Minutes[*]

Senate Committee on Finance and Planning
Tuesday, September 2, 2003
2:15 - 4:00
238A Morrill Hall

Present: Charles Campbell (chair), David Chapman, Dan Feeney, Michael Frankosky, Thomas
                 Klein, Joseph Konstan, Kathleen O'Brien, Richard Pfutzenreuter, Terry Roe, Sue Van
                 Voorhis, Warren Warwick, Susan Carlson Weinberg

Absent: Calvin Alexander, Brittny McCarthy Barnes, Stanley Bonnema, David M. Brown, Gary
                 Jahn, Michael Korth, Charles Speaks, Thomas Stinson, Michael Volna

Guests: Regents' Professor Tom Clayton, Vice Provost Al Sullivan (Office of the Executive Vice
                 President and Provost)

Other: Kathryn Stuckert (Office of the Vice President and Chief of Staff)

[In these minutes: (1) steering committee on the accountability of support and service units draft report;
(2) 2004 capital request; (3) review of the committee charge and role]

1.   **Steering Committee on the Accountability of Support and Service Units**

         Professor Campbell convened the meeting at 2:35 and welcomed Vice President O'Brien and
Regents' Professor Tom Clayton (co-chairs) to present a summary of the draft report of the Steering
Committee on the Accountability of Support and Service Units.

         Vice President O'Brien recalled that about a year ago, the Faculty Consultative Committee (FCC)
was interested in establishing a recurring process to review support and service units because it was
concerned that those units did not have the same kind of systematic review that academic units and
administrators do. At the same time, the President was launching a service and productivity initiative.
The two efforts came together; the committee that she and Professor Clayton co-chaired became part of
the service and productivity initiative and was jointly-charged by the President and FCC.

         The charge to the committee was to: "1) examine means whereby the university can provide for
regular monitoring of the effectiveness of key service/support units; 2) benchmark the relationship
between the level of administrative resources allotted to our service-and-support units and the quality of
their service; and 3) more consistently and effectively measure service outcomes of service-and-support
units." The committee had a strong membership and good participation, Ms. O'Brien said, especially
from Professors Jean Bauer and Gary Jahn, and had excellent support from Ms. Stuckert. They did not
have as much student participation as they wished, perhaps because of the frequency of their meetings--
they really were a working committee, she said.

         Vice President O'Brien reviewed the work of the committee. (This is material presented at the
meeting.)

The process:

1.   Defined service-and-support units as non-academic, non-research unit, and reporting directly to a vice president or member of the Executive Committee.

2.   Solicited information from other CIC institutions on review processes in use.

3.   Interviewed over 25 (about half of the) service-and-support unit managers to learn about existing performance measures and review processes at the University.

4.   Evaluated the 1989 Task Force for Review of Twin Cities Campus Service and Support Units Report

5.   Established self-study guidelines that formed the basis of a pilot project involving three very different University units during spring semester, 2003: 1) Center for Human Resources Development; 2) Boynton Health Service; and 3) Department of Parking and Transportation.

Their findings:

1.   There is a lack of uniformity of review processes in the CIC, and the process for academic/administrative review at Northwestern was so extensive that it was deemed too cumbersome to be effective at the University of Minnesota.

2.   The 1989 Report of the Task Force for Review of Twin Cities Campus Support and Service Units set forth a number of thoughtful recommendations for all University service units, and although many of the task force recommendations are observed in some service units, it is unclear whether the task force recommendations were ever formally instituted.

3.   Unit managers are reviewed regularly, and their performance is often related to the performance of their units, but a systematic review process for the units is lacking.

4.   Units are not currently evaluated by the same criteria that guide the review of academic units to ensure that each unit, whether business or academic, is conducting its activities in full accordance with the University's academic mission and priorities.

Their recommendations:

1.   Adopt an administrative policy to ensure comprehensive reviews on a 5-year, rotating basis of each service-and-support unit that reports directly to the office of a vice president.

2.   Adopt administrative procedures to provide guidance for the scope of reviews and to ensure that all service-and-support units are held to comparable standards.

3.   Establish a model for implementing the policy that places oversight and responsibility of comprehensive reviews with the president, accountability with the vice presidents to whom the

units report, and opportunity for units and Senate Committee members to provide input on review committee membership and the final review committee report.

4.   Strengthen performance measurement by investing in the upgrade of the University's metrics capacity and providing training in the evaluation of quality assurance processes.

5.   Consider establishing a central access point and process for accepting and responding to complaints and commendations.

The administration of the review model:

1.   The vice presidents would submit a schedule/plan for reviews in their units to the president each year, who would be responsible for publishing an annual list of scheduled reviews and delegating those reviews to the vice presidents.

2.   Responsibility for the reviews would reside in the Office of the President, much as it does for the comprehensive reviews of administrative officers.

3.   Each vice president would be responsible for charging an internal review committee (with external participation in some cases as necessary) to conduct the evaluation, discussing the committee recommendations with the committee and unit manager, and ensuring the appropriate follow-up to the committee recommendations.

4.   Unit managers and the relevant Senate committee would also have an opportunity to provide input on the review committee membership, view the review committee's report, and submit a written response to be included with the final report submitted to the vice president and president.

5.   The vice president would use the review outcome as performance criteria in the unit manager and unit's annual reviews; likewise, the president would use the service-and-support unit reviews as criteria for the vice president's annual performance review.

6.   These reviews, particularly the vice president performance reviews, would essentially serve as a vehicle to ensure open and regular communication between the vice president and president, ultimate accountability for the vice president to produce positive service outcomes, and the appropriate follow-through of recommendations for improvement.

7.   Process aligns with other institutional processes like the comprehensive review for administrative officers, but places responsibility and accountability for reviews in the hands of the administrators ultimately responsible for service-and-support unit performance.

8.   An additional benefit is that it allows for archival and trend data to be located and tracked in one central office.

They intend to take this draft report to the President and Professor Martin, Chair of FCC, this week; once they have reviewed it, the report will be circulated to support and service units before it is delivered as a final report. They hope the recommendations are adopted as administrative policy supported by FCC, Ms. O'Brien said. With respect to the review model, they are trying to establish a

process to build on the strength of the existing practices without adding costs or a bureaucratic system to support it.

Professor Konstan suggested that on item 4 of the review model, the Senate committee should have a say in the charge to the review committee as well as about the membership. He also said that it seems like a set of goals/objectives/measures are missing. Before a unit is reviewed, someone (the committee, the unit, the vice president) should identify what standards or measures the unit will be evaluated on. In terms of points 5, 6, and 7, providing for using the reviews as performance criteria, it may be that the reviews will all be good and everyone will be happy--why would anyone ever produce a negative review? Why would they not want to cover up? Or else the review process must also be connected to the compact process or the allocation of resources.

What did he suggest, Professor Clayton asked Professor Konstan? One option would be to have the committee appointed not by the vice president; another would be to identify steps for using the outcome of the review process in the budgeting/compact process. The latter could include identification of areas that need strengthening and the funds required (which in most cases they would be).

This was all discussed by the committee, Vice President O'Brien commented. She agreed that the review outcome should not stand alone and that it should be part of the University's core processes (strategic planning/business planning/compact planning, whatever it might be called). They suggest that each unit should have such plans or compacts that are reviewed internally and approved by the University's senior officers. They agree that a unit cannot be reviewed unless there is a plan or compact against which it can be reviewed. Most units do have such a document, she said, but measures tend to be activity measures, some have customer service or efficiency measures, but few have outcome measures.

The committee debated the merits of charging the units with accountability versus the amount of outside pressure to which they should be subject, Ms. O'Brien related. The report proposes that the University wants units responsible for improving themselves, based on the notion that they can continuously improve themselves and that units want to do a good job. This is the "do well, get better" model rather than the "gotcha" model, she said.

Ms. VanVoorhis said the review process was a good idea, as was the proposal that it not be every year; her unit, she said, already has annual audits and other reviews. She said that they have done most of what was recommended in the 1989 report, but some of the recommendations require additional funding that they do not have. She said one concern is that there appears to be no call for student involvement, even though many of the support units deal with large numbers of students. As for the call to create a central office to receive complaints, would they be from employees? students?

Yes to both, Professor Clayton responded. Such complaints are an ad hoc form of evaluation that can be as important as any other review; they also speak to Professor Konstan's concern about the possible partiality of the review process. A review process can be a vicious cycle, where everyone approves what others have said. Everyone at the University has a complaint about something at some point but do not know where to send it; many feel it would be useless to send it to the unit involved. The committee thought it would be helpful to have an agency that was open and generally available to which anyone could send complaints, commendations, or whistle-blowing information. It would be good for the University even if it cost a few dollars because it could relieve a lot of pressure that can build up.

Students complain to the President, Ms. VanVoorhis pointed out, but it would not be fair if the unit is unable to give its side of the matter. Professor Clayton said the report does not recommend that a unit not have a chance to respond. This is not establishing an office of the inquisitor, Ms. O'Brien agreed;

it is intended to provide an access point for individuals. Ms. VanVoorhis is right; the University must also hear the unit's side of the story to understand the complaint. This, however, provides an opportunity for individuals to bring a complaint inside rather than to the media or to the Board of Regents.

Would the University have to pay for an external review, as suggested in #3 in the review process, Ms. VanVoorhis asked? The possible costs are why an external review is optional, Ms. O'Brien responded. How would a committee know how a unit should be run if it does not have experts on it, Ms. VanVoorhis then inquired? Ms. O'Brien said that if she told the President there were 5 units in her area to be reviewed in the next year, but there were questions about quality assurance in one of them, that is the unit for which it might be useful to have an external consultant. Those putting the review committee together can advise the President or vice president on the need for an external review.

Mr. Klein suggested that a review committee recommend an upgrade of the metrics to be used in a review and that the upgrades be in place by a date certain. That would help the process, which will certainly not be perfect the first time. That would help avoid inquiries spiraling out of control and every complaint seen as a systemic problem. Appropriate metrics would be a way to balance the evaluation.

Reviews are not cost-free, Professor Roe observed; since there are costs, the process must be moderate. Units, knowing they will be reviewed, will collect data and respond to their customers, which is usual behavior. The sooner that standards are provided, the more it will help to make the process less onerous.

Professor Campbell asked about the outcome of the pilot reviews. They were very different, Ms. O'Brien said. Parking and Transportation provided a great deal of information; Boynton Health Service and Center for Human Resources Development were more selective and less reactive. They are also very different units, Professor Clayton observed. Parking responded quickly, perhaps because it must routinely keep data and the review was a minimal burden; for the other units, the review was a much greater burden.

Accountability is not what one wants to hear about when funds are short, Professor Clayton commented. Optimization is what one wants to get at, doing as well as possible with the available resources. This does not propose subjecting units to an inquisitor or some kind of economic Gestapo; it is intended to promote service with a smile, which goes a long way.

Professor Konstan said that for the first reviews, some units might benefit from two years' notice, not one. The review committee could ask the unit to collect data over the next budget cycle, rather than provide information that was not collected during the last cycle. In the future that notice would not be required, but in the first instance the review committee could establish benchmarks and then "sleep for a year" while the unit collected data. Vice President O'Brien reported that she had met recently with the chair and vice chair of the Regents' Facilities Committee, which wishes to focus more policy and less on transactions; moving into policy quickly gets into questions of what one is measuring. The Regents, FCC, and administration are asking the same questions: How do we measure success? And what outcomes measures do we use?

How would these reviews and review committees work with the Subcommittee on Twin Cities Facilities and Support Services, Professor Campbell asked? It is charged to look at support services. Ms. O'Brien said the report will suggest draft review reports be provided to the appropriate Senate committee.

Professor Warwick asked where there is information on support and service units and their tasks; Vice President O'Brien said the committee used the University directory to identify the units. There is no

central point where they are listed, she said. Mr. Pfutzenreuter commented that there is an organizational chart on the Institutional Research and Reporting website [http://www.evpp.umn.edu/orgchart/]; it follows CUFS structure, however. Nor does it answer the question of what a support or service unit is, Ms. O'Brien added.

Mr. Frankosky asked how reviews would be conducted and whence the standards for measuring the units would come. The model is intended for the Twin Cities campus, Vice President O'Brien clarified, with application to the coordinate campuses to follow; the committee was composed only of Twin Cities representatives. The intention is that the final report will provide a guide sheet for reviews. Will there be union involvement in some of the units, Mr. Frankosky asked? Union employees could participate in the process just as any employee could, Ms. O'Brien said; the report does not identify those kinds of specifics.

Professor Campbell thanked Professor Clayton and Vice President O'Brien for joining the meeting.

2.   2004 Capital Request

Professor Campbell turned next to Mr. Pfutzenreuter, who distributed copies of the materials that have been sent to the Board of Regents with information about the University's proposed 2004 capital request.

The request is for $155.5 million in state funds and a proposal to spend $33.2 million in University funds, which would be paid through a combination of debt, fund-raising, and department balances. Mr. Pfutzenreuter reviewed the elements of the request, which include:

90 million	HEAPR Traditional (System health and safety, building systems, utilities, UMC heating plant, security, and classrooms)
74 million	HEAPR Major Building Renewal (UMD life sciences, Kolthoff hall, MRRC, AHC education projects)
24.7 million	New Construction (UMD rec sports addition, UMM football and district heating/utilities, Carlson School planning, UMD business school planning)

There would be no University debt service on the first item and there would be some on the second because the renewal would also include programmatic changes. The third item would carry the usual 1/3 University debt service. The request in general takes care of what the University has rather than emphasizing new construction, which is responds to the Governor's request to do so.

The Committee spent some time discussing the use of the HEAPR category. Vice President O'Brien assured the Committee that in the second category there are detailed calculations that identify the building system upgrades (heating, air conditioning, roofs, etc.), which qualify for HEAPR funding, and separate programmatic changes. The HEAPR funds are directed to the mechanical systems needed to support activities in the building. In general, Mr. Pfutzenreuter agreed, the HEAPR funds are used to get the building up to speed for what it was designed for and the University debt/state funds are used for new uses in a building. He cautioned, however, that often those distinctions are very difficult to draw. But in general, if the proposal includes a new function in the building, the University is obligated for a portion of the debt service on that cost.

Is there any building, the renovation of which is totally HEAPR funds, where the University is happy with what is in it but needs to renovate it? There are none in this request, Mr. Pfutzenreuter said; that kind of request has been made, but it is the exception.

The Committee discussed how decisions would be made if the University does not receive the full amount it requested. The list is in priority order; the expenditure of the HEAPR funds would largely be decided by the facilities people on the basis of greatest need. Mr. Pfutzenreuter explained that while it would be permissible, under the statute defining HEAPR funds (which the University receives in a block grant), to move building renovation higher on the list than the traditional HEAPR expenditures, it would probably not be wise to do so. There is a priority-setting process that should be observed.

Professor Konstan said there is a problem with program changes in that they are often unobserved. There would be a benefit to having a University-wide program audit that would look at programmatic reallocation (e.g., within departments, such as within chemistry programs in the Chemistry Department) and that would identify routine program change versus targeted, top-down program change. If the University cannot itself identify these changes, it is difficult to explain them to legislators.

Professor Campbell thanked Mr. Pfutzenreuter for bringing the information to the Committee.

3.   Review of Committee Charge

Professor Campbell reported that Professor Judith Martin, chair of the Senate Consultative Committee, has asked that each committee of the Senate review its charge, as part of the proposed reorganization of the Senate.

Committee members reviewed the existing language of the bylaws identifying its responsibilities. Professor Warwick asked if the Committee could see all of the committee charges; Professor Campbell suggested that the logical place for an overview is the Senate Consultative Committee.

Professor Konstan suggested the Committee not be charged to be involved in planning; its expertise lies in operations, finances, resources (physical facilities, space) at the University-wide scale.

The Committee also functions as a billboard, Mr. Klein pointed out: It gets issues in view, even if it does not have a significant impact on all of them.

The Committee is charged to "consult and advise" the President and senior officers, Professor Campbell noted; "advise" implies that the advice is made in advance of a decision. It is a constant battle for the Committee to get its advice in before decisions are made but sometimes it does happen. He said the Committee should continue to emphasize "consult and advise."

Professor Konstan said that if one wanted to think in terms of "power," there are three elements to the Committee's: publicity (probably the biggest); structural (the official committee to consult with, which may be meaningless); and the value of consultation (people may find it helpful to consult with a thoughtful committee with something to say). The Committee needs to build on the last, which is a reason not to go into areas where it is not expert. The bylaws should also say that the Committee will address any issue referred to it by the Faculty Consultative Committee or Senate Consultative Committee inasmuch as some issues may not have an appropriate committee. Professor Konstan agreed to forward suggested language for revising the bylaw.

The Committee should be active in identifying its own concerns as well as responding to the FCC/SCC and the administration, Mr. Klein said. Professor Campbell agreed and said he should have asked Committee members for suggestions; he requested Committee members send any suggestions to him. The Committee also agreed to review the list of issues pending.

Mr. Klein said that the Committee should retain as part of its agenda items such as the basic financing of the University (i.e., IMG). Professor Campbell said there will be a joint committee on IMG. He related that he had been asked to meet with Dean Steven Rosenstone, chair of the Twin Cities Deans Council, because Dean Rosenstone wants the Council to be active and would like the Committee to be so as well. They are interested in the entire finance model of the University, which includes the IRS taxes, IMG, and so on.

One of the items that needs attention is the attribution of costs to endeavors, Professor Campbell said (e.g., how much does it cost to have an English department?) Such cost attribution would include the costs of central administration, for example. The President and Provost would like such a study as well. That effort would be a good opportunity for the Committee to be involved.

Mr. Klein suggested that perhaps twice per year Professor Campbell get a sense from Committee members where they stand on the issues, which could shape how they look at them.

How does the Committee get past the view that it will be consulted with only after the President approves a report or recommendation, Professor Konstan asked? There is a need to convince the administration that it could be HELPED if something were brought to the Committee beforehand.

Professor Chapman said he had a different view. Sometimes this is a Committee in search of an agenda, which troubles him. And Committee members listen to a report, prepared by an expert, and then give advice on ten minutes' reflection. It is easy to understand why the President might not want a lot of policy issues floating around without his knowledge. He said he has the sense that sometimes the Committee is at the periphery, or deals with items outside its expertise or with issues that do not matter very much. He said he did not know how the Committee could be a driving force in ten minutes of talking with people who have spent weeks on complex issues. He said he did not mean to be negative but the Committee may take itself too seriously.

Professor Konstan responded that the difference is the corporate versus the community-of-scholars model. In the latter, the faculty are in control and a few emerge to lead, but they make decisions the faculty can overturn. The President is to lead the University, not as CEO of a set of employees. The Committee DID have insight to offer on a number of the issues brought before it and may bring a different set of values from those who may have prepared a report or proposal. There is an argument that the Committee should be more active and deal with values that differ from those it holds. One would hope the President and others would respond to the discussions by saying "I didn't think of that."

Nor does the Committee know the counterfactual, Professor Roe observed; it may be that those who put in the efforts they do might not do so, or might do things differently, if the Committee were not here. Health care was a good example; the administration might have looked around and found some other solution, one that was not so burdensome on lower-income employees.

Ms. Carlson said she wanted to know what the Committee would hear from Parking and Transportation at its next meeting. She said she did not believe the Committee had any impact on rates so it should not waste its time hearing about them and should deal with issues it can affect. Professor Campbell agreed it is reasonable to ask Vice President O'Brien why the recommendations were not

followed and why the Committee statements had no impact on decisions. Professor Konstan urged that the Committee NOT hear another presentation except for what Professor Campbell deems appropriate. Professor Campbell suggested that Committee members send him suggestions for questions to be asked.

Professor Konstan said he would like to learn about the costs and usage of the Upass/MetroPass program. It would also be helpful to see comparisons of parking rates and costs with other Big 10 schools, especially urban schools. The Committee has no data on which to base arguments. There is also a productivity question, Mr. Klein said: For the millions of dollars the University puts into parking each year, what number of spaces does it obtain?   The Committee could also ask what the minimum the University should spend on parking, since every dollar spent on parking is money not available to spend elsewhere. The Committee needs to ask more probing questions. It also needs to ask questions of economic efficiency, Professor Konstan said, such as the pricing of parking only based on whether it is a lot, ramp, or garage--when there is a 10-year wait in some facilities but no wait at all in others, one can inquire whether spaces would be more efficiently allocated by having differential pricing. Prices may need to be restructured. These are questions that can be asked of any department, Professor Roe pointed out; if the Committee could help the administration identify the data needed to make decisions, it could make a mark.

Professor Campbell adjourned the meeting at 4:30.

-- Gary Engstrand

University of Minnesota