SCFP SUBCOMMITTEE ON TWIN CITIES FACILITIES AND SUPPORT SERVICES (STCFSS)
MINUTES OF MEETING
MAY 2, 2002

[In these minutes: Welcome, The Effect of 'Common Goods' Budgeting on the Libraries and Classrooms]

[These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate or Twin Cities 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.]

PRESENT: Gary Jahn, Chair, Steve Fitzgerald, Steve Spehn, Cynthia Jara, Jean Montgomery, Laurie Scheich, Jane Phillips

REGRETS: Kent Rees

ABSENT: Linda Jorn, Roberta Juarez, Donald Kelsey, Lorelee Wederstrom, John Adams, Calvin Alexander, Rongsheng Ruan, Ronald Sawchuk, Ryan Osero

GUEST(S): Peggy Johnson, Interim Librarian

I). Professor Jahn called the meeting to order and welcomed those present.

II). The Committee unanimously approved the April 4, 2002 minutes.

III). Professor Jahn announced that today's meeting will address the impact that 'common goods' budgeting has on the Libraries and the Office of Classroom Management.

Ms. Johnson, Interim Librarian, distributed handouts illustrating how 'common goods' budgeting affects the Libraries. Referencing pages 3 and 4 of the handout Ms. Johnson explained that the University has two major funding sources:

- Non-current funds e.g. monies from loans, endowments, etc.
- Current funds – funds that come in and are allocated each year. Current funds come from two sources, sponsored funds e.g. restricted grants and contracts and non-sponsored funds. Eighty one percent of the current funds are non-sponsored and that includes state funds (O & M), tuition, indirect cost recovery, etc.

Funds are expended by both object and function. The Libraries are considered a support unit and are funded as part of the 19% of the non-sponsored funds allocated to 'Academic Support & Student Services'. These funds are centrally distributed because the Libraries have very little unit-generated income such as tuition. Of the $366.3 million centrally allocated funds, the Library receives 7%.

Next, Ms. Johnson provided members with history on the budget development process over the last ten years.

Principles motivating the University to use Incentives for Managed Growth (IMG) Budgeting:

- The University must grow its way out of its current financial problems through an aggressive management of growth and growth processes.
- Incentives are needed for members of the university community to enhance revenues and control costs.
- Management, budgetary and reward structures need to be created that tie resources to performance.
- Management structure must be flattened and decision-making must be decentralized so expenditures decisions are made closer to the point of service delivery.
- Cross-subsidies and entitlements must be clarified.
- "Information-rich" discourse on the budget must be fostered.
- Service units must be subjected to constant scrutiny for efficiency, effectiveness and proper incentives.

It became clear that revenue-generating units needed to be taxed to fund the 'common-goods'.

Ideas proposed to generate money for the Libraries:

- Re-distribute a portion of the technology fee to the Libraries
- Institute a separate library fee for students

Ms. Johnson explained the University Libraries current budget and how it is funded. It is uncertain whether the Libraries would have a larger budget if IMG had not been implemented.

Ms. Johnson noted that all libraries are facing the escalating costs of library materials. Over the years, the Library has always protected its acquisition budget and this has been at the expense of staff salaries. The Library spends approximately 1/3 of its total budget on acquisitions and access.

Although it appears that the Libraries end each fiscal year with a large carry forward balance, in reality this is not true. When the Library makes a purchase it encumbers funds. So, what appears to be a large carry forward balance is actually money spent to cover the cost of acquisitions on order.

To support the Library's initiatives, it has needed to be creative with its budgeting. The Library has proposed several ideas in its compact plan to secure additional funding. The Library continues to develop partnerships with the colleges in order secure collections that might otherwise not be purchased. Colleges want to invest in resources that further their mission.

Next, Ms. Johnson commented on the issues facing Andersen Library. The caverns are experiencing humidity and pollution problems. Correcting the problems is an institutional priority. An engineering and architectural consulting firm that does assessments and recommendations to correct these types of problems has been hired. All parties involved, the consulting firm, Facilities Management, Environmental Health and Safety, etc. are eager to solve the problem.

Two phases are being implemented to address the humidity problem:

1. Providing seals on all openings into the caverns so there is no migration of humidity.
2. Maintaining a positive pressure in the caverns so humidity doesn't migrate in.

If neither of these methods corrects the problem, then the fans will have to be replaced next fall when the dry season starts.

Environmental Health and Safety is dealing with the groundwater issue. Contamination of the ground by previous occupants of the location is a problem; a well has been installed to capture and control contaminated water.

Central administration is covering the cost of repairs to Andersen Library.

Next, Steve Fitzgerald, Director of Classroom Management, spoke about how 'common goods' budgeting impacts classrooms. Mr. Fitzgerald gave members some history on the issue. General-purpose classrooms consist of 300 classrooms with 24,000 student seats in 63 buildings. Due to semester conversion, the number of teaching sections has increased by 20%. So, demand increased while supply remained the same.

Three confluent events impacting the technology upgrade plan are:

1. Growth in the number of sections due to semester conversion.
2. A relatively new department, the Office of Classroom Management, which is responsible for the teaching and learning infrastructure in all the classrooms.
3. The need for expensive technology that requires a lot of attention and maintenance.

From a budgetary standpoint up until recently, there was no organization in charge of classrooms. Classrooms were an expense on the margins of the way budgeting was done and there was no central department in charge of classrooms.

A result of the 1995 classroom study revealed a $20 million deferred maintenance problem. It was determined that there needed to be a focus on quality of education as well as teaching facilities to attract faculty and students. Historically, very little money has been invested into classrooms. However, there is a need for a stable, recurring funding mechanism that will flow funds into income generating teaching and learning resources and general-purpose classrooms.

The Rosenstone Report is the most recent attempt to grapple with the ‘common goods’ problem. Mr. Fitzgerald highlighted certain comments taken from the Rosenstone report:

- Classrooms are a part of a deferred capital improvement program.
- Although the University has an adequate number of classrooms their quality is lacking.
- Technology upgrades on the Twin Cities campus require non-recurring funding, for installation of technology and recurring funding to cover life cycle costs to keep the technology running.
- Funds to keep the University running should be the shared responsibility of the University community.
- All units must participate in funding ‘common goods’.

Recommendations of the Budgetary Management Task Force:

- To balance support between shared and collegiate responsibilities for priorities.
- Targeted academic investments in resources should be devoted to cover the costs of basic University services and operations.
- The annual compact process for support units should identify standards for the quantity and quality of services provided.

Recommended criteria for deciding whether specific costs should be distributed to the unit level rather than funded exclusively by central:

- When there are marginal costs from increased consumption and increased consumption is potentially expensive.
- If a revenue stream is controlled by an individual unit, and its operating costs are subsidized by the University, these charges should either be shared with central or distributed down to the unit level.
- Better use of space over the time of the day, week and year.
- Set a higher level of performance standards for centrally provided services in some areas such as custodial services and classrooms.
- Look at the benefits of centralized and decentralized activities.

The report is yet another example of documentation supporting the funding of classrooms, libraries, etc. that are vital to our academic mission.

Through a leveraging program with colleges and departments more classrooms will be upgraded than initially expected this summer. Upgrades are continuing to be done, with one-time funds. Recurring funding to pay for institutional life-cycle and replacement costs is a growing requirement. With each classroom that is being upgraded the Office of Classroom Management is accruing funding requirements for the future.

It is the University's responsibility to place sufficient technology infrastructure into classrooms so that whatever pedagogy a faculty member decides to use is available. Currently, there are a lot more requests for technologically upgraded rooms than are available.

The Office of Classroom Management has considered the following usage fees:

- Technology fees
- Student fees
- Classroom usage fees e.g. higher fee for peak time usage and a reduced fee for non-peak hours.

The usage fee has been proposed as a fee to the college or department that is generating tuition revenue.

IV). Other Business:

Professor Jahn announced that he would be writing an annual report and sending out to members for their input. A separate e-mail should be sent out, preceding distribution of the annual report, asking members if they have any ideas or special requests they would like incorporated in the report.

The Committee unanimously endorsed asking its parent Committee, Senate Committee on Finance and Planning (SCFP), to give the Subcommittee, at the beginning of each year, a list of agenda items they plan to focus on. Then, ask SCFP what STCFSS can do to most effectively assist them.

Members were concerned about the formation of a special panel, Support Services Subcommittee, to be convened by the Faculty Consultative Committee (FCC), and whether their charge would overlap with what this Committee does.

V). With no further business, Professor Jahn adjourned the meeting.

Renee Dempsey
University Senate