

Minutes*

Faculty Consultative Committee
Thursday, October 26, 1995
12:30 - 3:00
Dale Shephard Room, Campus Club

Present: Carl Adams (chair), John Adams, Carole Bland, Lester Drewes, Dan Feeney, Virginia Gray, Laura Coffin Koch, Geoffrey Maruyama, Fred Morrison, Harvey Peterson

Regrets: Victor Bloomfield, James Gremmels, Roberta Humphreys, Robert Jones, Michael Steffes

Absent: none

Guests: Provost William Brody; Professor David Weiss (Chair, Senate Committee on Computing and Information Systems)

Others: Martha Kvanbeck (University Senate); Maureen Smith (University Relations)

[In these minutes: Various items; discussion with Provost Brody about the Academic Health Center; (closed) discussion with Professor David Weiss, chair of the Senate Committee on Computing and Information Systems]

1. Various Items of Business

ACADEMIC HEALTH CENTER REQUEST Professor Adams convened the meeting at 12:30 and began by reporting that he had sent a letter to the President expressing concern about the special operating appropriation proposed for the Academic Health Center. He also expressed concern about the items added to the capital request, and noted that these additions raise questions about the administrative processes used to develop requests. Even though the Board of Regents has already approved the capital request, it might be helpful for the President to get together with a group of faculty leaders to discuss how the University will operate on issues such as these.

SEMESTER PROCEDURES Professor Adams reported on the status of the charge to the semester working group that is to be appointed. This is important, said one Committee member, because concerns have been expressed in the meetings with deans and senators about how long it is taking and about the role of the faculty. Professor Koch reported that semesters had been discussed at the Committee on Educational Policy the previous day; it sounded as though the working group would be the one to make decisions. Professor Adams said his view is that there should be a small oversight and coordinating group, one that does not assume either administrative or legislative responsibilities. It might tell SCEP what is needed in policies, but it would NOT develop the policies. The end result is that the legislation must go to the Senate for adoption. He said he would be tolerant of fairly heavy-handed guiding and leading, but would not assent to the appointment of any group that would undermine the

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Senate. SCEP should make the policy. He said he would not give up on this issue but that he had a great deal of confidence in Provost Shively, who will be chairing the working group.

PROVOSTAL GOVERNANCE Professor Gray reported on a meeting with the provosts to discuss the proposed governance system. It was agreed that she would return to the Committee with alternatives that might meet the problems seen by the provosts in the existing proposal.

FINANCE AND PLANNING ISSUES Professor Morrison next noted the issues that will be coming before the Finance and Planning Committee in November. He touched on the additional requests for the Academic Health Center (something he has received more negative comments on than anything else) and the Resource Allocation Guidelines (he noted that \$27 million of the 1996-97 budget will have to be soft funding, including \$14 million in compensation, because the base shrinks after this biennium). On the latter, he said it could be changed only if the University were willing to gamble it might get a higher appropriation for 1997-99 or it were willing to impose retrenchments or run a deficit. This is a big problem that requires more discussion, he said; the budget is far too optimistic.

He then noted that the Finance and Planning Committee would also be taking up critical measures, Responsibility Center Management, the Citizens League report, megatrends, and the campus master plans. The biweekly payroll will also be taken up: the proposal is to put everyone on the biweekly payroll, beginning next summer, and pay would be delayed two weeks (at present, one is paid at the end of the period one works). This is an effort to unify the payroll on the Hospital biweekly system, since the Hospital cannot accommodate the rest of the University. Some of the issues will come to the Consultative Committee, he noted.

Professor Adams emphasized that the recent document issued by the President about Responsibility Center Management is important and should be read carefully by members of both the Finance and Planning Committee as well as the Senate Consultative Committee.

2. Discussion with Provost Brody

Professor Adams next welcomed Provost Brody to the meeting and asked if he wished to bring up any issues or concerns.

Dr. Brody began by noting that he has been at the University one year and two months and has learned a lot. What has not changed is the marketplace facing academic health centers; it has become more severe, and the University now has a lot more company. The themes are the same across the nation, and what Minnesota is doing is a model because it has the most challenging market to deal with.

He then noted that the financial implications for the rest of the University of what happens to the Hospital and Academic Health Center are extraordinary, since they are a part of the institution. The financial plan for the Hospital demonstrates that if it does nothing, it will have a cumulative \$100 million deficit in the next five years. This would not be due to mismanagement, and there are opportunities to buy a year or two in order for it to become more efficient, but the inexorable trend is for fewer patient days in the hospital. Of the 3700-4700 hospital beds in the Twin Cities, it is expected that 1000 will be out of the market in the next five years.

In addition to the problem in the Hospital, the private practice plans have been contributing \$35 million per year to the operation of the Medical School; that income is also declining.

Provost Brody said he continues to believe that radical change is required, and that change may put the AHC at odds with some of the major tenets of the University and AHC. The Hospital must be dealt with as one piece and the academic side as another.

Dr. Brody reported some of the preliminary results of a survey of new and returning AHC students that was completed as part of the re-engineering process. Fifty percent of students do not feel they have been adequately educated for a managed care environment; employers who have been interviewed agree. Twenty percent of the students indicate they are dissatisfied with the quality of their classrooms. While that may be typical for universities, a place like Dayton's or Nordstrom would not accept having twenty percent of their customers dissatisfied. Seventy percent of the students do not believe they have been adequately trained in the use of information technology. These problems must be addressed. Faculty have spent so much time chasing research funding and patient care dollars that issues of education have not been a priority.

Some of the change that must be implemented may result in debates on an interpretation of academic freedom. Faculty must have the protection of the right to teach what is controversial, but curtailment of the right to refuse to teach a course at 4:40 p.m. rather than at 11:00 a.m., as an example, will be critical to creating an efficient environment that is supportive of our mission.

Provost Brody described the issue as part of the Minnesota culture. One Committee member said that the example was not part of the Minnesota culture; most faculty at the University would not see it as a privilege of a faculty member to teach whenever they want to. Another commented that it may be an instance of a case that needs to be dealt with, rather than an issue of culture; then the question is whether or not there is leverage in the system to deal with the problem, even if there are only a small number of such problems. And deal with in a fairly expeditious fashion, Dr. Brody added.

Another Committee member said it is incorrect to say there is a Minnesota culture; there are cultures. The health sciences have always been more aggressive than the rest of the University on these kinds of issues, and may be related to rights under the private practice plans and Prussian styles on both sides. The question is "reasonably assigned duties"; is it reasonable to teach at 4:30? In some cases it may not be, but there must be some way to resolve these clashes.

Perhaps not all would agree, said one Committee member, but the sentiment of the faculty leadership is that cases like this must be dealt with. From what one has seen, there is much that faculty do NOT want to change wrapped into a package with things that should be changed; the interpretation of the change being called for may be more radical than the change itself. But if groups that are ready to change are polarized into seeing only that there will be RADICAL change, then they may resist any change at all.

The question is what is radical change, Dr. Brody commented. Organizational change experts say that it is more difficult to implement incremental change than it is to make a paradigm change. He said he is not talking about academic freedom. The development of plans for change is a faculty exercise; he is an observer. But one hears that this is "a Minnesota problem" or that Brody ought to just find more

money. The problems exist even outside of the Medical School to varying degrees.

One Committee member inquired about the legislative request. This is a period of rapid decline in funding as well as a time when others are taking away business. At the same time, they must confront the commitment to the people who are here and questions are being raised about the adequacy of training now and in the future. Given this, what does one make of the Board of Regents action on the capital request and the discussion about the additional state funds for the AHC operating budget: are these in addition to what the AHC is dealing with or are they bridge funds?

Dr. Brody said they must be used to bridge the AHC to a successful plan.

The defense of the need for these funds has not been clear, it was said. Dr. Brody explained that two parts of the request are for information technology and revamping the curriculum in order to provide the multidisciplinary training needed by people in a number of health science fields. But they cannot redo the curriculum because of the retrenchments that have been imposed, even though there is a tremendous demand for such people as nurse practitioners.

Some faculty are startled by the request, said one Committee member. No clear justification has been made and discussion is needed. There are different views on how to deal with the problems, and if there is an emergency, the AHC must act, but this feeds concerns of faculty outside the AHC about program redesign and funds being dragged into the AHC.

There is no question that a tradeoff between the AHC and CLA is a very difficult one, Dr. Brody replied; they are very different activities with different objectives. There will be no long-term solution for the AHC until an alternative to the \$35 million provided by the practice plans is identified; those funds are declining, but he hopes not to zero.

In response to a comment about what the practice plan income is used for, Dr. Brody explained that, very rough numbers, it generated \$100 million; one-third went to overhead for operating the plans, one-third went to the Medical School, and one-third went to physician salaries to supplement the state funds provided. Physician salaries in a number of departments have dropped significantly, but at the same time the dean still has \$35 million in fixed expenses and revenues he cannot control. Dr. Brody concurred with the observation that if salaries went up when the market went up, they can also go down when the market goes down.

The \$35 million from the practice plans was essentially treated as O&M money, observed one Committee member; Dr. Brody agreed. The Medical School has been living off the clinical income, observed another.

There is a great deal of support in the University for the AHC, said one Committee member, to the extent people understand the problems. But one orthopedic surgeon in private practice has seen his income drop from \$400,000 to \$200,000, and that varies by field. One could feel sorry for him, but he's still doing OK at \$200,000.

In the case of orthopedic surgery, Dr. Brody told the Committee, an individual physician must bring in \$230,000 to support the department before he or she received any money. Faculty have seen

their practice income drop by similar amounts. Since the expectation is that this downward trend will continue, they are less apt to spend time doing research and other University activities. That depends on how clinical income is structured, said one Committee member; there is nothing magic about a private hospital paying \$250,000 while the University only pays \$150,000; the University should be just as competitive for clinicians as any other hospital. Dr. Brody agreed but said such individuals should not be on tenure-track appointments; there must be different ways to compensate them, ways that may be market-based.

One Committee member inquired about tenure. When tenure is identified as a barrier to change--which one can see that it would be--it may mean not granting tenure to so many people in the future. But that is a long-term solution; how addressing tenure can be a short-term solution is not clear, unless he proposes to dismiss tenured faculty.

Dr. Brody said that tenure and salary need to be separated. The Tenure Code says that salaries can only go up, which is not true of other institutions. The principles of academic freedom in the Tenure Code are exactly right and must be protected, but there must be a compensation system that rewards those who perform and does not reward those who do not do the work that is needed. It may be that faculty need to teach more, just as researchers have to apply for more grants to obtain the same amount of money. The question is how to uncouple tenure and compensation.

So this is more about redeployment than firing people, one Committee member commented; Dr. Brody agreed. Even if the Tenure Code were changed now, said another, it would not affect those who are already here and see the present Code as a contract. Does tenure mean that a salary may not be reduced if a faculty member refuses to teach a course, Dr. Brody asked? One Committee member said it did not mean that. Another pointed out that there have been court cases holding that a reduction in salary is the same as removing tenure. But that is not the same thing as directing people to do things.

One needs to step back and consider reality, Dr. Brody said. When will the University go into financial distress rather than take the actions that are needed. Investment in a group of clinical specialists who cannot compete in the market and in researchers who cannot get grants must be balanced with academic freedom. These are issues being examined across the country.

In the instance of the person who refuses to teach at a different time, the changes have to be made collectively in a unit; it must redesign what it is doing, rather than placing the onus on one individual to make the changes. The unit needs to change its mission--and not take forever to do it. Dr. Brody said that no other business operates that way. One would not ask a German professor to teach Swahili, but they can ask a faculty physician to be in clinic on time or teach at 4:00.

One can agree with the general point that academics are more anti-authoritarian than others, and many chose this life because they traded money for academic freedom. Doctors have not made that choice and are making a lot of money. But less than they could in the private sector, Dr. Brody observed.

If the AHC administration tells faculty what to do, they are not being brought along, said one Committee member; if there is to be re-engineering, the faculty must be involved. Dr. Brody said he agreed--that is why the faculty are leading the effort.

All of the Committee members have heard and perceived the difficulties in the way administrators can deal with faculty members over workload--these are not problems unique to Provost Brody, said one Committee member. Faculty are willing to be sympathetic about the problem; they have heard from all over the University that department heads clearly have a problem and are looking to the faculty leadership for a way to make the system work better for everyone.

It may also be that the underlying problems are more extreme in the AHC, said another Committee member, and some faculty may not understand the pressures that exist; some may be angry but not knowledgeable. But they can understand the problem of doctors not trained to deal with managed care; they just need to be informed. There is a tendency to point fingers and lay blame.

One Committee member said that the AHC must cut some people--some must be given their walking papers or the AHC will not make it. That will not work if people then sue the University, responded one Committee member. The non-state funds can be cut, it was said; they always could be. They need to be cut until people choose to go away. That will provide the opportunity to fix the situation so it does not recur.

Provost Brody believes the faculty are involved in the re-engineering effort, but they are through an ad hoc process, which is not what the faculty see as involved. There must be more faculty involved in the process; there could, for example, be peer review to help remove people and solve problems. Another Committee member maintained that many organizations do not use the "department head says jump, you do" model; groups of professors need to work things out. Not even the large private sector corporations use that model; it is not natural, and it is not used at Minnesota.

One question that perhaps he cannot answer, said one Committee member, but one that causes a lot of fear, is what the AHC is building TO. If people knew that, they could better understand what has to be done. But people have not heard where the AHC is going, what he is trying to create. That is what the re-engineering group is working on, Dr. Brody responded; right now they are gathering data. It would be easier to re-engineer people into teaching at 4:30, it was said, if they understood the package and why it is they have to teach about management rather than care. Is there any timeframe for having a better vision? By December, according to the committee, Dr. Brody said.

One Committee member said the concern is not just about academic freedom, it is about professionalism and being part of the decision-making. If one looks at productive research organizations, their most consistent characteristic, after vision, is assertive and participative governance. One wishes one could help the re-engineering people treat the faculty like professionals who are building an organization.

There is a great deal of ignorance in the rest of the University about the difficulties facing the AHC, said one Committee member. Unfortunately, what has been brought forward as part of the specific legislative request seemed not to be urgent items that would help the AHC deal with its problems, but rather items that would help all units deal with problems. The interpretation has been, therefore, that there's not much of an emergency--calling the need for better classrooms and upgraded information technology "emergency" may undermine the REAL emergency that does exist. They have received a lot of calls asking if the AHC is receiving special treatment. People do not necessarily oppose taking advantage of an opportunity, but he needs to build support for the AHC, Dr. Brody was told; no one

wants to see it at risk, but they do not want to be taken advantage of, either.

Dr. Brody said he estimates the AHC will spend \$6 million on re-engineering this year, money it will not have in the future. The need is to rearrange the curriculum fast, he said. In information technology, the vision is to do more with less and reduce dependence on the \$35 million from the practice plans. Units must be brought together virtually; right now Duluth, the Twin Cities, and Mayo each teach small groups of students, and faculty claim they are losing productivity because they must fly all over the state to deliver instruction.

The presentation of the message is important, one Committee member said; saying the money will be used for increased productivity is different from saying students need to be more satisfied with their classrooms. Another Committee member noted that a faculty member on the Finance and Planning Committee had reviewed the individual bullets of the proposed request and said that they could apply to any college; the focus must be on the problems of the AHC.

One Committee member inquired if the clinical faculty are resistant to change. Common sense suggests that if the faculty see a problem that should be addressed, they will do so. If the clinical faculty are tenured but not doing what is needed, and the place is overloaded with specialties, then something needs to be done. Dr. Brody said that is part of the problem, but not the only reason faculty do not change. Departments with serious deficits do not have the flexibility to make changes that are in the best academic interests of the department. If the system were more productivity-based, where salaries could go down as well as up, there would be a change in productivity. Tenure is only a piece of the issue; a mechanism for adjusting rewards would be a help.

One senior faculty member in the health sciences has referred to Dr. Brody as "an authentic leader" and just what is needed, said one Committee member. Dr. Brody said he expects tough questions; that will be the way to solve problems. The faculty must be engaged in a meaningful way; the difference is that the timeframe is longer for CLA than it is for the Medical School--CLA is no less important, but it has more time. The fundamental issue in the AHC is that they must implement change quickly, and it is not all one piece; the environment for the Hospital must also be addressed. The supposition of the need for change, he said, has changed the community's perception of the AHC.

And there is a fundamental difference with the private sector, Dr. Brody observed: if 80% in a corporation say the unit is going one way, and 20% do not, the 20% either have to sign off on the decision or look for a job. At the University, a small disaffected group can bring things to a complete halt. That overstates the case, he acknowledged, but the point is valid.

It is interesting to watch the re-engineering process, Dr. Brody said; there are some beliefs so strongly held about the academy that people are unwilling to examine whether they are serving the academy well.

Asked what the Committee could do to help the AHC, Dr. Brody said it could act quickly to adopt modifications to tenure and compensation issues; he suggested the Committee to talk to the AHC re-engineering group.

Professor Adams thanked Dr. Brody for joining the meeting.

3. Discussion with Professor David Weiss

Professor Adams next welcomed Professor David Weiss, chair of the Senate Committee on Computing and Information Systems, to discuss the issues associated with reorganization of central computing at the University. Inasmuch as many of the issues revolved around personnel matters, it was agreed that the Committee would close its meeting for this discussion.

Among the topic discussed with Dr. Weiss were the evolution of information technology at the University over the last 15 years, structural issues that need to be confronted, the search process that led to the appointment of Dr. Riley as acting chief information officer and that will be conducted for the permanent appointment, relationships with computing in the Academic Health Center, and supercomputing and high performance computing. In the course of conversation one Committee member observed that searches for interim appointees are "strange animals that should not exist; they should be re-engineered."

Professor Adams thanked Professor Weiss for talking with the Committee and adjourned the meeting at 3:00.

-- Gary Engstrand

University of Minnesota