

Minutes*

Senate Committee on Finance and Planning
Tuesday, April 29, 1996
3:15 - 5:00
Room 238 Morrill Hall

Present: Fred Morrison (chair), Thora Cartlidge, David Hamilton, Gerald Klement, Robert Kvavik, Gary Malzer, Catherine French, Peter Robinson, Charles Speaks, Craig Swan, James VanAlstine

Regrets: Benjamin Senauer

Absent: Bruce Bromberek, Jason Frick, Patricia Ferrieri, Richard Pfutzenreuter

Guests: Senior Vice President Joanne Jackson, Associate Vice President Eric Kruse

[In these minutes: Student 2000 project (capabilities and operations); the capital request; energy policy]

1. Student 2000 Project

Professor Morrison convened the meeting at 3:20 and welcomed Associate Vice President Kvavik to discuss the Student 2000 project, the redesign of the student systems at the University. Dr. Kvavik distributed copies of a set of slides containing information about the project.

He began working on the Student 2000 project knowing that the student systems could not handle the year 2000 or semesters, and that it would cost \$8 million to accommodate the year 2000 with no value added. It thus seemed wise to redesign the systems completely; the new systems will be fully operational at the point of conversion to semesters, in the fall of 1999.

Dr. Kvavik briefly noted facts about the current systems (there are more than 20, with 3000 programs, dating to the 1970s and 1980s, which are not user-friendly, and which have become bureaucratic, fragmented, and source of frustration for all who use them). He pointed out the complexity of the Registrar's Office (which includes registration, records, class schedules, web development, course scheduling, with a huge volume of data and transactions--in the tens of millions--per year). He then described the various elements that will be implemented initially (including recruitment, admissions processing, course and curriculum, classroom and other room scheduling, student records, registration for all Day and University College credit courses, degree clearance, advising support, scholarships and financial aid, student accounts receivable, student access via the web, semesters and 2000, and training).

The University is using PeopleSoft, which is still a beta project for student systems but which has worked extremely well thus far. PeopleSoft has allowed a great deal of participation in setting up the

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programs, and changed the orientation of the approach. Originally, the programs would not allow a lot of student participation and would put power in the hands of administrators rather than students, but Dr. Kvavik said he wanted four things from the system: facilitation of transactions, planning capacity, assessment of performance, and a marketing capacity.

The system as it had existed was a pure Weberian bureaucracy, hierarchical, rule-driven, and paper-intensive, and little was done automatically (e.g., changing the number of credits of registration automatically affecting financial aid and accounts receivable). There was also little self-help possible, and it had few generalists--the organizations were loaded with specialists. The idea is to turn this on its head, so that many transactions can be performed automatically or directly by students, and that some generalists will be available to help as needed, but there will be few occasions when specialists would be needed. Students will be able to solve problems on the web, obtain information, and make deliberate and informed decisions.

The web site recorded 1.7 million hits in February, and served up 500,000 html pages. They have surveyed parents informally; 84% have a computer in their home, 49% have Internet access, and so on. This is the only presentation he could recall, Dr. Kvavik said, where the Board of Regents gave a standing ovation, and the legislature is extremely impressed with the project. There is a feedback option for users; of the 13,000 students who have used it spring quarter, 1300 provided comments (overwhelmingly positive), and some changes in the system have been made as a result of the comments. For students, now all course information, books required, faculty teaching, deadlines, maps, and so on, are all in one place. In the case of books, for example, they can be ordered directly from the bookstore now. Also included are financial aid estimators, search capabilities for scholarships and courses by topic, time of day, etc.

The customer service model of the project, Dr. Kvavik concluded, should apply to the Human Resources and other system redesign projects as well. It could, for example, help faculty with retirement planning.

Several points were raised in the ensuing discussion.

- Asked if there had been complaints from users, or transactions where, for example, a student did not get registered, Dr. Kvavik said there were some in earlier versions but the problems were fixed and it does not happen any more.
- The security of the system is quite sophisticated; it is completely open until anyone wishes to enter data about themselves.
- The faculty parallel could include notification of the window for making pre-tax dollar decisions, renewal of human subjects authorization, and so on; Dr. Kvavik said students can receive automatic (advance) reminders of when their tuition is due or when their mother's birthday is, receive electronic bulletins automatically, and otherwise personalize their calendars.
- There are staff available for students without computers, although a student can use almost any computer on the campus to register, etc.
- The system includes financial aid estimators for students. In the future, it may be that students will

- opaquely obtain financial aid from outside suppliers, through the University, with the University receiving a transaction fee.
- Faculty can obtain information on students in their classes, including GPAs, majors, etc.
 - The system does not prevent students from registering for a course, even if they have not taken the prerequisites, said one Committee member. That should be easy to program. Dr. Kvavik agreed; it was noted that SCEP had considered such a policy, but that it had not been adopted.
 - The system will mean fewer people necessary, but they will be higher-paid professionals who can operate in the environment of these systems. In the end, the system may cost more to operate, but it is hoped those costs will be offset by productivity gains and that the system will generate revenue. The University cannot be in the distance education business without this system; with it, there is universal access to courses at the University.
 - There will be one system for reporting grades, and that will be done electronically (although approval of the department chair will still be required).
 - The system is certainly backed up, although Dr. Kvavik said he did not know the details. Ms. Jackson said the University does not have appropriate standards for backup; central records (e.g., ledger, student records) are adequately backed up. There are, however, no standards for colleges or departments for grades and other records; some have good systems, some have none, and there could be lost records and angry people if the systems crash. One thing that is NOT wanted is paper backup for every electronic record, nor should different records be backed up in multiple locations in such a way that it becomes impossible to keep track of them.
 - The "telephone tree" problem should not arise, because the system is not that complex, Dr. Kvavik said, but he agreed they will need to monitor it to make sure the problem does not develop.

Dr. Kvavik then told the Committee the University is about to enter into a joint venture with a major corporation to market nationally the system that has been developed; they are looking for paying customers. It is hoped that the system will support itself or even generate revenue. If the University can keep its lead in the area, the partnership could lead to royalties; they now receive a lot of invitations from around the country to make presentations about the system.

Asked how the student system will relate to the other systems, Dr. Kvavik said the systems will be structured by client--student, prospective student, faculty member, etc. If a faculty member, one can raise questions and find solutions; they want to use the same customer service approach that the student systems are using. Dr. Kvavik agreed that one reason the student systems work so well is because they have been designed by students, led by Michael Handberg (a recent student), and that faculty members should help design the faculty-relevant portions.

Dr. Kvavik explained the differences between the systems in the delivery of services; instead of a counter, with a professional on one side and a student on the other, the web will have the information the student needs. When demands for service expanded, one needed more employees behind the counter; now, the web capacity can be scaled to serve a larger clientele. It will be necessary to develop incentives

for staff to make the transition to the new system; there will be a need for webmasters and communication professionals, but not for data entry people.

Right now, Ms. Jackson commented, the University is training people, who are then going elsewhere for other jobs because the University salaries are so low. People acquire training here, and then other institutions, consultants, or companies make offers substantially above what the University is paying in order to acquire a fully-trained employee. This will be the source of a lot of problems, she said. Dr. Kvavik said that on the student systems project he has employees making \$50,000 who are receiving offers of \$90,000 from elsewhere, when other institutions see what the University has done.

Dr. Kvavik agreed that there must be training for staff at the University to use the new systems, or else the value added will not be fully realized.

Asked how the system would deal with a problem where the system is not designed to handle it (e.g., perhaps it cannot accommodate the unusual student who wants a triple major), Dr. Kvavik said that one problem the University has had is that it accommodates every request. It built its own system, and has probably invested more in it than the \$1.8 million cost of the new system. He said the University would build its own system "over my dead body." PeopleSoft will provide common tools for student and human resources systems. The University may charge people who want extra bells and whistles added to the system. But the system will accommodate overrides, Dr. Kvavik said; the amount of problems in the new system will only be a small fraction of those that currently occur. He agreed that there needs to be a core group of people who can deal with problems and oddball issues that arise for students--and who can also help the students.

The system has major implications for how students interact with advisors and faculty. Many questions now asked of advisors should be answered on the web, permitted better relationships with advisors and faculty.

Dr. Kvavik summarized by saying that the problems would not be solved by continuing to do things the old way, and that the University got lucky to have Michael Handberg lead the effort. It was also better to roll out features as they were ready, rather than to wait, so clients see new elements all the time. He said he was confident the system delivers something of value. The new systems, moreover, are completely compatible with other data management systems the University is adding.

Professor Morrison noted that this is the first of the administrative system redesign presentations the Committee will receive; it will also hear about human resources and financial systems.

2. The Capital Request

Professor Morrison turned next to the capital request. Dr. Kvavik reported that there had been no changes since the previous presentation; he provided a handout with more detailed information on the request. Of the four capital requests he has been involved with, he said, this one is the best prepared, thanks in large part to Orlan Miller and Michael Berthelson and the Capital Improvements Advisory Committee.

One Committee member expressed concern that nowhere in the request is its impact made clear.

The operating costs of the new buildings is projected at \$1.2 million, but that is only for a partial year, 1998; what will be the cost when the buildings are operating all year? \$1.2 million is too low to pay the expenses of all the new square footage that the capital request contains. Dr. Kvavik and Ms. Jackson pointed out that some buildings will be decommissioned, but the latter agreed that there would not be enough money.

A related question is identification of the debt service on the new buildings. The top priorities on the request total \$125 million, of which the University could be required to pay debt service on one-third of \$100 million--or \$33 million, which would be as much as \$4 million per year in principal and interest. In addition, there will be the added operating cost of the new space, probably more like \$3 or \$4 million rather than the \$1.2 million shown in the document. Where will that all come from? Ms. Jackson said that some previous debt service will end; Dr. Kvavik agreed that better data are needed and that the document should show both debt service and operating costs. There is an issue whether the University can afford to build all the new buildings.

The problem is that in a few years, colleges will see a 1.5% retrenchment of the general budget to accommodate these additional charges for debt service and operating costs. Again, the University will be paying for bricks and mortar and steam instead of programs and people. The University will be house poor, said one Committee member. One support the major items on the request--health and life safety, the Duluth and Morris projects, the remodeling of Walter Library, but the University is setting itself up for a retrenchment. That is happening now, Dr. Kvavik agreed; every time the University receives money for new buildings, it adds to its own costs.

The University worries a lot about spending \$50,000 for a new academic program, and then spends \$100 million for new buildings and thinks it can find a spare \$6 million per year to pay the debt service. Dr. Kvavik agreed, but said that a capital request is largely an academic request; academic choices have to be made. When a building is put on the request, presumably an academic decision has been made into which the University is prepared to put money.

Dr. Kvavik and Ms. Jackson agreed that the document should be revised for the June Regents' meeting to more accurately and clearly depict operating and debt service costs.

It was agreed that the Committee would consider making a statement about the capital request at its next meeting, next week.

3. Energy Policy

The Committee next took up a proposed energy policy, proposed by the Committee on Social Concerns and reviewed and forwarded by the Subcommittee on Facilities Management. Both of these two bodies endorsed the policy.

Committee members deliberated for some while about the policy, devoting most attention to whether or not it was cast correctly for the outcome intended. It was agreed that several modest amendments should be made, and that these should be sent to the Committee on Social Concerns for review. The Committee also deliberated--and was divided on--proposed amendments relating to including reuse of buildings, historic preservation, and inclusion of the "built environment" in the policy,

and agreed that those amendments, as modified by suggestions, should also be referred to the Social Concerns committee.

It was also agreed that the role of the Facilities Management Subcommittee (to act as a liaison between this Committee and the Facilities Management Department on issues of energy conservation) could simply be decided by the chairs of the committees, and did not require Senate action.

Some Committee members expressed reservations about the supporting statement, specifically saying they did not wish to appear to be endorsing the campus Master Plan, parts of which ignore issues of energy conservation and building debt service and operating costs.

Professor Morrison agreed to send the resolution to the chair of the Social Concerns committee, said the reorganization policy would be taken up next week, and adjourned the meeting at 5:10.

-- Gary Engstrand

University of Minnesota