Minutes[*]

Senate Committee on Finance and Planning
Tuesday, May 6, 1997
3:15 - 5:00
Room 315 Coffman Union

Present: Peter Robinson (chair pro tem), Thora Cartlidge, Jason Frick, David Hamilton, Gerald Klement, Gary Malzer, Catherine French, Charles Speaks, Craig Swan, James VanAlstine

Regrets: Fred Morrison, Benjamin Senauer

Absent: Robert Kvavik, Patricia Ferrieri, Richard Pfutzenreuter

Guests: Vice President Mark Brenner, Associate Dean George Green (Office of the Vice President for Research and Dean of the Graduate School), Tom Gilson (Office of Planning and Analysis); Assistant Vice President Paul Tschida, Mark Cox, Dennis Miller (Parking and Transportation); Professor Laura Koch (Senate Committee on Educational Policy)

[In these minutes: IMG oversight subcommittee; graduate assistant tuition and fringe benefits; parking rates]

1. IMG Oversight Subcommittee

Professor Robinson convened the meeting at 3:15 and asked Committee members to review the proposal for an IMG oversight subcommittee, to be jointly appointed with the Committee on Educational Policy.

The subcommittee is to focus on modifications of IMG that may be necessary and to oversee implementation of IMG, Professor French explained.

Committee members offered several comments:

-- The subcommittee is too large; it should consist of no more than 10 members.

-- Rather than seek representation for colleges or groups of colleges, the best people for the job should be identified, and let representation fall where it may. This is a task that will require considerable expertise and time, and there may not be that many faculty willing and able to serve on such a body.

-- The charge should be general, with a list of specifics provided to the subcommittee for its information and guidance. The language suggests the subcommittee will deal with initial problems

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as well as longer-term oversight, so it will be required to be a standing subcommittee.

-- There should be a representative of Finance and Operations on the subcommittee.

After taking up graduate assistant tuition benefits and parking rates, the Committee later returned to the subject of the IMG oversight subcommittee; Professor Koch had joined the meeting and participated in the discussion, inasmuch as it was she and Professor French who formulated the recommendation.

Professor Robinson reviewed the concerns that had been expressed by Committee members earlier in the meeting. The Committee discussed the role that the oversight subcommittee would play; Professor Koch suggested that if it identified an educational policy problem, it should make recommendations to the Committee on Educational Policy. There appeared to be agreement among Committee members that the oversight subcommittee should make recommendations on policy to the parent committees (primarily Educational Policy and Finance and Planning), which would in turn go to the Senate; it should make recommendations to the administration on problems that were not issues of policy. The subcommittee itself would not take ACTION; action would come from the Committees or the administration.

It was agreed that the language establishing the subcommittee would be revised in light of the discussion and brought back for final action at the next meeting.

2. Graduate Assistant Tuition Benefits

Professor Robinson now welcomed Drs. Brenner, Gilson, and Green to the meeting to discuss graduate assistant tuition benefits. He noted that there had been a set of email exchanges between Professor Swan and Dr. Green, so asked Professor Swan to lead the discussion.

Professor Swan said he had discussed the issues with Dr. Gilson, and while he thought he understood what had happened, he did not like it and believed there are broader institutional issues that are unresolved. He reviewed with the Committee his understanding of the impact of the proposed changes in rates on his department, as an example. It is still unclear whether the colleges will receive insufficient funds to deal with the change to direct hourly charges. Professor Swan also expressed his concern that the cumulative impact of recent decisions has had a severe negative impact on graduate education.

Professor Swan itemized a number of points with respect to graduate assistant fringe benefits related to the hourly rates they are paid, the fringe benefit rate increase needed to recover funds for a deficit, the impact of increased graduate tuition, the impact of the change in the tuition band from 12 to 14 credits, and the impact on departments. One significant question is who is benefiting from the increase in the tuition band from 12 to 14 credits? How many students in doctoral programs can take more than 12 credits while holding a 50% time assistantship? Another question is whether, under IMG, the colleges will receive back the tuition increases. Professor Swan expressed his frustration that there has been inadequate communication on these points.

Dr. Green responded to several of the points that Professor Swan raised, noting that the hourly rate paid graduate assistants will depend on the mix of assistants, since the 1-credit doctoral candidates (post-prelims) are paid much less. Changes have also been made in summer session so that there are new job classes that carry reduced fringe charges (i.e., for students who are not taking classes in the summer); these classes should result in major savings for year-round employees.

The attractiveness of hiring doctoral candidates will provide an incentive to departments to hire advanced (post-prelim) graduate students rather than second- or third-year students based on finances rather than intellectual grounds; it is not clear this is wise, Professor Swan objected. And the changes in summer support do not benefit departments which do not have 12-month graduate assistant appointments.

Dr. Brenner told the Committee his highest priority is obtaining more fellowship money for the Graduate School; this is an item in the biennial request that has been favorably received. This solution is longer-term, Dr. Green observed; the changes being discussed are a series of one-time changes that do not compensate for rising tuition.

Dr. Brenner also pointed out that they learned from many quarters that the 12-credit limit on the tuition band was too low, and that it was distorting behavior. Graduate seminars or offerings were not being offered for credit, and faculty teaching not counted, so that students could stay within the 12-credit limit; that leads to under-reporting of faculty effort and student credit hours, which harms the institution. Dr. Green added that this was occurring with CLA and IT doctoral programs and across the University. Dr. Brenner added that while it is common for AAU schools to have a cap, there is no common cap.

As for the appearance of a deficit in the fringe pool again, Dr. Green said the rates have been structured so there should NOT be a deficit in the future; the structure of the rates is such that there could be a small surplus (having to do with employees hired for more than 50% time or less than 25%). Committee members took issue with practices that mean charging departments even when a student may not have to pay the fringe benefit; Dr. Green explained that they were limited by the technology of the human resources and student systems, and that the problem will be solved, it is to be hoped, by the conversion to the new computing systems now being installed. The current proposals are a two-year fix, Dr. Brenner said; when the new human resources system is in place, they will be able to charge more precisely. They are, Dr. Green assured the Committee, working VERY hard to ensure that the system is designed to permit more refined charging for fringe benefits.

Asked about practices for calculating fringe benefits elsewhere, Dr. Brenner said it is done in a variety of ways and there is no simple approach. Minnesota is one of three that uses a percentage; some put all the responsibility on the student by paying higher rates (thus subjecting the income to taxes). Asked why fringe benefit rates are lower elsewhere, Dr. Brenner said it may be that they are centrally funded; Dr. Green said that accurate calculation of the rates often involves adding together different numbers to get parallel results. In looking at data which more accurately assesses charges at peer institutions, it becomes apparent that Minnesota is about in the middle; it is fourth in the Big Ten in the rates it charges.

In response to a question, Dr. Brenner said the Graduate School believes the policy of permitting graduate tuition to float upwards must be reversed; the University will price itself out of the market and make it hard for investigators to use graduate students on research grants. The system has been self-sustaining; the question is how to fix it. One possibility suggested has been decoupling appointments and tuition remission; another is to obtain more money for fellowships. At least two institutions are considering campaigns to raise money (as much as $200 million at Stanford) for graduate fellowships;

Minnesota should consider doing the same thing.

Professor Robinson thanked Drs. Brenner, Gilson, and Green for joining the meeting.

3. Parking

Professor Robinson next welcomed Assistant Vice President Tschida to discuss parking budget and parking rates. Mr. Tschida, in turn, introduced Mark Cox and Dennis Miller, two staff members in his department.

Mr. Tschida noted that in the campus master plan there is a call for less reliance on automobiles and a reduction in parking. At a conference in November, with representatives from on and off campus, there was discussion of parking needs and transit for the next 15 years; the conclusion was that there is likely to be no significant difference in the demand for parking.

Another factor affecting their budget is the gradual loss of surface parking (CSOM, the St. Paul gym, and the Gateway center will reduce the number of spaces by nearly 1000). The campus master plan calls for perimeter parking, but there is no space available. If those spaces are to be replaced, it must be through ramps. The cost of surface spots is about $1000 each; ramps cost about $10,000 per space and garages cost about $20,000 per space. They know, Mr. Tschida said, that they will have increased debt reduction costs in the future, and they already owe the central reserves about $4 million.

Committee members reviewed a table of parking rates, showing no increases as well as increases of 2.5% and 5%, and offered observations about how the presentation should be changed.

Asked how it would be decided which plan would be adopted, Mr. Tschida said that Senior Vice President Jackson makes the final decision. They would prefer 5% increases, but the views of the Committee will influence what is finally decided.

One Committee member inquired about the current indebtedness of parking, and noted that parking had bought things for the University that were unrelated to parking. Parking had born costs associated with the child care center, the art museum, the running track, and the CSOM loading dock. Those decisions, Mr. Tschida noted, were not made by parking. Mr. Miller noted that parking also contributes money to transit costs, which is non-parking; Committee members, however, suggested that transfer is appropriate while the others were not.

Mr. Miller noted that the cost to parking of the CSOM loading dock was $2.3 million. Mr. Cox recalled that that decision was not popular in parking; one Committee member added tartly that it was not popular with this Committee, either, especially when the expenditure was misrepresented to the Committee. The money was spent because there was a suggestion that CSOM might have an underground garage, even though parking thought the project would not be a wise use of money, given the expense and the relatively few number of spaces created. The garage was not built, but Senior Vice President Erickson said the connections should be built so that IF a garage were to be constructed, $1 million would be saved. The connections were in the same place as the loading dock for CSOM, so parking paid $2.3 million.

One Committee member said that since parking money has been spent for other purposes, there is a basis for adjusting the existing debt parking owes to the central reserves. Mr. Cox responded that parking has made that argument, and been told that there were not enough O&M funds to accommodate it.

This is in part symptomatic of the problem that the University has no transportation policy that could guide how funds are used, Mr. Tschida said.

One Committee member commented that one hears that University parking rates should equal those of downtown Minneapolis. Information provided by another Committee member on rates charged various employees (the Federal Reserve Bank, St. Thomas, the Star-Tribune, the State Capitol, and Metro State) suggests that the University's rates are HIGHER than elsewhere. For example, downtown rates are said to be $1200 per year; Metro State has a deal that provides ramp privileges for employees at $522. It was suggested that the comparison provided by parking was akin to using a rate for individual health insurance rather than an employee's group rate. Any rate comparison should be based on those paid by employees, not someone driving off the street into a spot.

When compared to transit costs, the drive and park alternative should include not just the cost of parking but also the wear and tear of driving. Including mileage, parking is not under-priced compared to bus fare costs; using the University/IRS mileage figures, and calculating the cost per day of a contract, the full cost of an eight-mile round trip (driving plus parking) to the University ranges from $4.08 to $5.64, depending on whether one parks in a lot, ramp, or garage. Previous information provided to the Committee on this point has been misleading. Mr. Tschida said this was helpful information.

One Committee member maintained that if funds have been diverted from parking for other purposes, the result has been an indirect tax on faculty, staff, and students to support other University activities. At the same time, there have not been salary increases anywhere near the same level as parking rate increases in recent years. Rates have increased 50% while salaries have increased about 10-12%. Mr. Cox said they understand this concern, and that a policy would be helpful; there are a lot of ideas on rate plans and what they should cover.

One Committee member suggested that one future agenda item be a long-term transportation policy. It was suggested that the Facilities Management Subcommittee, now responsible for support services generally, first take up this issue.

The Committee then took up a motion that had been distributed earlier by Professor Morrison. It was moved and seconded, and one Committee member then promptly offered an amendment that the Committee recommend no parking rate increase for next year. Committee members accepted the amendment without hesitation; one observed that it must be made clear to Senior Vice President Jackson that it ill-serves the University to siphon off parking revenues for other purposes. Another Committee member noted that Finance and Operations does this routinely; the Donhowe building and the FMC building were both paid for out of internal funds (i.e., an implicit tax on other parts of the University).

The resolution was then adopted unanimously with no additional discussion. It was suggested that the resolution be sent to President-elect Yudof, as well as Senior Vice President Jackson, along with documentation of the fact that this has been a recurring problem for the Committee.

STATEMENT ON PARKING RATES

Senate Committee on Finance and Planning

The Senate Committee on Finance and Planning has reviewed the information regarding parking rates. It makes the following observations:

1. Parking revenues should be used only for parking and transportation purposes. Neither transportation revenues nor indebtedness should be used to support other activities. Parking Services should not contribute to the construction of new garage spaces at a rate in excess of the rate for construction of ramp spaces. Parking Services should not subsidize new buildings.

2. Parking Services should not become involved in financing any parking facilities in connection with the Gateway Project. This has two aspects:

a. To the extent that parking spaces are "lost" to the Gateway project, the Gateway project should build equivalent alternative spaces at no cost to Parking Services, to be returned to the Parking Services inventory of spaces.

b. To the extent that the Gateway project requires additional spaces, it should build and operate those spaces itself.

More simply put: the Gateway project should bear its own costs, including both the cost of replacing the stadium site parking and the cost of any additional parking that the Gateway Center wishes. Parking Services should not be subsidizing the Gateway project.

3. Transit service subsidies are a sound investment, eliminating the need for yet more parking spaces on campus. The subsidy is roughly equivalent to the cost of adding only 35 more ramp spaces; discontinuation of the bus service would cause far more than 35 additional cars to need parking on campus. Transit service subsidies should continue.

4. Comparisons with "downtown Minneapolis" parking rates are inappropriate. The University is not "downtown"; and does not have the same alternative transportation resources. It is also not exclusively in Minneapolis, but also operates in St. Paul.

5. The Committee recommends that there be zero increases in parking rates for next year.

Following a wrap-up of the IMG subcommittee issue, Professor Robinson adjourned the meeting at 5:00.

-- Gary Engstrand