

Minutes*

Senate Committee on Finance and Planning
Tuesday, September 17, 1996
3:15 - 5:00
Room 238 Morrill Hall

Present: Fred Morrison (chair), Bruce Bromberek, Thora Cartledge, Jason Frick, David Hamilton, Gerald Klement, Gary Malzer, Roger Paschke, Catherine French, Richard Pfitzenreuter, Benjamin Senauer

Regrets: Patricia Ferrieri, Charles Speaks, Craig Swan

Absent: Robert Kvavik, Peter Robinson, James VanAlstine

Guests: Assistant Vice President Steve Cawley; Senior Vice President JoAnne Jackson; Orlyn Miller (Facilities Management) and Michael Berthelson (Budget and Finance)

[In these minutes: The cease and desist order; network redesign; capital improvements guidelines; external sales policy; update on the biennial request (and the cease and desist order)]

Professor Morrison convened the meeting at 3:20 and called for introductions.

He then made a statement on governance. The Faculty Consultative Committee the previous day said that additional discussion of tenure would be suspended, in order to comply with the cease and desist order issued by the Bureau of Mediation Services (BMS). The order could also apply to other issues related to the terms and conditions of employment, but the intention is to continue consultation on all other issues, since they are not restricted by the order. He said the governance system will try to continue the consultative process.

Professor Hamilton reported that the BMS is to issue a revised order that excludes the Academic Health Center and the Law School; how does that affect the discussion of tenure? Professor Morrison said that a letter is going to the Board of Regents asking if they wish to continue the discussion; if the faculty does not hear back, it will assume the discussions have been suspended. It is up to the Board to decide. Asked how long this process could go on, Professor Morrison surmised it could be four or five months.

1. Network Redesign

Professor Morrison welcomed Assistant Vice President Cawley to the meeting to discuss network redesign. Mr. Cawley handed out information about the project and reviewed the process that had been used to obtain assessments of the University's needs. An outside consultant familiar with higher

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education (whom the University had used before) was told to look at network infrastructure needs for the next 10 years, to keep the University current, without respect to budget.

The report from the consultant provided a road map and an estimate of cost: \$145,850,000. This includes intra- and inter-building work, network switching, and voice switching, and all related building code issues, and provides a high bandwidth backbone to support research, multi-media instruction, distance education, and so on.

The biennial request includes \$80 million for network redesign, or 55% of what the consultant recommended. This is a reasonable amount, Mr. Cawley said, and can be used to accomplish many of the objectives of the report in line with academic priorities; it would probably not be possible, in fact, to complete any more than this amount of work in the next four years. It is a massive project that is very labor-intensive. At this point they need to advance this item in the budget process and also prepare for the project to begin in July, 1997.

Did the consultant apply the same standard throughout the University, asked one Committee member, or is there differentiation by function? The same basic standard was applied, Mr. Cawley said, with the assumption that only a small percentage of locations need very high bandwidth to desktop computing.

One concern of the biennial request committee, it was reported, is that it may not be necessary to reach such a high level of sophistication for 60-70% of users, and that the existing infrastructure may be acceptable for the present. Might this amount be reduced, because there is a risk of purchasing a white elephant, in that most users do not need this enhancement? They should also consider whether it is worth wiring a building where there is little activity. Mr. Cawley agreed the concern was legitimate. The original \$145 million figure assumed high bandwidth in every dorm, desktop, etc.; the amount was reduced to \$80 million by recognizing the variation in needs. One problem is that functions are not concentrated within buildings; even if only 10% of the occupants need high bandwidth, they are scattered so that the entire building must be equipped. One might be able to manage costs if this were to change.

Asked about the possibility of contracting with the telephone company to provide service, rather than building its own telephone system, Mr. Cawley agreed the option should be considered, although there are no examples to fall back on to be sure it could be done.

Asked about the methodology used by the consultants, Mr. Cawley explained. The study was limited to the Twin Cities, but the \$80 million initiative includes the coordinate campuses. The next step is to consult with the colleges, he said. That must include consultation between as well as within colleges, it was said; another Committee member added that it will not be far in the future when most disciplines will need to move large amounts of information quickly.

One Committee member inquired where wireless communication fit into the planning. Mr. Cawley said thought has been given to it; it provides sub-modem speed and has a high cost. The assumption is that the University will have higher bandwidth needs that wireless communication can provide.

It was agreed that Ms. Cartlidge would look at the plans prepared by the consultants and provide a report to the Committee. Professor Morrison thanked Mr. Cawley for the report.

2. The Capital Improvement Advisory Committee

Professor Morrison next welcomed Orlyn Miller to the meeting to discuss the capital request principles for the 1998 legislative session. The preliminary request must be prepared by the spring of 1997, and is submitted in June of 1997. The final request will be approved by the Board of Regents in September.

The document is quite straightforward, Professor Morrison commented, and he asked if there were questions. Several items came up.

- How will building removal be paid for? That cost could be part of the capital request.
- Has the semester conversion been considered? Labs will be offered twice, rather than three times, for example. No one has identified facility needs associated with the conversion; this is the list for MAJOR capital items; smaller changes are not precluded. Some facilities needs for semesters could be major items.
- Has thought been given to how this request--what is on it, what is not--will be received at the legislature? It may be what the University wants, but not what the state wants. The list conforms to Department of Finance instructions, and long lists lead to problems. It is not clear that the University shape a list that meets what the Governor or legislature wants. Preparing the list early also permits the University to build constituents for the various items on it. There will ALWAYS be the ice hockey arena kinds of examples, it was noted, but it is safest for the University to stick with its own priorities.

Professor Morrison concluded that the Committee would need to take a serious look at the request no later than March.

The Committee then took up the "Predesign Report." This is a document--a procedure--Mr. Miller explained, that is used for all major physical facility projects, with fewer procedural steps required for smaller projects. It helps users define their project, and must be used to meet state requirements to obtain state funding.

Asked what a major project is, Mr. Miller said examples include the new Carlson School building or the renovation of a building. It does not include remodeling a lab or an office. He reviewed briefly the elements of the process.

The reason for the report, Ms. Jackson commented, is to try to establish a mechanism to be sure that the same objective criteria are applied to all projects and to ensure that some projects are not advanced simply because its advocates are better at argument. This is intended to make the process more even-handed. One occasionally sees programs asking for capital funds, but with major questions unanswered. The process becomes one of who went to the committee and got attention, even though other more important projects should receive the attention. It can also draw attention to hidden costs, such as the construction of the Art Museum with no funding provided to pay for utilities, noted one Committee member.

Mr. Miller also explained how the process relates to the critical measures approved by the Board of Regents.

Professor Morrison thanked Mr. Miller for joining the meeting and said the Committee would take up the issues in March.

3. External Sales Policy

Mr. Paschke then introduced the External Sales Policy, recalling that it had been presented to the Committee earlier in draft form; it evolved from the 1995-96 budget resolution adopted by the Board of Regents. He reviewed the reasons for the policy, what it means and examples of its use, and individual responsibilities in implementing it. It is the intention of the administration to discuss the policy with the Board of Regents, although not ask them to act on it, in order to close the loop.

Professor Morrison said the Committee should take the policy up at the next meeting, since it was presented with this draft at the meeting. There is conversation, he said, of spinning off some of the support services; Mr. Paschke agreed that this was on the agenda for discussion. Ms. Jackson said her office is doing research on how to increase the University's capability of meeting the financial demands on it, and how to do non-academic activities. She wants a committee to look into these issues, and soon.

4. Biennial Request Update (and the Cease and Desist Order)

Professor Morrison asked Mr. Pfutzenreuter for an update on the biennial request; Mr. Pfutzenreuter said he was uncertain what he could discuss, given the imposition of the "maintenance of the status quo" order issued by the Bureau of Mediation Services, because the biennial request has an impact on the terms and conditions of employment. He said he believed he should err on the side of caution, rather than having people read the minutes and believe that he might have committed an unfair labor practice.

Professor Morrison noted that the biennial request document is public; anyone can say what is in it without erring (with respect to the BMS order).

Ms. Jackson supported Mr. Pfutzenreuter's concern, saying that when the public presentation was made to the Board of Regents, that pre-dated the status quo order. If they carry on discussions now, it may appear they are disregarding the order, and she said she does not want people to think that is so.

Professor Morrison said he would make a statement, to simplify things. The biennial request as presented to the Board of Regents in September included a number of items. One of those items was faculty and general salary increases, at 2.5%, plus a proposed four-year request for funds to bring faculty salaries to the median of their peer group of research universities. That was a large number, about \$120 million. Those are the primary items related to faculty members' terms and conditions of employment, and the administration need not talk about them now. There are, however, other items in the request.

Mr. Pfutzenreuter accepted Professor Morrison's statement and explained the status of the request. It was reviewed by the Board in September; it will act in October with a resolution adopting the request.

There will be time until the end of October to tweak the request further; at that point, it must be delivered to the Department of Finance.

There was a meeting of a number of people from the University and the Governor's office, including the Governor and President Hasselmo, that included good discussion. That meeting led to the appointment of a study group for the University's four-year framework; the meetings of the study group will run from late September to early November, and the group will include three individual from the business community (Messrs. Denny, Spencer, and Wallin), four from the University (Messrs. Bruininks, Kvavik, Marshak, and Pfutzenreuter) and three from the Governor's office (John Gunyou, Laura King, and Morrie Anderson). It is to be hoped that the Governor understands the budget; it seems that the business leaders do, and they can influence the Governor's decisions. This is a good opportunity to gain understanding of the University's budget, and although there are a lot of other things going on, Mr. Pfutzenreuter said he was cautiously optimistic about the prospects.

Mr. Pfutzenreuter and Ms. Jackson said they would be happy to discuss any part of the request more fully in the future, when the dust surrounding the status quo order clears.

Professor Morrison thanked Ms. Jackson and Mr. Pfutzenreuter, and adjourned the meeting at 4:35.

-- Gary Engstrand

University of Minnesota