Minutes[*]

Faculty Consultative Committee
Thursday, May 20, 1993
12:00- 1:40
Room 608 Campus Club

Present: Mario Bognanno (chair), John Adams, Amos Deinard, Lester Drewes, Judith Garrard, Paul Holm, Robert Jones, Benjamin Liu, Karen Seashore Louis, Geoffrey Maruyama, Harvey Peterson, Irwin Rubenstein, James Tracy, James VanAlstine, Shirley Zimmerman

Regrets: Toni McNaron

Absent: None

Guests: Carl Adams (Chair, Senate Committee on Faculty Affairs), Senior Vice President E. F. Infante

Others: Rich Broderick (Footnote), Maureen Smith (Brief)

[In these minutes: strategic planning, task force on supercomputing report, faculty salaries, budget issues with Dr. Infante]

1. Strategic Planning

Professor Bognanno convened the meeting at 12:15 and began with the question of how the strategic planning questions should be addressed by the faculty. Professor Rubenstein, a member of the strategic planning steering committee, explained that there is a sense among many faculty that the University's strategic planning thus far has been a top-down process and that faculty and students have not had very much occasion to participate in it. There is, moreover, a difference between individual expression of opinion and deliberative consideration of the issues by a larger group. It has occurred to several people that one group ideally suited to discussing strategic planning issues is the Senate--its members are elected and they represent all campuses and colleges. There is a need to act quickly because the questions identified as central to the planning process will be largely set by the end of the quarter; data and information will bc collected over the summer for the issues identified this spring, and if an issue is not won the table" by the end of the quarter, it will be too late to inject it later in the process.

It was agreed that there should be a special meeting of the Faculty Senate on June 3, the purpose of which would be to discuss the strategic planning issues.

[*] 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.

2. Report Of the Task Force on Supercomputing

Professor Bognanno then distributed a draft resolution regarding the report of the task force on supercomputing. He recalled that the report had been presented at the last meeting, with the understanding that the FCC view of the recommendations would be discussed at this meeting.

Asked whether a resolution by FCC was necessary for symbolic reasons, in light of a lack of enthusiasm on the part of central administrators about the report, Professor Rubenstein reported that he and Professor Bognanno had met with the President after the report had been prepared. It is his sense, he said, that the President takes the report seriously and is prepared to take action on it.

Professor Bognanno explained that the last two paragraphs of the resolution were intended to explicitly acknowledge the importance and the contributions of the private parties involved in the corporate structure of the Minnesota Supercomputer Center, Inc.--the members of its Board of Directors and the members of the Foundation Board of Trustees. The Foundation owns 90% of the Supercomputing Center. This public-private partnership in supercomputing is important and one the University wishes to retain; the private-sector individuals involved in supercomputing on behalf of the University play an important role that should be identified.

Discussion turned to the general role of the Foundation vis-a-vis the University. In general, explained one Committee member, it is the fund-raising arm of the University that is not a part of the state institution. It is a private corporation chartered to advance the interests of the University--it has no other benefactor. Most major universities have this kind of arrangement, observed another Committee member; the foundations deal with income and private business funds and arrangements that one does not want in a public-sector institution. If so, commented one Committee member, then it appears the Foundation has neglected its goal of benefiting the University because it has not recognized what has been occurring in supercomputing--the Foundation appears not to have exercised its ownership of the Center to the benefit of the University.

The chief lack right now, Professor Rubenstein explained, is the lack of a joint mission for the Center and the Institute. The Center appears to believe that if it obtains the best machines, provides time on them to faculty and students, and hires good staff, it has fulfilled its end of the bargain. The Institute believes all that to be fine, but it wants a relationship that has a joint mission so that it can contribute to major decisions made by thc Center (such as the purchase of machines and easier interaction with commercial clients). It is understandable, he said, that the Center's Board of Directors could see the situation as one where it is making money and providing computing time--and "here's a bunch of ungrateful faculty."

One reason for the current situation, it was suggested, is that the members of the Board of Directors have never believed they had responsibility for the programmatic activities of the Center--their responsibilities have been seen as almost exclusively fiduciary. Most corporate boards have broader responsibilities than that, it was said; they set major policy and ensure the effective functioning of the organization. The task force report asks that the Board do more than it has in this respect.

The central point of the report, said Professor Bognanno, is that the company is working, and faculty are getting research dollars and able to do research they could not do without the Center--but the University could be doing SO MUCH BETTER if the relationship between the Center and the Institute were straightened out. The report says there should be no argument about breaking off the University-Center relationship; it should be strengthened. The FCC might help the process along by adding its encouragement to the process of mending and building the relationship, and by expressing support for the Board of Directors, the Institute, the Foundation, and the Center's management in trying to come up with a better product.

The following resolution was unanimously adopted by the Committee.

RESOLUTION

> The Faculty Consultative Committee of the University of Minnesota, in recognition of the importance of the University's supercomputing-based programs in teaching, research, and outreach, now and in the future, adopts the following statement.
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> The Faculty Consultative Committee extends its deep appreciation to the members of the task force on supercomputing for their diligent efforts in producing an outstanding report, and
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> strongly endorses the six recommendations forwarded by the task force in order to enhance those programs in teaching, research, and outreach in supercomputing and commends the recommendations to President Hasselmo for application and implementation, and
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> gratefully acknowledges the efforts and dedication of those individuals from the private sector who have given so generously of their time in service on the Board of Directors of the Minnesota Supercomputer Center, Inc., and urges them to continue to work together with the University administration to ensure a strengthened and productive relationship between the University and the Center, and
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> finally, the Faculty Consultative Committee joints the task force in expressing its commitment to the importance of supercomputing to the mission of the University and expresses its thanks to the University of Minnesota Foundation for the important role it has played, and should continue to play, in making supercomputing available for scholarly pursuits.

3. Faculty Salaries

Professor Bognanno then drew to the attention of Committee members the statement about faculty compensation that had been adopted by the Committee on Faculty Affairs. SCFA spoke to the question of why it is important that the University have a long-term compensation policy for faculty and staff rather than going one year at a time. It is, for example, important that compensation for faculty and staff remain in the top half or top quarter of major research universities. One Committee member responded that it would be helpful if the University did not fall below more than two-thirds of its peers.

One interesting datum, it was pointed out, is that according to the AAUP, the University ranks 16th in quality and 26th in compensation (salaries only). Another piece of information that bears on the discussion is that faculty salaries had greater purchasing power in 1973 than in 1993 (by about 5%). There is a concern that if salaries are frozen again, thc University will face a subtle and insidious erosion of quality. Data from MPIS demonstrate that the University is 5th in the Big Ten in salaries and that all of the institutions above it are planning on delivering raises. Of those below the University, all but Purdue are also planning to provide raises. It is probable that the University's rank in the Big Ten will slip.

As a result, SCFA has recommended that FCC work with the administration to develop an adequate compensation plan for 1993-94 and after.

Professor Bognanno told the Committee that he had reported to the Board of Regents that the salary increases in higher education for next year appeared to be coming in at about 2%, a number that should be well within grasp at the University--so that it should be possible to at least maintain its relative position. Since that meeting, the term that has been most used in discussing salaries is "freeze." What University policy will be is not clear. The President has said that promotion and retention offers would be honored, Professor Bognanno said he believed, but there has been nothing official. The official line seems to be "freeze," and that is causing some "sticker shock" in terms of perceptions both inside and outside the University.

Committee members then spent time discussing the meanings of the Big Ten ranking, whether rank on compensation would be different from rank based only on salary, and the problems with the legislature when consistent comparison groups and numbers are not used. One Committee member noted that there are a lot of new and up-and-coming universities that have a lot of money poured into them; it is very likely that the University will have slipped measurably when the next set of rankings come out.

A compensation policy is intended to reward and motivate good employees and performance, it was said. In this respect, the last five years' actions have been dismal, one Committee member observed--faculty feel they have been working extremely hard with little recognition of that work. Another Committee member suggested that trying to found compensation policy on relative quality rankings would do more harm than good; attention should be focused on a policy for compensation and less attention paid to comparisons with other institutions.

One important point that should be made with the legislature, argued one Committee member, is that other public servants in the state have NOT seen an erosion of their purchasing power over the last 20 years. To the exclusion of other public employees, the University was the only public organization that froze employee salaries last year.

A problem with this, Professor (Carl) Adams observed, is that discussion tends to focus on the rationalization for higher salaries while the decision is made on the basis of whether or not the University can afford them. It is foolish to think about the underlying rationalization when the argument will be "where is the money?" To ignore that part of the equation is to waste time, he urged; one talk as if it is a rational process, but people look at the bottom line.

One difficulty the University faces is that higher education is only the fourth or fifth priority in the State-even with all thc right numbers and data, higher education will continue to receive a smaller piece of the pie than it has in the past. As a result, said another Committee member, it will be necessary to focus on effectiveness and efficiency arguments--that salary increases can be delivered without program cuts if units can improve their efficiency. One Committee member observed that there are no funds now but that economic circumstances do change, so the University should be prepared with its best arguments. Another rejoined, however, that state revenues are expected to be up 10.5% in the next biennium--but the University is not sharing in that growth. The other priorities in the state are ahead of the University in line for new funds.

This means, concluded one Committee member, that any policy must guide internal planning rather than rely on, or focus on, the Legislature as the only source of funds for salaries. The University, Professor Adams commented, should seek all that it believes it should have, but no one should hold their breath waiting for the State.

It was agreed that Professor Bognanno should write to the President asking that a work begin immediately on a compensation plan for faculty and staff, both for 1993-94 and for the years thereafter.

4. Discussion with Senior Vice President Infante

Professor Bognanno welcomed Dr. Infante to the meeting and explained the discussion about compensation policy that had been occurring. The point, he emphasized, is not how the faculty should participate in compensation decisions--an issue to which the Faculty Senate spoke last year in the "compensation policy"-but rather a University-wide policy on the variables that ought to affect how employees are compensated.

Dr. Infante then turned to the status of the budget. The bill passed by the legislature turned out to be better than originally expected; Dr. Infante said he was grateful to people in the University community for their help. The Legislature, he observed, had a number of excuses to "whack" the University, but it didn't do so. The indications thus far are that the Governor had nothing in particular against the bill he vetoed, but he wants authority to cut 1% from ALL bills because he expects the State may be forced into short-term borrowing later in the biennium. Discussions about how to proceed are now occurring between the Governor and legislature.

The University has decided to go ahead and develop a budget based on the bill approved by the legislature, recognizing that there could be a "1% problem"--which would be about $9 million for the biennium for the University. The budget will be based on the principles that have previously been shared with the governance system.

Dr. Infante then reported on the tuition shortfall. He noted that the budget was built on certain expectations about tuition revenues, revenues that failed to materialize. One reason for the shortfall, he said, is that certain professional schools failed to accept enough students to achieve the tuition revenues they had predicted. Another reason is a loss of revenue due to reciprocity agreements. The potential shortfall will be between $4 and 6 million.

Another financial problem confronting the University is increased expenses. If tuition revenues are corrected, and tuition rates increase 3.5% (on the real base) , and if no inflationary expenses are recognized except for increases in health care benefits costs (which the legislature funded), with the expenses it now confronts the University will wind up with an $11 million shortfall next year, or about 2% of the O+M budget. (The potential 1% shortfall that the Governor is seeking authority to deal with is unrelated to this 2% shortfall in the University's projected budget.)

One thing that was made clear in discussions with the Legislature, Dr. Infante reported to the Committee, is that increases or decreases in tuition REVENUE--which depends on volume rather than rate--is unrelated to the legislature's expressed request that tuition RATE increases be no greater than 3% (with any additional increases to be specifically linked to improvements in the quality of instruction, and there was no upper limit on the increases that could be directed to instructional improvement). The University, however, could increase tuition revenues by increasing enrollment. The present shortfall is due to a drop in volume.

The legislature also gave the University a bigger role in reciprocity agreements, which are very difficult to understand. The biggest of the agreements is with Wisconsin, and tuition revenues are mixed together with tax revenues--but higher education has been the loser. The University intends to seek funding that would "make the University whole." The increases in tuition rates are gradually moving the University to a "high tuition, high aid" state while surrounding states have remained "low tuition, low aid." The reciprocity "gears do not mesh" in those circumstances, Dr. Infante observed.

Asked if the other systems are picking up students who may have dropped out of the University because of high tuition, Dr. Infante said he did not have the data, although he has asked MPIS to gather it this summer. He said it is his sense that most enrollment drops due to tuition occur in CEE; the other reductions, in the professional schools, were a failure to admit sufficient students by schools that thought they could do so without penalty. But some of the changes in CEE--in part dictated by the state, such as the refusal to any longer permit non-resident students to pay resident tuition in CEE--have affected enrollment.

One Committee member inquired if the Governor's original recommendations for increased tuition in the professional Masters programs had had any impact on applications. Dr. Infante said he was unaware of any impact.

Dr. Infante was asked what the administration is thinking regarding the options it has for raising tuition more than 3% for instructional improvement. There are programs he wants folded into tuition, he said; one of them is the computing fee. He said he would also like to get rid of the graduation fee. Another is funds for library acquisition--Morris is not buying books for its library, and presumably it would be an improvement in instruction to have books in the library.

What the legislature wants, Dr. Infante said, is that tuition not be raised to fund salary increases. Beyond that, the institutions have flexibility. It is likely, he said, that the Board of Regents will be reluctant to increase tuition beyond 3 or 3.5%.

Dr. Infante then mentioned the progress in evaluating events and practices in the Medical School.

The meeting was adjourned at 1:45.

-- Gary Engstrand

University of Minnesota