions</u> The Committee next took up other resolutions: commending Finance and Operations for restructuring and examining levels of service; supporting the administrative decision to discontinue programs if the vetoed State Special funds are not restored; welcomed the decision to make provisions in 1992-93 for salaries, and supplies and expenses; and expressed reservations about the across-the-board reductions by vice presidential area.

All resolutions were adopted unanimously.

[Note: The full resolution adopted by the Committee is appended to these minutes.]

3. Budget Information About Other Systems

Mr. Berg distributed to the Committee a study completed by the University of Washington showing general fund operating budget changes, 1989-90 to 1991-92, for 21 AAU public universities. While rather gross numbers that tell very little, of the 21 institutions Minnesota fared the worst. Mr. Berg noted, however, that in the case of one institution which received a 4.8% increase, the result was not positive because it also saw a 12% increase in the number of students.

Mr. Berg also distributed financial information for all four systems in Minnesota. With respect to the other systems, he concluded after reviewing the data with the Committee, it is difficult to argue that the University was treated worse or worst. The University is the only system which has seen a consistent increase over the last several years in its appropriations per FYE student.

4. Committee Plans

The Committee agreed that it would plan on an extra meeting in November in order to consider the reallocation plans submitted by the colleges; the Committee will meet on November 5, 12, and 19. It also agreed it would not try to make judgments about the programmatic wisdom of the plans; it would only consider the extent of the cost savings, the manner in which the reallocation is to be accomplished (i.e., across-the-board or not) and whether or not they are consistent with Academic Priorities and the Restructuring and Reallocation Plan.

The Committee adjourned at 5:10.

-- Gary Engstrand

University of Minnesota

> "Resolved, after consideration of the University of Minnesota Budget Report, the Senate Committee on Finance and Planning:
>
> 1. Welcomes the decision of the University administration to make provision in 1992-93 for the immediate needs and growth of the University, despite the absence of adequate state appropriations. We note, however, that the planned increases for the biennium are far smaller than the expected rates of inflation, so that the net result of the proposed budget will be an implicit across-the-board retrenchment of 3% to 5% in funds available for supplies and expenses and a similar loss of real income for the remaining employees of the University.
>
> 2. Withholds judgment on the specific proposals to be offered. We anticipate consultation on the specific proposals set forth in the plans of the vice presidencies. Because of the absence of formal consultative processes at that level, we request full documentation and presentations regarding the plans established by the respective vice presidents.
>
> 3. Expresses reservations about the decision to distribute the internal cost reallocations

among the vice presidential areas (and sub-areas) on a flat across-the-board basis. In light of the differing cost and support levels for the various vice presidential and campus areas, we believe that explicit decisions need to be made about the appropriate level of retrenchment in each area, with the possibility of the transfer of funds between vice presidencies. The principles of Academic Priorities ought to be applied in these decisions.

4. Shares the concern expressed by the administration about the financial feasibility of the development of the Crookston campus into a four-year college. In this respect, we request an opportunity to review the financial aspects of this plan and also request that the Senate Committee on Educational Policy concurrently review the educational adequacy of the plan as proposed. We are concerned that additional resources may become necessary to provide a four-year program of quality acceptable to the aspirations of the University, and that the additional funding for that program might be sought from central sources.

5. Suggests that the administration consider raising the tuition levels for non-Graduate School master's programs to 100% of the tuition for graduate students. We recognize that some phasing may be necessary.

6. Notes the decision to increase tuition in Continuing Education and Extension. We request further information on the exact manner in which this increase would be implemented. We also suggest a careful study of the manner in which continuing education, extension, and summer session are integrated into the instructional functions of academic units.

7. Welcomes the actions of Finance and Operations, which are leading to restructuring and to changes in levels of service. We recognize that some further changes, both in structure and level of service, may be necessary as we gain experience with the new plan.

8. Encourages Academic Affairs to initiate a similar examination of the structure of administrative services, with a view toward eliminating duplication, both within central administration and as between central administration and collegiate units.

9. Supports the decision of the administration to discontinue programs financed by the Special Appropriations, unless the veto is overridden or the legislature otherwise provides funds specifically for these programs. Although we believe that many of the programs contained in the Special Appropriations are particularly valuable, the results of the legislative process and veto ought to be allowed to have their force. (If provision of funds for women's intercollegiate athletics is necessary in order to maintain the men's intercollegiate athletic program, funds for that purpose should be drawn from the men's intercollegiate athletic program as an expense of continuing that activity, and not taken from funds which would otherwise be available for academic support."