

SUMMARY OF POINTS

Pew Roundtable Discussion Tuesday, March 28, 1995 1:00 - 5:30 Eastcliff

This is the executive summary of the Pew Roundtable Discussion held at the University of Minnesota on March 28, 1994, at Eastcliff. The discussion was wide-ranging and exhaustive and is presented here as a summary of points. The discussion was focused on how the University engages in entrepreneurial activity while remaining an excellent research university.

The participants in this Pew Roundtable Discussion were: W. Phillips Shively (convenor), Carl Adams, John Adams, Gene Allen, Ellen Berscheid, Tony Faras, Ed Fogelman, Ron Gentry, Nils Hasselmo, Phil Larsen, Hal Miller, Fred Morrison, Patrice Morrow, Dianne Van Tasell, Matthew Tirrell, and John Wallace.

The University faces new competition in higher education; what should it be doing? What is the competition out there?

- There are different competitors in each of the three principal University missions. In the past, competitors were other colleges and universities. Now there are competitors in instruction, in research, and in service.
- In instruction, there is the problem of cherry-picking. There are competitors who will teach the cheap subjects, at a price comparable to the University's, because the University uses cheap subjects to subsidize more expensive ones. This is St. Thomas: it will teach liberal arts and business; it will not teach much engineering or hard sciences. This may force the University to use the state subsidy to underwrite some parts of the University more than others.

Television, tapes, CDs are also competing in instruction. Some University units are developing instruction this way, and could compete with others around the country.
- In research, there is an uncoupling of research from universities, and it is going to institutes. The University must make itself more attractive.
- In service, as subsidies for the services decline and the University becomes price-sensitive, it will have problems in providing public services at less than cost. This may force the University, in a money-conscious society, to charge for solutions to problems. There has been a lot of unconscious cross-subsidization within the University; it has to be more conscious.
- CEE has done a competitor analysis; St. Thomas has about 5000 students in post-baccalaureate programs and about 500 involved in their new college baccalaureate programs. The same is true at St. Mary's. The private colleges are getting into the degree-completion business; students can submit two years worth of college work and complete a degree in 15 months. The community colleges have for years been teaching adult students, the population CEE is trying to work with; they are a major part of community college activity for "cheap" courses, and undercuts the University.
- How one looks at this question really gets at the question of cross-subsidies in the University;

the institution is becoming more conscious of the flow of subsidies. Identifying the cross-subsidies and where they are going may be a necessary first step to doing anything else.

- What if one does not take issue with corporations doing research, other institutions offering cheaper education, and so on? What is left? What is there that none of these can do, or should do, that is important and worth doing? To beat some of these organizations at their own game is a losing proposition; it lets them define the playing field, and they have a different reason for doing what they are doing from what the University is doing. If the University responds to their initiatives, is it turning its back on things that a major public research university should do, in 25 years? What is the University's niche?
- There are people who want access to the University at a reduced price. They very much want to come here, but they can't get access at the times that they want, so the cost factor is very important. The time and inconvenience costs are important; so is the cost per hour.
- One is afraid the direction the University is going is trying to compete with the Wal-Marts of the education world; that is ABSOLUTELY a losing proposition. The University will be the most expensive Wal-Mart in the country. The University must emphasize its singular advantage over the other institutions, which is that it is a research university that is involved in the creation of knowledge, not just its dissemination at the lowest possible cost. But the forces that brought people to this discussion are pushing the University in the direction of becoming a gigantic community college for the state of Minnesota; that is sure death.
- In thinking of niche, the University's advantage is probably at the upper division and graduate levels, where knowledge moves so fast that the textbooks cannot keep up with it. If someone wants an up-to-date education, they MUST come to the University; this faculty is the one creating the knowledge and writing the textbooks that are three years out of date when published.

One participant recalled having a student from a storefront doctoral program, a program that does not do research; the student begged to be in the course because she could not get courses on this field through the storefront operation; they don't have the staff.

In terms of subsidization, there must be discussion of how the University subsidizes places like these storefront operations, who use the libraries and the courses to flesh out their education.

The reality that fosters these kinds of storefront operations is the tremendous demand that the University cannot meet. It isn't clear what to say about that; society is credential-oriented, but which also isn't terribly discriminating about the value of different degrees. Graduates of other programs in turn become advocates of those programs (e.g., St. Thomas) and claim that they are as good as the programs at the University, especially because they use practitioners. Because the population does not see the terribly important relationship between discovery of knowledge and instruction, it doesn't seem to be a problem.

Is this a short-term or a continuing problem? The same argument can be made about shoes or appliances. One knows when the washing machine breaks down; what is the analogy? It is

hard to differentiate between the "woe is us" side of the argument, that sees the forces closing in, and the larger question. What if everyone gets an MBA with their 8th grade diploma? Then society starts to use other differentiators. Is there a Gresham's law at work, that bad degrees drive out the good? Should the larger context be thought about.

- Around 1900 a number of programs came into the University that were "professional"-- business, law, medicine, others. The University has never come to terms with what the right relationship is between professional programs and underlying humanities and natural and social sciences. It is not a surprise that the programs competing with the University are professional programs; it is in these places where people say "we're not so sure you guys have figured out how all this fancy research really helps you in these programs. It's really a practice, so if you can teach best practice, that's good enough for us."
- Another component of competition is that between 30-40 top research universities. It is possible that the large research streams from NSF, NIH, DOA, and so on, are not going to increase, and the costs of research at the cutting edge ARE going to increase. If the University wants to be competitive for those streams of federal funds, it will need a strategy; it cannot be half-hearted.
- The University's strength is its strong research base and creating knowledge, but things are going to change a lot in the next 15 years, without question. In the health sciences, dollars are decreasing dramatically, and will continue to do so; there will be significant downsizing. Can the University survive the downsizing and the competition for the funds? Maybe only a dozen will survive; the University may not be around in the research enterprise.
- The situation in research may be different in the hard sciences; corporations are doing LESS of their own research, not more. It is expensive to do, while it is relatively cheap to do it at universities, compared to corporations. Corporations generally are down-sizing their research programs and are depending more on others. There is an opportunity for universities to do more research in conjunction with corporations, and possibly make up for some of the expected federal funding decline; not everything is negative. The University should be doing more.

One participant recounted working with start-up companies, and the great interest in the private sector in the work. He submitted materials to a collegiate conflict of interest board and has not heard anything in six months. These rules are prohibitive; if the University does not come to grips with this problem, not all parts of it will have the opportunities to take advantage of these funds.

- All here seem to have a sense of what the University's "product" is; that is something we must be very clear on: what is it and how does it differ from what other local institutions offer. The way it is different is its quality and who is delivering it.

What's the demand for the University's product, compared to other products, and will it be sufficient to sustain the level or kind of activity the faculty want to believe is superior? Another reason the University does not meet demand in some fields is not only because they have small faculties, but also because they only take the really highly qualified. A lot of those

demanding graduate education are not the kind of people who could make it through the program. Some are, however; the University picks the BEST qualified. The question is whether the University will be a big player.

If the University does not respond to the demand, someone else will, and we will have to deal with the storefront operations, drawing on our resources.

What price would the University pay in responding to the need, if it is for more education for people who are not of the same quality?

- Other schools in the Twin Cities also use the University's library. Could the University form partnerships with those schools, for a charge, and offer services to them? And make the service unavailable to others.
- University students are paying tuition for students at other institutions to take courses; the University should study how it subsidizes these other schools. And try to charge back.

But the University is also sending out thousands of books through Minitex, all over the state.

The library budget is about \$36 million; about one-third of it goes to non-University uses. That is a significant amount.

How do you look at the resources such as the library, which Americans have always taken for granted; with technology and the quality of the library, the expectation will be that access will increase, not decrease.

- It is necessary to differentiate between societal needs and degree programs the University offers. There is a need for lifelong learning that will increase; it is not met primarily by research Ph.D.s. We need to think about this interface.
- What would be the consequences if a university lost the majority of its enrollment in the common ten courses that students take? Here, they would be significant. If the University were to be willing to live with that, then we must be willing to say it will be a smaller and more focused institution--say that is not our niche. Alternatively, some research universities may say they are going to teach the BEST introductory course in the United States and it will be competitive in the market; it will be delivered on the campus as well as through modern communication systems. Some will do it; when they do, what will be the consequences for Minnesota?
- What we know we are good at is the upper division and graduate level courses, highly specialized areas. There have been discussions about working with Wisconsin; the universities that flourish will be in partnerships such as that. They will be able to do things that few institutions on their own could. This could not have been thought about ten years ago. Part of the repositioning will happen around introductory/community college kinds of courses; the other (a smaller market, but significant in some areas) will be in upper division and graduate level offerings.

In both areas, in the next few decades, there will be debates about whether Professor X should teach this many students. When that time arrives, the consequences for how the campuses look and the faculty in our programs will be very different.

- Who will address, and will the University be in, certain niches of the continuing education market.
- Running through this are two strategies that a research university that wants to remain or become a fine institution. They could be pursued together, in different parts of the University; they assume there are economic pressures on the institutions to either cut costs or increase revenues.

One is to downsize, but while forming partnerships with other universities. The forces of two smaller departments are combined so that they have much more to work with than either alone had. Or the libraries develop an easily-accessible, interdependent collection, rather than two parallel collections of five million volumes. While collection budgets may be shrinking, between them they will have a larger collection budget than either had.

Two, the institution can create new services to subsidize the continuing research university activities. There was earlier talk of increased university research for pay, by sponsors. Some research universities will produce a fantastic introductory course that will be used around the country (one research university is spending \$1 million on an expert introductory art history course, for export).

It has been argued that one great untapped market available to the University of Minnesota is the professional Masters' degree; the ratio of Masters' degrees to Ph.D.s granted--it is more a matter of being a metropolitan university rather than a research university, because people who want such degrees usually need them where they live and work--is much lower than at other metropolitan universities. Minnesota's ratio is more like the lower ones at Iowa, Indiana, and Wisconsin, in smaller towns. Harvard has a higher ratio than Minnesota does. Essentially, the University has ceded that market to St. Thomas. The University could go into competition for those students.

There are a lot of things the University could be doing, different things in different parts. In one field, it is efficient for industrial research to be done academically. In another, a faculty member was shocked when a company regarded his academic department as a competitor, not as a provider of service or a partner--and this in a field with a long history of involvement with industry. Approaches to industry may be different.

This will require real nimbleness if the University is to decide where it makes sense to downsize and form partnerships, where it should create new services to subsidize other activities, where to stay the same size and create partnerships and services to provide subsidies. If the University is to make the choices necessary, it requires nimble decision-making. "I'm not sure we're up to that," if one thinks about the time taken for the conflict of interest review (or most administrative procedures). This is in part because the University is in-ridden by the

political processes of the state far more than is true at most universities; this hampers decision-making. We should think about how to create/generate that kind of nimbleness in making decisions about investment and subsidy, how to keep a research university going while making all these decisions. The University has not shown itself to be that nimble in the past; new decision-making procedures may be needed.

- There are real opportunities in research and teaching out there. Decisiveness will be the name of the game. One college is working with an external corporation on a project; the corporate people say "now we have to stop talking about it and do something." They say that a lot sooner than the University would be comfortable doing. They admit they will make mistakes 20% of the time, but will make a huge profit 80% of the time and will write off the mistake. The University has to be prepared to make mistakes, and it has to be prepared to make quick decisions.

- We keep talking about the University of Minnesota; one thought to throw on the table is whether it is a viable organizational unit. And whether, over the long run, the kinds of collaborations being discussed might not lead it to something bigger, as an operating unit. The University is part of network A; there is also a network B and C. There would not be a series of ad hoc relationships with other institutions, but rather they all become an integrated institution. The small banks and drug stores have disappeared; they've all become part of a nationwide provider or were run out of business. We may have to think not about preserving Goldie Gopher but about to provide research and teaching in a different organizational structure. The kicker is that if WE think about this before anyone else, and come up with the way to do it, WE absorb everybody else instead of somebody else absorbing the University. This requires decisiveness and aggressiveness. The University missed that chance on the Hospital; now it is on the outside, because it got into the game late. That should have been the other way around.

This suggests not only a reorganization of the institution, but that the University or its units should be "acquiring" other institutions, and rationalizing the delivery of high quality service. If we don't do it, someone else will, and the University will be the little guy left over.

- The way the issue has been posed indicates why the battle is already lost. "If you call these people `customers,' we've had it. As far as I'm concerned, I haven't ever had a customer. I don't have customers in my classes. I don't have customers in my seminar room. Doctors have patients. Lawyers have clients. Clergymen have parishioners. STOREKEEPERS have customers. I'm not selling sacks of potatoes in my classes. I don't think there's ANY person who's stood in a class or conducted a seminar here who thinks there are customers in front of us. If St. Thomas thinks they're after customers, that's fine. If we're talking about the distinctiveness of the University, it is NOT serving customers! The relation of a student to a teacher or professor is a distinctive--I'm going to use old-fashioned language--even precious relationship that is COMPLETELY negated by the notion that they are customers. It takes for granted the way the outside society poses the issue for us, and if we cannot resist that right there, we're through. I will NEVER agree with ANYONE that I'm here somehow to sell something to customers. The Sophists began that notion a couple of thousand years ago, and that's why we value Socrates so much! The St. Thomases are the current Sophists. `You say

you want a skill to do something? We'll provide it.' This is not just a polemical point. If we're talking about what's distinctive about what we do, it is NOT serving customers! When I think of my own job, what am I doing that is distinctive, that I can expect some support for, it does indeed have to do with the quality of the programs we offer, the specializations we can offer, the kinds of new knowledge that are developed. If we don't have enough confidence in that, to begin with, then I really think we've had. We must have confidence in what we do, as a distinctive mission. I think that that confidence is based--we get hundreds of applicants to our programs; we admit ten or fifteen a year. That's all we want. We're offering one of the best quality graduate programs in the country, and that's, by God, what we're going to continue to do, whatever it takes, as far as I'm concerned. If we stop doing that, I'm not interested in it. I don't want to be teaching at St. Thomas, and this is the reason why. We have to have a lot of confidence in what we are providing, and it is not the same kind of thing that St. Thomas is providing. Also, it is not for everybody. EVERY time we talk about this, this bogeyman of elitism gets introduced. We are not providing everything for everybody. Students have different aspirations. If you want to be one of the best-trained ___ in America, come to the University of Minnesota. That's a statement we can make right now, and defend it. There are some number of people around the country and around the world who want to do that. I can say 'come here for that.' If you just want to get a credential to be a __ at a clinic downtown, this may not be the place for you. Students have different aspirations; we have to gear what we offer to those difference. We may have to confront this business of elitism head on. I don't regard that as elitism, myself, but as a differentiation among these students. Not customers, please. Students who are out there who actually want to learn something, as opposed to getting some credential so they can practice whatever they practice.

I want to come back to this, because it's very important. If we don't have the confidence ourselves in what we're doing, and if St. Thomas says they have quality, I KNOW that's baloney and I'm willing to discuss it with them, and to talk to students about why our program is better quality than their program. If we can't do that, I think we're finished. But that's just voices from the bleachers."

- These things fit together well. We should talk about the University working not in its three missions but in the four categories of well-defined work that we do: (1) basic undergraduate collegiate education, at the freshman and sophomore levels, somewhat homogeneous across systems; (2) upper division work linked with graduate programs, which is what makes taking a course here different from taking a course at a local college; and (3) professional education, and this raises the issue of professional masters degrees.

Maybe it is wrong to focus on ginning up a mass production professional masters program. Maybe talk should be about what is on the edge of professional masters; that may be the research university's job: as a kind of capital goods industry for professional programs in management, rather than the retailer, who's out there after the textbook has been written and the tools refined. We don't think about things that way, because so much attention is paid to paying the bills, then we get into the corner of trying to balance the books rather than thinking about what the job is, what is distinctive about what the University has to do.

The fourth job is graduate education and research; the University is the only show in town, in

the state. The fact that the psychology departments at Minnesota and Wisconsin think of themselves as competitors is an artifact of how the systems have developed over the years. What would happen if those two faculties were to work together on behalf of graduate education and research? To start down that road is to think along the ways other things are changing in the world (e.g., Europe). To think about the two universities, and specialties that are hard to deliver with five people, might be easier to deliver with five plus five, the ten best in the world. The same is true in other fields.

If one combines the ideas--(1) we are in lower division, upper division within a research university, research in a professional school, and graduate education and research, and (2) what's out there in terms of another way of putting things together, one starts down a very different path. Some will want to talk immediately about who will pay, how much it will cost, who will be in charge, and so on; that must be pushed aside and thought given to the larger question.

One field is doing this among Michigan, Illinois, and Wisconsin, a graduate seminar in research methods. None of them have enough people to offer it all; this will be the best graduate research seminar in the country, with the best people in it. It will be by interactive video, and the motivation for doing it is to enhance this program. It would have been impossible for any institution to offer this.

In five years, there will be 20 places in the country that will want to buy it. This may allow the University to bring revenue in to help support the program.

- On the idea of developing a fantastic introductory course: no one department could put together such a course, because the field is too broad; each department doesn't have the experts. So outside people decide to do a fantastic introductory course, and contact the experts in the field; they offer a ticket and \$150 to come and lecture.

In a few years, it will be obsolete. No university has the expertise, at least in some fields, to put together a great course. The disciplines are getting into it, the professional associations are doing. Second, it will have to be done repeatedly in order not to be out of date; that is very expensive.

- On calling students customers--what the members of the Board of Regents and administrators forget is that faculty are very much in the business of certification and credentials, not just shoveling as a product. If faculty really thought of students as customers, they would give all students "As" and not make them work very hard. At some point the faculty must confront this "customer" notion, because that is not what they are doing. Or, if the Board and legislature WANT the faculty to do it, they can, but then there should be no pretense that the faculty are certifying people, are grading them. Faculty are candling eggs as well as teaching.
- One result of the so-called "customer" orientation is that the University has tried to avoid excessively long lines and rude behavior that students had to put up with for generations in registration and financial aid. Anything that can lead to that change is in part a good thing. But the University must take in enough money to pay salaries; it finds people who are willing to pay

a lot of money for what it does (NIH) or people who are willing to pay something for a service associated with being a research university (undergraduates). Harvard makes a ton of money off its undergraduates and should be called customers.

At the University, exceptionally expensive and exceptionally good graduate programs have been subsidized by large undergraduate classes. The University has dealt efficiently with a lot of students, in an economic sense; it has worked out, and the programs subsidize other activities. These cross subsidies exist all over; they have grown up by historical accident and are unexamined. Some could not bear the light of day.

The reason the customer business has come up is because of a likely decrease in funding from federal sources--a BIG item for the University--and the possibility that people will find better ways to take care of undergraduates. Many are not in those classes because faculty are among the distinguished in the country; they are there for convenience, for a degree, because they can live at home. Some in an introductory course are there because of what the University offers; a substantial number are not. It may be that Magraw-Hill produces good introductory courses available in the home, not other research universities; the University might lose 25% of its undergraduates, but end up with a group better matched to what it has to offer. That would not be bad. But ways must be found to maintain the research enterprise when federal funds are declining and a part of undergraduate student body is going elsewhere.

Strategies for doing that would include shrinking the University's research establishment but joining forces with others and changing the institutional identity. Another is to identify places the University can provide a service well, and substitute some of the subsidy that has come from foundations or undergraduates.

The graduate program thesis committees might include faculty from both institutions; students might take a third of their seminars with students at the other institution via interactive TV and a third at the other institution. It is an accident that someone at Minnesota wants a department to get better but not care about the same department at Wisconsin; the union of the two would create an exceptionally fine graduate program and a faculty member much happier with what the two can offer. In some fields, departments at both schools may not have enough faculty to offer a graduate program; jointly, they would (e.g., Scandinavian). If the University were to face a 25% budget cut, it could either be 75% of what it was or it could be part of a graduate and research enterprise that was one and one-half times what it was before.

- Who knows if the seers are right about a publisher coming along with a fantastic introductory course? Or NIH funds being cut by 50%? But the University has to consider those possibilities. Are there other services it can offer to make money? One is various services now being provided free (like Minitex). Or charge parents of students at private colleges for use of University services. Perhaps professional Masters' programs are appropriate.

There is reason to be less sanguine about producing a 1-XXX level course that would make a lot of money. There are 50 institutions that think that; 49 of them "are going to lose their shirts." Unless the University has a dramatically different decision-making process, it should not try to be a competitor in that field. But competing for corporate engineers in the

metropolitan area is something the University could do, and make money to subsidize the research university. There must be SOMETHING to subsidize it; either someone must pay a lot of money for basic research (which is in danger) or there must be ancillary services from which money can be pulled. It is prudent for the University to look around for as many sources of subsidy as it can find.

- There was a large survey of undergraduates in lower division a number of years ago; they were asked why they came to Minnesota. For well over half of them, the University was the second or third choice, or lower. First choices were small private colleges, which had the reputation of providing special treatment; for those students, the issue was not quality, it was price. The University has a tremendous price advantage over those institutions because of the subsidy. If the legislature passed a policy like the charter schools, to create a lower division college the specter of students leaving in mass would come to pass.
- A very small handful of departments have borne the burden of these huge undergraduate populations, that must be taught in the huge, passive settings. All the rest have reaped the benefits.
- As relationships with Wisconsin are discussed, people must be careful about how long they will last. It will be a fast, passing thing. In the not too distant future--within the decade--there will be international exam committees for Ph.D.s on a routine basis. As soon as that happens, whether the course is shared with Wisconsin or California or London will not matter.
- There are similarities between what is going on in the reshaping of health care and the reshaping of higher education. When the HMOs started forming, the University would have done something different had it been thinking about the teaching Hospital. The University should study carefully the changes in health care for what they portend for higher education: partnerships, consolidation, capturing students [patients]. One member of the Medical School who specialized in a certain kind of surgery three years ago had 68 operations; the next year he had 45; last year he had 20-some; the first six weeks of this year he had none. The HMOs captured the patient base, and in his area of specialization he gets none of them. This is an example of what is of concern in health care, and what the University needs to be thinking about in terms of what it will look like in the rest of higher education; it will be reshaped. There will be campuses that go bankrupt; this state should have a large number of them.
- The Master of Liberal Studies has the potential of being a very good program to address significant needs of working adults. It is interdisciplinary; it works with a cohort group of 20 students. It is an example; the University needs to rethink the number of Ph.D.s it turns out for ITS purposes and are useful to society versus how many Masters' and other degrees are NEEDED by society. The degrees do not have to be like St. Thomas or Walden, but if the University is to remain a research university, it has to do something to maintain its student base to subsidize the research part.

(The program pays for itself from the perspective of CEE; it is heavily subsidized by the departments. There ought to be more? If anything is subsidized and in demand, there will always be a shortage; if the customers are forced to pay, they will evaluate the benefits of what

they're getting, compared to the cost. Presumably this is only a pilot that will be evaluated, along with other Masters' and doctoral programs. In the end, this means the University will be fewer things to fewer people. Does that mean that if people are willing to pay the full cost of a high quality Ph.D. program, out of their own pocket, that the University should not let them? No, but the University will have to look more closely at the number who are admitted to the programs, and at the quality of the programs.)

- Society is presenting the University with declining market in areas where, historically, it has done things it believed it was good at: in graduate education and research. That does not mean the University cannot do well, but if society or the state is saying "I've been giving you \$200 million a year, and you've been using a fair amount of that for non-sponsored research. I'm not so sure I'm happy with that." Some would conclude that is what the state may be saying. The same may be true for NSF and NIH: society is unwilling to pay for that anymore, at that price. These are both reflections of a declining market.

The University can respond in two ways. It can find new markets or can compete as best it can and try to find a place so it is a survivor in a declining market. They are possible but different options, and they can be mixed. It may NOT be a declining market, but one suspects societal values have changed, and the state and federal governments are not as willing to pay as they were in the past. Students are also less willing to pay in the way that they have subsidized other activities.

The University can try to change society's mind, but it has to come to grips with the reality. Can the University cut the price? Only if it can still make money. Would the faculty be willing to do what they're doing for half the salary?

When a company reaches that point in market development, the first thing it tries to do is cut costs. But it does not cut out all its R&D. In manufacturing cars or producing Ph.D.s in an international market, at a very general level it is the same problem; the University finds itself in the same position: does it consolidate? reorganize? expand the market? cut costs? develop new products? There are more options available; if anything, the society probably wants MORE Ph.D.s. But it does not want them at the price the University is asking the legislature to pay, and it doesn't want them at the private price the University is charging--but the University doesn't think about it that way because it considers the cost structure fixed and worries about the other side.

- When talk is about making money from professional programs, at least from the viewpoint of the sciences, it is hard to imagine how the University would pull in enough money to subsidize the cost of the science that most faculty do. In offering professional Masters' courses, time is taken from the faculty who are doing the research to develop and teach them; the University cannot ask enough money of the students, even if charged very high tuition, to generate the kind of money it takes to run most research programs.
- In thinking in the future about competing with other institutions, the University is turning out fantastic Ph.D.s; they're going to Podunk U, and the quality of those faculties is increasing. The University may not be as competitive in teaching in the future as it thinks.

- The University has both customers and students. There are customers who will watch TV and take courses from a CD, and think it was wonderful. Geography never seems to enter the conversation. Students learn a lot from each other, taking part in discussions. People interact with others who are nearby.

This speaks to expectations about what will happen in ten or fifteen years; one can differentiate by type of activity. It is possible that by exporting and importing courses, and hiring experts to teach courses at less cost than a full professor is one category of activity. That is very different from people learn as doctoral students hanging around with one another, going to lunch and talking.

- The potential solutions being talked about are different for different programs and departments. The University is a good university; it is not a great university. There are terrific departments and programs; there are some poor and mediocre programs. The center will be hit the hardest. The departments that can work with other universities are the great ones, because great departments at other universities will want to do that. The poor ones will not have that opportunity. There are a different set of solutions for poor and mediocre departments; they need to be identified candidly. The same is true of research efforts; they will survive and the resources will be obtained. The mediocre and poor departments will not be competitive and something will have to be done about them.
- One of the University's problems is that it does not move fast enough. It must decisive and make the decisions quickly. Other schools, with more great departments, are making decisions more quickly.

Will the good departments still be able to attract what they need? Almost every major research university has lost market share in research funding over the last several years; that is because a lot of lesser-quality institutions are scrambling for the money and the allocation process becomes political as much as rational. One should not hold out the hope that the good departments will succeed in attracting the funds they need.

They won't, to be sure, but the declines for them will not be fatal.

- One can argue against the idea that the University will get into a fluid world network; neighborhoods will be very important. For graduate students to work with faculty members takes more than just an email message, and more than just a face on a television screen. Businesses are finding that sometimes there has to a handshake; people have to get together physically from time to time. It is also a matter of getting cultures together; one would pity the student whose committee was drawn from faculty around the world. It is also a matter of identity; faculty will do almost anything to help strengthen their department at the University of Minnesota while they will do almost nothing to help strengthen the same department at Wisconsin. Eventually, however, there could be close cooperation, and it would make a difference to a faculty member at Minnesota what Wisconsin has. This is not like economic transactions through ATMs; there will be large neighborhoods; the groups that get together earlier will do better.

One example was the University of Mid-America, where good courses were put together. They did not sell as well, however, as the courses at the local institution. The ones offered by the University did better than these perhaps better courses, because there was a sense of connection with the University. If the University does not connect with the local need, however, then the field is opened for distant institutions.

The logical partner for everyone at Minnesota is not Wisconsin; only a small number fall in that category. As soon as the best units begin to form partnerships with other institutions, that will open the door. It will be subtle, but it will happen.

This is a great example of diversity, the global community. For some degree programs, the students will be greatly assisted by the global exposure that is now possible. A number of programs in professional schools are developing partnerships; the reason is that their students will be working around the globe, not just within Minnesota.

One experience from a recent undertaking was mandated use of an international committee; there was great concern about crossing cultural lines. It succeeded, and was very refreshing and enlightening for faculty who participated.

- One can argue vigorously against the proposition that the market for research is drying up; society is going the other way. This is the information society; its needs for research are increasing. What is happening now is a political cycle of resistance to governmental activity. One of the conclusions being drawn, that the "public" does not want to pay for unsponsored research, is dangerous. To say that is to say that one does not want a research university, because there are parts of this university that will not get sponsored research. The Compensation Working Group had this as part of its report; if one argues for cutting out sponsored research and thereby saving X millions of dollars, that means cutting the English and History and Geography departments in half. It means cutting some of the very highly ranked departments in the University in half, because those departments where half the effort of the faculty is supposed to be research and where there is not a lot of sponsored research. The University will not do that, and that is not the mandate from the legislature or anyone else; the legislature just doesn't want to spend as much money on the University, and students don't want to pay as much tuition. Some of the subsidies from students' tuition have been going into unsponsored research by faculty teaching undergraduates in CLA and IT, but a lot has been going into the professional schools in cross-subsidies.

It may be a cycle, the University has to figure out what to do. But it may be more accurate to talk about it as a demand shift, rather than saying people have no interest. It is a demand shift, whether permanent or temporary; people are willing to pay less than what they have paid in the past. The same is true of students; they are willing pay less to cross-subsidize activities the University felt were beneficial to society. This is not totally unlike what has happened in other parts of society. There was talk of corporate sponsorship of research; one would assume corporations are a major benefactor of a lot of research. They pay PRACTICALLY NOTHING. Their presumption is that they pay taxes and the taxes do something useful. But legislators, reflecting on that, ask the University why businesses are not telling them to pay

more to the University. They don't call for support.

This does not mean there is no societal need for non-sponsored research; it is very valuable. But there is a demand shift.

The shift is for the total package; the state just does not want to spend as much for the University as it has.

The state will spend more for education. If legislators are asked about a faculty member who spends half the time on instruction and half on non-sponsored research, and which should be cut, the legislators will suggest cutting the research. No; that depends on how you phrase the question. One can sell to the state the need for a research university, and that half the graduate students drawn to the state stay here, most not in teaching jobs. If one looks at the contributions of the University to the state, it is because it is a research university, not because it has 30,000 undergraduates. That case can be made and sold. If the legislator is asked whether they want to buy education or research, they'll say education.

The question is "who pays?" Research is a good. What society is saying is that those who benefit more directly should pay. That is why the University must identify all the things it has been providing for free and work out pricing mechanisms. But if the University decides not to do non-sponsored research, but to do these other things, the other things won't happen without the research.

The question is wrong; it should not be half unsponsored research, half for teaching. Unsponsored research is preparation for teaching.

Then the question will be, can society do just as well with one-quarter of the time for non-sponsored research and three-quarters for teaching? And the answer is that the state can have a Mankato, a Wichita State, or a University of Minnesota.

The question is, who established the way the system is today? The answer is, the University faculty did, by changing their teaching loads. Teaching loads now are not what they were 25 years ago. Yet the faculty carried out the same mission in their own minds, integrated teaching, research, and service, that they do today. Society is saying it allowed that shift, for a period; now it is not so sure, and may want to go back to teaching 5-6 courses instead of three or four. Minnesota was a good university 25 years ago, and all the great contributions that have been discussed were made under the earlier model, not today's model.

- Much of what has been said today has the theme that economies and better quality will be achieved through transmitting better information using new technology. This implies that people will be engaged in solitary learning; the interaction is distant. One can wonder about that; where is the research? Some time ago, for K-12 education, faculty were asked to write about what people learn from each other, with rubbing shoulders and face-to-face interactions. It is wholly different. Undergraduates come to the University not just to get information. It is the great dating and mating ground of American society; students come to make friends; they come for social and emotional support; they come for fun. The way people learn is NOT going

to change all that much. Where is the research? And if researchers are not exploring this, they should be.

British Open University has had a lot of experience with distant schooling; it was organized that way. There are learning centers all over Britain, where students come together to share knowledge. They mix distance education with local groups.

- How can the University prepare itself to meet some of the situations that have been described? One comment is that it does not have a nimble enough decision-making process; what would it take to give the University decisiveness in making decisions? A different structure? HOW should the University address these things?
- Whether the University will survive as a research institution: Most assume it will. It is not a given. There are forces in play that can so shift the mission that it will no longer be a research university. One wants to believe the University is doing things to ensure its survival, but the evidence of the past 25 years, and more recently in particular, suggest that it is NOT on a trajectory that will ensure its survival as a research institution. The planning process as it has been carried out in the last couple of years is not working. There is a tremendous obstacle to take the next step; big decisions are required and something must be done to overcome the inertia. The biggest obstacle is the cynicism of the faculty toward the entire planning process, due largely to the fact that they spend a lot of time in planning; in the end, there is hardly a perceptible result. One has heard for years that the University will have a smaller, better-supported faculty; that it will concentrate on the core of the University and the things it does best; that other things will be let go. With the exception of Waseca, that has not happened; what one sees is year after year of slow starvation. Faculty plan and plan and plan, and different parts of the institution set priorities; it doesn't make any difference in the end. In a department identified as a high priority, they received the same budget cut as everyone else every year. It is not working and the faculty know it; unless the faculty are convinced that something will happen, it will be difficult to get their support for major changes. But that support is essential if the University is to do anything. The metaphor of trying to steer an iceberg is a good one; the University has tremendous inertia. It is to be hoped that the provostal structure will make a difference.

How?

- Not under the current structure.
- One answer is that "we have to quit thinking about next year's budget." Ever since 1979, every fall "we have told ourselves we are going to plan and make long-range decisions for the University. Every spring we've said we now have to make critical budget decisions about the budget for next year, and we've starved every department, one way or another. That is the effective decision that has been made." What must be done is consider what the University will look like in the year 2000 or 2005, make that decision, and then work backwards--rather than decide how to distribute the shortfall for next year.
- The problem in part is the iceberg faculty and in part the iceberg Board of Regents. If one puts

out any plan for five years from now, either the faculty or Board will say "but you can't eliminate psychoceramics; if you just tinker with this and this and this, we can continue to have psychoceramics. All you have to do is cut Chemistry half a percent, and Law half a percent, and we get psychoceramics back! Isn't that nice!" The Board must be convinced of how essential it is to make choices; they do not understand that.

- In reflecting on the profession that the faculty have chosen, as a life's work, it is important to remember the distinction. The academy was accorded protective status a long time ago, for good reason. When faculty begin to play the market, they give up something. They can pursue the market, or they can stay where they are, in the search for truth and understanding--in which case, they are doing something different.

There was a paper some years on the service economy; it said that "we are living in a fundamentally defective economy." One would like to write another paper on "the survival of the research university in a defective economy," because that is the situation the University is in. "We are trying to solve a problem for our university when we're in a crazy economy." It is crazy in a number of ways: the Minnesota tax structure is chaotic, compared to other states and includes a series of incentives that produce the opposite of what is sought: earnings are taxed, rather than spending; investment is discouraged and speculation is promoted; worldwide competition in goods presses in on local companies, but there are local and national quasi-monopolies, with rigged prices and unearned money moving around without value being created. These are not fashionable subjects to study, so students do not learn them, and they are not part of the public discourse. Faculty members try to solve a problem for the University when they don't have a good understanding of the world within which they are trying to solve it.

There are things wrong with the financial industry, the government industry, with the educational industry. Sixty percent of the State of Minnesota's budget goes into K-12 education; when people come out of school and cannot read, cannot write, cannot learn, cannot take charge of their life, the question needs to be asked, "what are we getting for what we are paying?" Whether in insurance, law, education, real estate, all of the industries have elements that cry out for attention. Faculty/society cannot think clearly about the long-term health of research universities until they can understand how the political economy within which they function functions. Trade deficits and budget deficits and transfer payments that create their own political support so they cannot be gotten away from--this is all part of the environment in which the University operates. When faculty talk about "how can we support the Chemistry Department," the question is a good one, but cannot be answered unless one stands back and asks what's wrong with the system that it is part of. The University is about the only place that question will be asked.

One worries, listening to the discussion and as the Regents are approached, there must be a larger space within which University vitality gets placed. Maybe this is too hard; Regents are citizens and not supposed to be on top of all these things, but faculty are. Even as specialists, there must be room in the debate for those who can tie things together and ask the questions publicly. This is not helpful, but when one listens to talk about helping a department within a college within the University within the state, there is another storm going on that, unless it is

understood better, will thwart the University at every turn.

These things cannot all be fixed, but they must be understood, otherwise people will be constantly frustrated at their inability to accomplish what they are trying to do. The faculty must assume the responsibility for being the primary educators of the state--not just teaching kids in the classroom, it's telling the state about how the state works, and how within a larger context. No one else except the faculty know how, no one else has the standing, and it is being done. The point is that local concern has to be put within a context.

- Do not assume that the Regents will not approve change. They approved closing Waseca. They are not an obstacle. There is the notion that the University should educate everyone at no cost without anyone being prepared, but that can be overcome. The University has also done the easy things; Waseca was "easy" because it was self-contained and had been outflanked by educational developments and was not cost-effective. The same was true of other programs; they were obvious decisions. The plan in 1991 favored CLA and IT, and other programs were gutted; the decisions were undermined by later budget cuts.

The next round of decisions needs to be made, but the information needed is not coming through the planning process. There is no material to work with in the planning documents. Colleges must set priorities internally, because there is no college that can be disposed of. How can that point be reached? Cluster planning was an attempt, by broad areas. How can the faculty be engaged to help make the decisions? The President is not well-enough informed to make them, but may be forced to make draconian decisions. How does the appropriate restructuring get into the planning process, something that must occur within colleges as well as among them. The new provosts are to be a more focused way, within their clusters, to get priorities set. How does the University get to the kind of decision-making that decides if a department needs 23 or 15 faculty who are well supported?

- The process has in the past looked at organizations, but it has become political. The President cannot make those decisions, even based on information from the faculty, which must be another layer of frustration.

What is needed is another layer of information. There are perhaps college mergers that should occur; are they done on an ad hoc basis, or will there be a discussion to help understand the priorities in different parts of the University so that the structure can be adjusted accordingly?

- What follow-through takes place after planning? Who checks to see whether the plan was implemented? The annual budget review looks back at decisions, to see if changes were implemented. But the system isn't working; a way to make it work must be found, with faculty engaged in it. Without active faculty engagement in setting the agenda, in deciding where to make investments, it will be almost impossible to do.
- The planning process virtually guarantees the protection of vested interests, because the involvement of everyone in the process allows everyone to speak and make their case. The result is bound to be accommodation among all those vested interests. More likely it WILL BE an ad hoc process, if one is really going to identify the things that need to be done; forget about

the existing interests. One is ideologically sympathetic with this elaborate process in place, because it is the democratic way of doing things, but there is a limit to what can be accomplished democratically in crisis situations. If the University is in a crisis--one need not go all the way back to the Greeks to understand that crisis always involves suspending the normal democratic processes. There are different ways of doing it; some are better than others. But the process now invites the protection of vested interests.

Even a self-constituted ad hoc group of chairs that met with the President--although they believed they had support--felt great frustration. They had things they wanted to say, and want to say more. They are concerned about what will happen to their units and their college if things keep going the way they are; this ad hoc group is quite outside the planning process, and perhaps it must be. Where that leaves the President isn't clear, but there are limits to what he should expect the planning process to produce.

What is the analogy, inside the University, to what Congress did with the base-closing commission? The state is trying the same thing. Is this the same thing? It is similar; there is a commission outside the regular log-rolling process. The planning process has been a great frustration, however; maybe it is built in to it in a situation where one is asking people to agree to cut themselves.

Each unit could be asked to articulate its priorities and to justify why they have those priorities rather than a different set. That is different from asking them to make decisions about what to stop doing, and what other people should stop or start doing. The planning process can be good at studying one's own field, thinking about comparative advantage and the competition, and laying out priorities for ten or twenty years. But that's not making decisions about resource allocation.

"Every set of priorities will include your continued existence, and probably expansion. No matter how you look at it, it will include that. I cannot imagine a unit sitting down to set a priority that does not include their existence ten years from now."

- Everyone on the faculty is thinking that some must act, and they must act soon. Much has been heard about planning, and nothing changes, seemingly. A number of faculty went through the Campbell Committee experience; it was a wonderful committee in which people set aside their own interests and tried to do what the administration asked. They were bloodied for their work; some have not been forgiven to this day.

What is surprising is that the deans are not providing the central administration with the information that it needs. That is the function of a dean. If a dean cannot provide that information, cannot tell the administration what the priorities are, they should be fired. This is NOT a democratic process; it CANNOT be, for just the reasons that were identified.

- About the deans' role: they have been in a lot of meetings where they have been challenged to come up with priorities. Then they face the reality that 80% of a dean's budget is committed to tenured positions. Then one hears a wistful cry that managerial ability is needed to follow through on the priorities; the only way to follow through on many of them is by retirements and

departures.

That is why the units have to look five or ten years out; that is why one asks the question "what will this place look like in five or ten years." Not what it will look like next year; next year will look like last year.

That is the question that has been asked repeatedly; it is very hard to get answers.

Deans are asked that question for planning, on the one hand, and then are told that they have to make budget cuts in the next year--and they have to come out of retirements. The result is to eviscerate some of the programs that are strong, because those people cannot be replaced. One strong department could lose ten faculty in the next five years. What will happen? Will the plan drive decisions, or will the urgency of the budget dictate decisions?

Maybe there are things at the college level that need to be closed. It is hard to identify something beyond Waseca. MacPhail was closed; there has been dramatic reorganization of the medical practice plans, so there is hope that the University has the capability to make decisions. But they are of a level of sophistication, if the right intellectual agenda for the University is to be set, that one cannot sit in Morrill Hall and say this unit should be closed and funds taken from another, without doing damage to the institution. In terms of changing sizes, the blunt instrument is to make differential cuts in colleges and to have the Strategic Investment Pool to make investments. Where does the University go from here? This needs to be understood, so when provosts are given their marching orders, so they approach the questions. How can it be done more effectively? The willingness to make decisions is there; the problem is doing so without using a meat-axe approach.

- The planning documents always ask a department what it will do better. One department knows it is doing a good job, and that it will get smaller. But it cannot fire a faculty member, and when they lose one, they get no resources back. People are not thinking seriously about planning because there is no room to move and they get nothing back. If there is mention of cutting a field, it hurts the feelings of someone who will be there another 20 years, and they become bitter and dig in their heels, and become less effective. This is what is difficult in planning; a unit cannot be changed but it makes people say "if you think I'm dead wood now, wait until you see me next year!" And there are no salary raises, so that doesn't matter.

One hears this from deans over and over. They have five positions that should be cut, but they cannot be because the faculty members have tenure. One answer is that the positions have to be earmarked for cutting, even if it is five or ten or fifteen years later.

That is exactly what is needed; a strong dean and a provost who makes the dean make those decisions, so strong departments don't get cut and weak departments, if need be, are eliminated. The University HAS to make those decisions.

But it comes to budget time, and the cut has to be made THEN. The position you want to fill is the one on the table, and you can't get at the five positions that should be eliminated.

- What the President should do, or the provosts, although it should be University-wide by collective judgment, is this. Write every dean a letter saying that in 2000 or 2005 we anticipate you should be enrolling X number of undergraduates and Y number of graduate students, you should have a faculty of Z number, supported by W number of staff, and from these sources. It could be short; three pages. How would you accomplish this if tenure were not a problem? Until there is that kind of incentive, that kind of instruction, no dean in his or her right mind will talk about downsizing ANYTHING? They work within the constraints. The President will find out which ones will propose to cut everything 5% and which ones will identify the directions in which the unit should go.

Putting the numbers together will not be simple, but there have been attempts. This would be the next iteration of the process.

The second part is that the annual budget process then becomes somewhat different. The question is "are you making progress towards this goal?" It would not be the case that the letter is sent, the answer is sent back, and everything is settled. It will be an iterative process; people will scream and yell. Initially, it cannot be broad-based, although eventually it will have to be. Then the dean can start to say that "if this position becomes vacant, it will be discontinued. This department, if it drops below critical mass for a Ph.D. program, is not going to have a Ph.D. program any more." That may cause its critical mass to drop even more rapidly. "This department is going to be protected, no matter what." And so on. The deans need that encouragement.

What does it mean to say "if tenure were not a problem?" People always look at things and say "I've got five tenured professors and none of them will quit." Over a period of ten years, some of those tenured professors will be gone. Unless the problem is thought about without that constraint, it will not be what the University should be like, or what is wanted, but will be about what can be done. Figure out what we want, and then try to figure out how to get there.

In Germany there are lines labelled "KW." Professors are KW: *künftig wegfallen* ["in the future to be dispensed with"]. It means "your position has been terminated upon your retirement." People are told that. A lot of them retire quickly, because their institutes are dying. There are ways to make it more gentle. One doesn't want to be mean and cruel, but we also don't want to be mean and cruel to the rest of the University, which is what is happening now. There has to be a balance.

This does NOT mean declaring financial exigency. If planning continues to go year by year, people will continue to say "I am 92% tenured in and I can't do anything with my budget." If they have to eliminate two of three positions, the first two to go, go, and teaching loads and other things have to be reorganized.

- If one reflects on cynicism about planning, and not getting appropriate information from the deans, and looking ten years out, one must realize this is a complex institution. The University has suffered from a "transient administrator" problem recently; it is difficult to expect people in those positions to have the kind of organic knowledge of the institution and insight that is needed. This should also be considered.

- The year 2005 has been mentioned. Why not start sooner, and look for milestones over the ten years? Based on where the projections take a unit, make predictions, so it doesn't have to be waited for? There should be; the projection should be for ten years, and then back up to how to get there. That was the idea of U2000--consider what it would look like in the year 2000. It has been difficult, in part because of the cash flow problem and the need to set a budget every year. The University should not shy away from earmarking positions that will be terminated when the occupant resigns or retires.
- Certainly tenure is an issue, even though faculty shudder to think about it. It is changing philosophically, and people have to think about what tenure policies are going to be and at what level tenure will be granted, if at all.

Without declaring financial exigency, does not the administration have the right to deploy faculty as it sees fit? What are the restrictions? Reasonableness. In the Waseca situation, the administration bent over backwards to be more than reasonable and not to be directive. To some extent--one understands the temper of the times, and political necessity--but the University could have been more aggressive about reassignments.

If in a department one area were a dead end, and faculty lines were labelled KW: faculty are smart and have pride and want to be useful; why would not the administration explain the situation and tell the faculty that they will be mostly teaching, and mostly introductory courses, because the upper division and graduate courses will not be offered any more. Or move the faculty to another unit and teach the field. Does the administration have the right to do that?

The administration even has the right to assign a faculty member to a contract-out position; the person will teach at Metro State. Or even Utah, if the travel expense problem were addressed.

- About the transience of leadership: faculty are here on a long-term basis, and most academic administrators are here for a short while. When there is an institutional mission, with the faculty doing what they're doing and the administration coming and going, it's very hard to keep the eyes on the targets and heading in the right direction. Faculty have grown up in a time when careers for administrators have taken a different turn; the Frank Sorauf model, of doing the stint and then returning to the class or lab, has disappeared.

Another issue has to do with orientation of people, orientation to the institutional mission and how it gets translated down the line right to the person being paid to be a professor. Why cannot the University manage its resources better when its resources are the people? The tenured faculty. When there are 2-3-4 people in a unit who meet their classes but who haven't published anything in 5 or 6 years and whose research programs are dead, anyone walking in off the street would say that such people in a research university are only earning half their pay; what are you going to do about it? "We act as though we don't have any options." If department heads don't feel authorized or empowered to be directive, or they don't know how to do it, then they don't do anything. Which in effect means that the person not doing the job is authorized to not do their job. When they bellyache they haven't had a pay raise to match inflation, the morale factor starts eating away in a way that their professional self-esteem has

already been eaten away, because they're not doing anything. "People who aren't delivering the goods know it!" What they sometimes want is someone to throw them a life preserver so they can redirect some of their talent and energy. Anyone who's been here 15 or 20 years has talent; it's a question of bringing it to life. Tenure and academic freedom do not include the right not to do your job. That is worth thinking about.

In a period of declining resources, things then get lined up. One, the need to stabilize the leadership so everyone is working on the same plan. The second is to be certain that everyone on the staff is doing what they're paid to do. In both areas, there is room for improvement.

What's the cure? Mid-career help. Some go to seed in mid-career; some go on forever. But this is a personnel management/human resource issue the University does not know how to tackle, because so much of the thinking about universities was formed in the 1960s, even though it is inappropriate.

There have been a number of reports on how to revitalize the faculty, most recently the Swan Committee report [1987]; no one has done anything. Not one thing. This University, more than any outfit, including other institutions of higher education, is more cavalier about its personnel, in particular faculty, than any other. There is no other word than cavalier, for where 90% of the money goes. The University IS the faculty, but the University does not act that way. Look at the personnel policies. This is an overall University problem, not just a college or unit problem. Who cares about the faculty? It is not the deans' job anymore.

This group has had the department discussion; there is also need for a deans discussion. The University is made up of a series of units that do the work, that employ decent people.

- The departments have tremendous capability to improve the environment for faculty, and to motivate them, and in ways that don't always require money. It is not fair to lay everything on the deans.

This depends a lot on the head/chair distinction.

In one department, the faculty are used very efficiently; it is hard to IMAGINE not using faculty talents, although it probably occurs. But providing incentives is another matter, in these times. In one case, the head cancelled all (4) single-quarter leaves for faculty in the department after learning what the budget would be, because the department simply could not afford to have anyone gone. All of the sabbaticals were well-deserved; the cancellation obviously contributes to a morale problem.

- There is a practical problem in figuring out where one wants the University to be in five or ten years: one needs to project the resources it will have, which is really tough. Does one extrapolate 2% budget cuts for ten years, and plan a University that has 20% less resources? Maybe that's realistic. It is wise to have plans, perhaps, that bracket a range of outcomes.

In the short term, what is essential to making sure that plans formulated can be accomplished is that there must be more flexibility built into the budget each year. The President wrote an open

letter to the University last year which was splendid; it emphasized heavily investments that would be made. If anything like that had happened, perhaps the planning would have been relevant. In the current context, it is NOT relevant. Even in the current context, if additional reallocations had occurred, then deans who now have no flexibility might have had some--if there had simply been a larger amount of reallocation.

- On the question of U2000 and why faculty don't know about it. There are a lot of papers about it, but faculty receive stacks of paper every day. To get them behind it and helping in planning, they have to understand it better. There was hope when everyone received the posters; upon opening it, there was the phrase U2000--and the only other word one remembers is "customer"! It didn't say anything at all. It would be helpful to know, in one sheet, what U2000 is--increase the quality of undergraduate education, and how; a better registration system, no lines, money reallocated for this and that. Money has been taken from departments that has hurt what they do; some of the places it's been reallocated to are fly-by-night centers that actually got funded on short notice. Some had been on the shelf and were worthy; others got it because they asked. The University has done a good marketing job outside, but has not targeted the highly intelligent, involved audience that has to carry it out. The faculty don't understand where they're going.
- The University needs a lot more meetings like this and a lot fewer committee meetings, with communications of all kinds, from the DAILY to other things, that leave people cynical and skeptical about what's going on. If there is someplace to start, it's with communications. The University suffers from the fact that no one knows about much that it does, or believes it.

This comes back to the issue of being so attentive to dealing with next year's budget that people forget what the roadmap is. What has happened--if the same planning had been done 10 years, and the University done the same things, it would have been a roaring success. The reason is that the University would not have been dealing cuts, but with reshaping the institution. The struggle has been, not that there was no plan--there is, and millions of dollars have been moved around the University--but that next year's budget had to be made, rather than seeing what was done. The cuts would have been larger had the plan not been in place. There probably is a need for a fact sheet about the differential cuts and distributions to some units; that needs to be made clear.

- The University is not equal in terms of how people are treated. There are units that have done a very good job in dealing with human resources issues and making investments. There must be serious reconsideration at what is considered to be a department or even a college, when it is too small, given the resource limitations. Another problem is all the regulations everyone hears about; if the administrative units are so small they cannot deal with them, the University will again be in trouble.
- The University has to do something about decreasing salaries. If there are limited resources, it cannot continue to move people up the scale and they die on the vine. Money must be taken away from them. In times of limited resources, there must be a more creative way of rewarding those who are performing. One suggestion has been an agreement between the University and its employees about a base salary level, and that everything on top of that is considered to be

flexible? This is a part of the context. There are limitations because of tenure, and the University must live with those, but it need not live with the salary problems it has--going up but never coming down. This will take strong leadership by the faculty, around the campus; it cannot originate in Morrill Hall. That is the quickest way for it to fail.

- There is not one positive experience associated with terminated positions. Every position terminated in some units led to a disgruntled faculty member who refused to retire. Something needs to be done; maybe there is something to be borrowed from the German model.

The place to start with the base level approach is the unionized faculty at Duluth; if it can't be obtained there, it won't happen elsewhere, because the rest of the faculty will not be treated worse than the unionized faculty.

It will be important to make the same provision for administrators as well.

There has been a suggestion in the last couple of months that it be easier to appoint people on a continuing basis to teach. One unit relies on long-term, part-time contract lecturers who do a wonderful job and are cost-effective. Some would say that's a way to get rid of faculty; one can also look at it as an effective use of resources in accomplishing the mission of the University. What has also come up is the idea that some senior faculty would like to be less than full time, but that is hard to do here but keep the things one needs to do one's work. The present consulting rules make it difficult to be 50%, with the office and lab and 50% salary, with the freedom to do other things except through extraordinary arrangements--and even then not easy.

The rigidity of the University has several sides. It is not just a matter of cutting someone's salary; the point is to use resources more effectively. One way to do so is re-deploy the person; another is to rearrange the appointment. Yet another is to reduce the appointment so the person is free to do other things. If there were a menu of possibilities for flexible use of resources, protect tenure, and give people freedom to do the work. The 50% appointment is a great idea; it is not possible at the University.

This also gets into fringes and consulting, that have to be addressed. It is also hard to do 50% when the University is on a quarter system. Some faculty would rather not be here in the winter.

This suggests the University should get its own health plan. It also speaks to deans paying attention to use of resources in their unit; they don't have as many levers as they need to get the job done. Department heads don't feel they have the opportunity to manage resources in a flexible way to get the job done.

All of this is consistent with Responsibility Center Management. But RCM cannot be implemented without doing something with administrative structures, with orientation and training that are needed for long-term successful headship of colleges and departments.

- Benchmarks are being developed for various aspects of institutional performance. They may have to be developed at the department level as well. It is obvious that the University is living

in an era of accountability like it has never been in before. Many legislatures have gotten deeply involved into faculty workload; some have laid down mandates.

- When the NSF and NIH were created after WWII, they opened up a lot of opportunities for entrepreneurship of the faculty. Those streams of funds will be contracting. When those streams came on line, centralized support was put in place at research universities for faculty to compete for those funds; that made it easy, because one knew where they were and got an RFP. Now there are all sorts of opportunities for using new technologies to deliver instruction in a more effective way and to do all kinds of things; it would be worth thinking about providing analogous structures to support the creativity of the faculty to respond to those opportunities-- rather than the administrators thinking them through and tell them to the faculty. A seed money fund for delivering cost effective instruction, to be administered like NSF and NIH, which made the decision they would NOT fund institutions, but the strongest individual or research teams. This new private environment will not fund institutions or departments; it will fund the most creative entrepreneurs. The University needs to figure out how to support faculty.
- It is absolutely the wrong direction to go to hire non-research faculty to teach courses. That turns the University de facto into a community college. It is tempting in departments where enrollments are increasing every year and it is difficult to cover courses with regular faculty. But that would dilute the research mission of the University; if done large scale, it would be a step in the wrong direction in terms of maintaining the University's viability as a research university. Teaching-only faculty would only contribute to one mission; if the University has a strength, it is maintaining itself as a research university and putting research-active faculty in front of students, letting them benefit from that, and making the case that they DO benefit.

This could play out in different ways in different fields. In some, it might make sense to have hard money for post-doctoral instructors for a year or two; someone qualified to be appointed at Wisconsin is probably good enough to spend their first year post-Ph.D. to teach at Minnesota. Use of non-professors could be useful in other areas, such as foreign languages; the University shouldn't pay full professors to teach French 1.

- The theme seems to be how the University will survive as a research university, which isn't very healthy. If there is to be change, the support of the constituents of the state of Minnesota are needed. It isn't clear that the people of Minnesota really care about research, unless it affects them personally. But they will support teaching; they care a lot about it. Anything to build support for change, and for the University to continue to flourish, will mean strong support for teaching, in a visible way. The University has to know what its constituents support; that isn't clear.

Those are not the only alternatives. If presented as a place where all these wonderful things are happening, there is great support. "Research university" is a term of description, not the way to gain support. There is a diffuse understanding of what the faculty do and why people support it.

- The operating reality, at the department level, is ENORMOUS uncertainty; there is so much uncertainty that a defensive, hunkering-down mentality is almost the only sensible thing to do,

even with the best will in the world. Not only do they not know what will happen, they do not know where the decisions will be made--which also produces uncertainty. Decisions are needed soon, to get out of this situation. Departments would like to help out, but the uncertainty prevents it. Morale will continue to decline if decisions are not made soon.

-- Gary Engstrand

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