

Minutes*

Senate Committee on Finance and Planning
Tuesday, January 21, 2003
2:15 - 4:00
238A Morrill Hall

Present: Charles Speaks (chair), Prince Amattoe, Jean Bauer, Stanley Bonnema, Bruce Brorson, Charles Campbell, David Chapman, Gary Jahn, Abu Jalal, Cynthia Jara, Thomas Klein, Joseph Konstan, Michael Korth, Brittany McCarthy Barnes, Kathleen O'Brien, Richard Pfutzenreuter, Sue Van Voorhis, Warren Warwick, Susan Carlson Weinberg, Michael Volna

Absent: Tim Church, Robert Cudeck, Tom Gilson, Marvin Marshak, Tim Nantell, Daniel O'Connor

Guests: Steve Fitzgerald (Office of Classroom Management); Assistant Vice President George Aylward (Campus Health and Safety)

[In these minutes: (1) statement on funding for classroom upgrades; (2) reporting and recording reserves in colleges and departments; (3) emergency preparedness plan; (4) the budget situation]

1. Statement on Funding for Classroom Upgrades

Professor Speaks convened the meeting at 2:20 and welcomed Mr. Fitzgerald to discuss classroom upgrades.

Mr. Fitzgerald distributed three handouts containing information on classrooms and the technology upgrade plans. He said that support from this Committee and the Committee on Educational Policy were important. Mr. Fitzgerald noted two graphs and two tables that described the progress in upgrading classrooms; while implementing the plans has slipped by about a year, upgrade work continues. It is expected that about 30 additional classrooms will be completed next summer; the objective this year is also to bring up to standard some 46 classrooms that are only partially equipped.

The funding plan is built on two primary points. First, when a building is built or renovated, classrooms in those buildings are brought on line meeting the technology standards. Second, they have developed a series of system-wide capital improvement plans with funding allocated by campus; the University requested \$4 million from the legislature last year but received only \$2 million. As a result, the planned completion of the technology upgrades has slipped from 2003-04 to 2004-05. Mr. Fitzgerald confirmed that classroom upgrades are now a part of project costs for new or renovated buildings, although they were not in the past.

Mr. Fitzgerald then briefly reviewed data his office assembled concerning recurring annual life-cycle costs for classrooms, on a per-square-foot basis, per room, per seat, per student, and total for the campus. The total cost per year is \$4.87 million, of which the University is now spending about \$1 million per year. At present the University is spending about \$400-600,000 per year in one-time funds to

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upgrade classrooms. At some point these expenses should be for maintenance, Professor Konstan observed, but even if the University upgraded all the central classrooms it is not providing enough money to keep them maintained. The funding for classrooms is consistently one-time funds, Mr. Pfutzenreuter reported. Ms. VanVoorhis said that the administration transfers funds to her office, which are then used for classroom improvements. Mr. Fitzgerald recalled that the Rosenstone Budget Management Task Force cited the libraries and classrooms as the two major unfunded public goods at the University.

Even though budget problems loom large, Professor Speaks said, the Committee has in the past twice adopted statements urging funding for classroom upgrades. Mr. Fitzgerald provided a draft, he pointed out; he asked Committee members to review it and make comments or suggestions; the statement will be on the agenda of the next meeting. He thanked Mr. Fitzgerald for joining the meeting.

2. Reporting and Recording Reserves

Professor Speaks turned next to Messrs. Pfutzenreuter and Volna to discuss the issue of identifying and labeling reserves held by colleges and departments.

Mr. Pfutzenreuter reported that last week he and Executive Vice President Maziar were at the legislature explaining how the University would manage the proposed cut in its budget. The first question in both the House and the Senate was "how much are your reserves?" The legislature sees huge reserves; he said he explained that the annual financial statement, which identifies the reserves, is not the right way to look at reserves. The annual financial statement includes all the University's assets, including land, corn at Experiment Stations, horses, dental chairs, etc.; the liabilities include fringe benefits, etc. The balance remains, some of which funds are restricted (e.g., by donor, by law) and some of which are not. He said he told the legislature the University has 41,000 separate accounts, each with a balance; he was asked to query what the balances are for. Dr. Maziar sent a memo to chancellors, vice presidents, and deans asking for the information. The information will be compiled and used in the discussions of the next round of budget cuts.

In general, Mr. Pfutzenreuter said, he does not believe the University has been treated unfairly by the Governor or legislature. The Governor gave the University high marks for management, but since the information on balances gained attention, the University needs to provide what has been requested.

Professor Speaks observed that the budget cuts are in recurring funds; the balances are non-recurring. What is the connection between them, he asked? There is none, Mr. Pfutzenreuter said.

Professor Campbell recalled that Mr. Pfutzenreuter had said, at previous meetings, that the balances in the colleges were increasing. What about for the entire University? Mr. Pfutzenreuter said that balances have increased every year he has been at the University (since 1992) and he surmised that they would be up again at the end of this year. With budget cuts coming, however, it is conceivable that the amounts in balances could level off after this year. But there are "structural positive balances" in some units. The administration has encouraged some accumulation of balances and the funds are spread broadly across departments, not in central or decanal offices.

Would it be possible with a new financial system (that the University cannot afford) to identify funds in the kinds of categories that have been requested, Professor Konstan inquired? That would preclude the need to report each year on balances; accounts could be designated. Mr. Pfutzenreuter said

he was not sure how this could be accomplished in the accounting system; there would still be a need to close to the bottom line. Professor Konstan said it should be possible. The balances sound like large numbers until they are broken down into the purposes for which they have been put away. The problem is identifying a responsible level of reserves per faculty member each year, for example. Without a certain level of reserves for faculty, they cannot do their jobs. If the balances were broken down on a per-student or per-faculty member, they would not seem so large.

Professor Campbell recalled that both he and Mr. Pfutzenreuter were on the Budget Management Task Force that Dean Rosenstone chaired. One of the things the task force worried about was balances: in the pyramidal structure of University budgets, often units worry about the same things and put aside money for those things rather than spending it usefully (so a faculty member, a department, a college, and perhaps other units put away money for the same purposes). Now the University could pay a penalty for not eliminating duplicate savings. Perhaps the funds could be used instead of saving so much. That is a strong cultural issue, Mr. Pfutzenreuter said; is it also a cultural issue at other institutions, Professor Campbell asked? The question was not answered. Professor Konstan, however, said that faculty and departments do not save for the same things; the faculty members saves for research while the department saves for teaching assistants.

The Committee discussed reserves and the effect they could have on the University's budget situation for some while; there were no conclusions reached.

3. Emergency Preparedness Plan

Professor Speaks now welcomed Vice President O'Brien and Interim Assistant Vice President Aylward to the meeting.

Vice President O'Brien said she wished to provide an update on the University's Emergency Preparedness planning and wanted guidance from the Committee on where she should present the full report in the spring.

The University needs an emergency plan for each campus and each facility. As the land-grant university, it also has a role to play in helping the state respond to emergencies (e.g., chemicals). As Vice President for University Services, it is her responsibility to ensure that the campus is safe; she also serves as "officer of the day" if there is a campus disaster. Mr. Aylward is interim director of public safety; both he and she are trained in emergency preparedness (and both have participated in such efforts at the federal level).

There are three areas to think about in terms of emergency preparedness: preparation to try to ensure that there are no emergency events; management of an event; and recovery and continuity. They have been focusing on the effort to be prepared; the University, like most such institutions, operated in an open society and did not pay too much attention to the security of facilities. It has now been doing so and is near approving an emergency plan. There has also been some progress on continuity; of 15 critical functions for continuity, 11 have plans in place and the other 4 will shortly.

Along with the institutional planning, Senior Vice President Cerra has led a substantial effort in the Academic Health Center, especially with respect to high-risk labs. The AHC has also worked with other health care facilities in the state and metro area.

Is the planning emergency-specific or global, Professor Speak asked? The industry standard is an all-hazard incident command process, Vice President O'Brien said, a standard that came out of the fire service and spread to other organizations. It is helpful if all are trained in the same way so that people working in an emergency have the same information and language. The range of events goes from a heart attack to a gas leak to heat out in a dorm to something much worse.

Asked about the University's role in the state or metropolitan area, Ms. O'Brien said that state planning is through a state office and county planning is through a county office. To the extent University resources would be needed, they would be requested through those offices. There could be a problem if there were a war; many officers, firefighters, and medical personnel are in the reserves so there could be a shortage of needed personnel at home. There have been discussions about this at the federal level and there has been training of volunteers and retired nurses as back-up.

Mr. Aylward explained that security efforts, fragmented up until the events of September 11, 2001, have been consolidated into one department. He distributed a handout showing what security projects have been completed since July, 2002, what remains to be done, and what the costs of the projects are/were. He also provided a list of projects for 2003-04, the total cost of which is \$2,289,000. The Academic Health Center and the St. Paul campus have additional plans. Mr. Aylward also handed out a list of security design criteria for facilities (there are three levels of security, ranging from standard to much higher levels). Some of the video surveillance now is recorded; they intend to beef up live, 24-hour monitoring.

Asked if they had any sense where these security expenses would rank in University priorities if there are budget cuts, Ms. O'Brien said they are trying to establish a logical way to fund the projects so they have developed standards (e.g., what should the University pay, what should a sponsored research project pay). They are also developing standards to guide in allocating responsibility between the unit and the central offices for security of a facility; in the past, those decisions have been made on an ad hoc basis.

The cost of security in facilities should be connected to the University's negotiations with the federal government to set indirect (facilities and administrative) cost rates, Professor Konstan said. Ms. O'Brien said that Senior Vice President Cerra is on a federal panel on this issue and is positioned to raise the issue.

If the one-time costs for security are incurred, what are the annual operating and depreciation costs for replacing the security equipment, Professor Speaks asked? Ms. O'Brien said they do not know now; they are just getting into examining such questions.

Are these security enhancements being installed because of an external mandate or is this an internal decision, Professor Jahn asked? The President mandated the increased security after September 11, 2001, Mr. Pfitzenreuter said. The steps being taken, however, are not just a reaction to September 11, Ms. O'Brien added; the University needs to be prudent in what it does. The University's actions are also linked to federal law, Mr. Aylward observed.

How is it decided which labs are of most concern, Professor Campbell asked? Mr. Aylward said that decision is made by Mr. Bianco in conjunction with Environmental Health and Safety; they have

developed a list that they are working through. Professor Campbell suggested that they survey department heads; it would be hard for a central office to know what resides in department labs. Ms. O'Brien said that the Environmental Health and Safety survey of select substances, required by the USA PATRIOT Act, systemically surveyed all the all the labs.

Professor Konstan suggested that there are two elements in assessing risk: the attractiveness of the target and the actual damage that could be caused. There should be a priority between monetary loss and the actual threat to human life. Vice President O'Brien agreed, and said that threat to human life comes first.

Professor Speaks inquired how far the Committee wished to take this item. President Yudof made security a priority. The Committee has no basis on which to argue about the projected costs of the projects or how the administration sets the priorities for them. How much of a system can the University afford in difficult financial times? One conversation the Committee could have that would be helpful, Professor Konstan responded, is about whose responsibility it is to pay for local security. Are they direct costs? Is it a unit responsibility? Are these costs taken into account if an animal lab or computer facility is installed? It is cheap to do the things that are small; the important security items are expensive. In terms of research, the Senate Research Committee might better be able to look at the list and make an assessment.

Professor Campbell agreed that it would be useful to know the annual operating costs of security equipment. He also said it is important that the administration consult with the deans. He said he appreciated being able to see the information and that consultation is important; he said also that distribution of the information to the University community was important so that people have an idea of what is being done, at least in broad brush strokes. He noted that there have been bomb threats in his building and no systematic way to deal with them.

Mr. Aylward said that systems are being developed. They are trying to get to a system so that one telephone call can be placed to all telephones in a building--but they are not there yet. Ms. O'Brien said there are core issues about executing a successful plan that relate to the policy, evacuation, identification, and so on. She said she wanted the Committee to know about them and to understand that there will be financial implications. As she re-read a report produced under the leadership of former Vice President Mark Brenner, she thought about how these expenses should be integrated in to the University. She said there will be communication and training and that the University has made progress in the last year. Part of the communication plan includes students and parents, she added in response to a question. The University's employees include 12,000 students, so they would be affected by any major incident--students, faculty, and staff would all be at risk.

Is there a prevention component to the efforts, Professor Speaks asked? That is what all security efforts are, Ms. O'Brien replied. In the case of security cameras, will there also be signs indicating areas are under surveillance, as a way to help prevent incidents, Professor Speaks then asked? Some are and in some cases there are no signs, Mr. Aylward said, because some cameras are supposed to be unobtrusive.

Professor Speaks inquired about chemical risks and vulnerable areas. Vice President O'Brien said the greatest risks have been dealt with.

Professor Konstan emphasized the importance of communication. He wondered if it would be useful to publicize the results of what happened with incidents in the past; there could be value in telling people what happened and what was done. That might discourage others from thinking about doing harm. Or is it the philosophy not to reveal what happened? More information is better, Mr. Aylward said, but it is difficult to find a remedy when someone pulls an alarm. He agreed, however, that it would be helpful for people to know what happens.

Professor Warwick noted that he receives emails about crime in his neighborhood but does not read them; he surmised that many people would not read similar communications from the University. He cautioned against creating work that would not be useful. Professor Campbell suggested there be a safety officer for each unit, someone responsible for keeping up to date. There needs to be a systematic way to spread information, he said. From where would the designated person receive information, Professor Speaks inquired? Emergency Management, Mr. Aylward said. There is a research safety officer in every department, Ms. O'Brien observed; most people do not know who that is, Professor Konstan pointed out.

Vice President O'Brien said she had learned a lot and would come back with additional financial information.

4. The Budget

The Committee held a 40-minute closed discussion of the budget: the \$25 million in cuts, what the Committee wished to know, the relative roles of this Committee and the President's Budget Advisory Task Force, what the priorities should be when cuts are made, and so on. The numbers for the 2003-05 biennium are ominous. It was agreed that Executive Vice President Maziar and Mr. Pfutzenreuter should be asked to spend an hour at the next meeting talking about the budget situation, after which the Committee would meet to brainstorm on priorities.

Professor Konstan asked if it would be possible to learn what the top five or ten institutions are doing in the face of budget cuts as well as to obtain a better of budget commitments.

Professor Speaks adjourned the meeting at 4:40.

-- Gary Engstrand