

Minutes*

**Faculty Consultative Committee
Thursday, March 16, 1995
12:30 - 3:00
Dale Shephard Room, Campus Club**

- Present: Carl Adams (chair pro tem), Sheila Corcoran-Perry, Sara Evans, Dan Feeney, James Gremmels, Kenneth Heller, Roberta Humphreys, Robert Jones, Morris Kleiner, Harvey Peterson,
- Regrets: John Adams, Thomas Burk, Virginia Gray, Geoffrey Maruyama
- Absent: Lester Drewes, Michael Steffes
- Guests: Senior Vice President E. F. Infante
- Others: Maureen Smith (University Relations)

[In these minutes: Compensation Working Group report; discussion with Senior Vice President Infante of the CWG report, legislative issues, tenure code revisions, academic freedom and responsibility policy, professional commitment policy, and semesters; additional discussion of the CWG report and semesters]

1. Compensation Working Group Report

Professor Adams convened the meeting at 12:30 and began by distributing the materials that had been presented to the Board of Regents about the report of the Compensation Working Group (hereinafter CWG). He reviewed it briefly and reported on the meeting with the Regents. At the same Board meeting, Senior Vice President Infante had presented information showing the faculty had lost about 4% in buying power in recent years and that salaries in public and private sectors are diverging significantly. (The core recommendations under consideration in the CWG report are: that the University adopt the CHANGE top 30 research institutions as its comparison group; tentatively, that the University seek to be at the 75th percentile in salary level--which would cost \$40-50 million--although the selection of the percentile remains an open question; and that the goal be achieved by awarding salary increases over several years that exceed those of competitors, which is estimated to be at the rate of inflation.)

The reaction of a number of Regents to the report, Professor Adams said, is that they absolutely want the University to be among the surviving 20 major research institutions; that wasn't even an issue. The general reaction to the report was quite positive, even with the financial implications. The commitment of the Board, Professor Adams cautioned, is not a PLAN to find the money.

Several issues were raised in the course of discussion with the Board.

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- Why should not the University compare itself to the Big Ten, rather than the CHANGE top 30? The risk is that the University will be assuring itself a stateroom on the Titanic; the Big Ten is not what it used to be, and four Big Ten institutions are not in the top 30. The Regents understood that the comparison group has to change, Professor Adams said, even though there is a very long history of comparisons with the Big Ten.
- What about differences in cost of living; other places are higher-priced. The Twin Cities is NOT that cheap a place to live, but more importantly, most Cost-of-Living studies have demonstrated that it is not a significant factor. There are typically amenities in higher-priced communities that offset the disadvantage of the cost.
- Should not the four campuses be separated for the purposes of salary comparisons, with each having a different peer group? This is not a bad idea, Professor Adams said, but he cautioned the Board that looking at separate comparison groups will not reduce the cost of achieving the goals. The four campuses operate in different academic markets, but the problem is likely the same on all campuses--and even if it were NOT, the coordinate campus faculty make up about 400 of the 3,000 total, so that cost might be reduced \$5 million per year, at most.

The issue now is how the senior officers will deal with the recommendations. They have been discussing it, and may not be of one view on the report. There is uncertainty about using the 75th percentile as the goal, on the ground that it may be unattainable, and thus unrealistic. The Board of Regents was pleased, however, and the report probably gained credibility by not suggesting continued reliance solely on the legislature for academic salary improvements.

Committee members discussed ways of generating the additional revenues, noting in passing that Michigan has larger tuition income because it has many more non-resident students, not because its rates are that much higher. There was also brief discussion of the variations in the make-up of the top 30 schools; for example, some have professional schools, some do not. There is variation in the number of people in different ranks, Professor Adams pointed out; Michigan has a greater proportion of people at the assistant professor level, so the gap between Minnesota and Michigan is actually larger than it appears on the table of data in the CWG report. There are a lot of individual differences among schools; this is not a precise and perfect measurement tool, and the focus should be on the policy matter. The data do NOT include fringe benefits, Professor Adams explained in response to a question, because fringes tend to go up and down 2-3% from year to year. Over time, fringe benefits as a percent of salary does not differ very much among Big Ten institutions, and Minnesota no longer delivers more fringe benefits than other places. Salaries, however, are a more stable measure for comparisons.

The acid test of central administrative response to the CWG report will be the salary recommendations for 1995-96. If the administration endorses the report, but only delivers (similar to competitors) inflationary salary increases (or less), the endorsement won't be very credible. But it will be VERY difficult to get competition (inflation) plus 2%, as the report calls for.

The report will be discussed at a President's Executive Council meeting on March 20, Professor Adams said. There are two basic things that need to be decided: (1) what percentile level of the top 30 institutions' salaries will be the goal? and (2) what will be salary increases be for 1995-96?

It was noted that Washington has set the 75th percentile as its goal; they, however, have selected their own comparison group. Professor Adams observed that the Denny group, when considering administrative salaries, recommended using the 75th percentile. One Committee member maintained that a problem with an argument AGAINST using the 75th percentile--on the grounds that it is unachievable, so unrealistic--is that WHATEVER the goal is, the University might not achieve it; the goal is something to aim at, and should not be set so low that it becomes a self-fulfilling prophecy.

There is another issue, that of faculty buy-in, pointed out one Committee member. Faculty must buy into major restructuring of the University, such as U2000, and they must see that they have a positive stake in what happens; changes in compensation are a part of the bigger picture. If the University wants the faculty on board, they must be part of the change, not punished or bludgeoned into it. Is the administration committed to an excellent faculty, and rewarding them? Or in a period of change, will everyone simply hunker down and resist? There is a view that the faculty WILL NOT change; if that is assumed, it will also become a self-fulfilling prophecy. Professor Adams agreed and said that the leadership on this issue must come from the faculty.

2. Discussion with Senior Vice President E. F. Infante

Professor Adams welcomed Senior Vice President Infante and told him that the Committee had been discussing the CWG recommendations. Dr. Infante said he was impressed with the presentations of the Professors Adams to the Board of Regents; this is the second time John Adams had made a presentation, and he said he believes the talks have had an effect on the Board. The faculty have good reason to be proud that their concerns are being expressed. The CWG presentation was also very well received, he said.

There have been central discussions about the CWG recommendations; his concern, he said, is that the goals not be set so high that they are not achievable in a relatively short period of time.

One institution in the Big Ten, Michigan, is ahead of Minnesota in a number of respects, and is going the right direction. One thing they have done is added 200 lecturers who were not there before; they have restructured the faculty so there are faculty and there is a group who teach. There are other institutions moving toward this same model.

In the upcoming U. S. News and World Report rankings, the University has reason to be pleased; it is ranked in 26 of the 31 disciplines they evaluate. He told the Committee that he want to emphasize to the Board of Regents that it is these institutions with whom the University competes. In his conversation with deans, he related, they express concern about competition; the deans believe there must be a rethinking of compensation, along the lines outlined by the CWG, if the University is to continue to compete.

Professor Adams raised the two questions he thought key: reaching consensus on the percentile level to be the goal, and the treatment of salary increases for 1995-96. Dr. Infante said the administration is determined to be consistently among ranked institutions. The University also needs a better supported faculty, so it will have to be smaller. He said he is more optimistic than he was six months ago, in the sense that the situation in Minnesota looks better than a lot of other places, but it is unlikely higher

education will receive more than inflationary increases in state support. He accepts the idea of salaries increased by inflation plus 2%, if there is a corresponding reduction in the number of faculty without cutting off the flow of young people. The problem is that the personnel system is not flexible, he said, and at the same time he agrees completely with the President that the tenure system is all-important and must be sustained. That does NOT mean, however, that 95% of the faculty must be tenured; the CONCEPT is important. The report of the CWG is part of a larger policy on academic personnel that must be instituted. The University is entering a period where it must be highly competitive, when bigger does not mean better, only better means better.

If flexibility in academic personnel budgets is sought, said one Committee member, what can and cannot be done under tenure could be changed. Or, tenure as it has been thought about can be preserved, but with fewer faculty tenured or on a tenure track. What Michigan is doing is interesting, some of which the University is doing with P&A employees.

The faculty are more than willing to change, said one Committee member, under two circumstances: if the institutional aspirations match what faculty aspire to, and if the faculty do not feel they are under-appreciated as signaled in compensation.

There is a danger in the Michigan example, said one Committee member, in that teaching and research are separated. The tenured faculty will do research, the lecturers will teach, and the state could eventually see research as irrelevant.

In the same departments at Michigan, Dr. Infante pointed out, there have been no PROMOTIONS to tenure in ten years; all the tenured positions have been filled by national searches. But a lot of young faculty go to Michigan anyway, because it is a good environment, even if they only stay for three or four years. They have teaching obligations, but have an excellent opportunity to be involved in both teaching and research. As a public institution, they are showing the advantages of being a research university. What they are trying to do is take advantage of the research environment to obtain quality instruction while retaining flexibility. That is a direction the University should consider going.

Dr. Infante expressed the view that the University could be more affected by changes in federal funding than in state funding, because the University is highly leveraged. He also said he hoped that with the introduction of Responsibility Centered Management over the next two-three years, personnel policies would allow the reallocation of resources at the local level, if the University is to remain the research university it wishes to be. The faculty and staff must shrink and the funds directed to the support of faculty activities.

Discussion turned to legislative issues. There is a fear that funding will perforce go to three groups of people, primarily: seniors, scoundrels, and school children. Legislative perceptions of the University in the committees, however, are positive, Dr. Infante reported.

The Committee then took up with Dr. Infante the next steps in action on the Academic Freedom and Responsibility policy and adjustments in the tenure code to accommodate the provostal structure. The question about the tenure code is whether to do major revisions, or to make the minor adjustments for the new structure that the Board of Regents could act on soon.

Professor Feeney reported on the reactions of the Committee on Faculty Affairs to the tenure code revisions. There appears to be a divergence of views on how to proceed; the biggest concern is the need for uniformity among the six units and the perceived lack of agreement about the role of the Dean of the Graduate School. If the Dean does not agree with a tenure recommendation, who is the arbitrator? Who is the grievant? The tenure subcommittee is charged with developing the tenure regulations, and does not want to simply make word processing changes. At this point, Professor Adams said, it was his view the discussion should be limited to accommodating the provostal structure.

Dr. Infante inquired about the progress of the Academic Freedom and Responsibility policy, which he described as key, and said that it should be simple and straightforward. He said he wished to be informed of any reservations that develop. There is a concern on Faculty Affairs, Professor Feeney reported, about the "responsibility" part of the policy.

Dr. Infante then quickly noted several items for the Committee's information:

- Some units wish to change their names. His own view, he said, is that unless there is a good reason to say "no," the units should be asked to talk to the interested people and then make a recommendation.
- He has involved the FCC chair in a disagreement between two colleges about the administrative location of one major outreach unit: the Art Museum.
- The policy on professional responsibility must be done right and the University must be sure of what it is doing. It must do something, or others will do something for it, and they may not understand the institution.

Professor Feeney reported, on the last issue, that Faculty Affairs will be meeting with Acting Vice President Brenner later in the day; there are concerns about limitations on salary enhancement and salary compression. There needs to be an interpretive philosophy of both this policy and the Conflict of Interest policy, and not one that sees the deans as guardians at the door and the faculty trying to rob the University's coffers. There is a fear that the policy will be interpreted differently in different units. Dr. Brenner has described the policy as a means to manage the issues; there needs to be senior officer involvement in that management, rather than having the policy be a "what part of 'no' don't you understand?" application by middle management. The faculty do not need another big "no" document.

There are imagery issues, one Committee member commented, but the idea of dealing with conflicts of interest has strong support in society in general; that is less true for conflicts of commitment. There are not a lot of employment fields where the commitment issue is raised. That is not to say it is not needed, but there is a difference in the way society relates to it.

Conflict of interest is understandable as being about professional ethics, said another Committee member; the pattern with conflict of commitment is less clear. In some ways, it almost seems that the two collide or undermine each other. But most do not think the rationale for a conflict of commitment policy is unreasonable: the University is paying people to do a job; does that mean they can do what they want to?

Another Committee member noted that federal employees have rigid conflict of interest and conflict of commitment policies; there are only a limited number of activities federal employees may engage in outside their job. Is that the direction in which the University is going? Dr. Infante said he hoped not and did not believe it is. His view is that this is an enterprise of professional people who don't have a 40-hour work week, but he also believes the faculty have one commitment as a professional, and that is to the University. There must be clearly understood principles, especially when part of other commitments could be in conflict with the commitment to the University.

This is tied to compensation, maintained one Committee member; if there were a rational compensation plan, this would not be an issue. When compensation is not tied to achievement, and the only way to get a salary increase is to get an outside offer, there is no reward to doing more.

There is a need to make progress on the professional commitment policy, said one Committee member. Another Committee member said it is clearly understood by faculty that one cannot hold two full-time jobs--but if the boundary is that fuzzy, there is clearly a need for a policy.

Dr. Infante said that the faculty owe it to themselves to set out the principles, which the faculty do have. There needs to be a formalization of principles; not a set of prescriptions but envelopes, so faculty can be secure in what they are doing and so that someone can say that something should not be done. There needs to be consistency among the policies, he said, and they must be understood.

One Committee member then inquired about the proposal in the legislature to require semester systems in higher education; what is the motivation and what connection is there between the University and the legislation?

There is a desire, in some parts of the state, to go to semesters because of schools across the borders, and also a desire to set up transfer mechanisms. Legislators hear horror stories all the time about students losing time because of transfer problems. The University has 13 different calendars; there is a sentiment akin to that about Mussolini having made the trains run on time. There are also economies of scale.

There is also before the legislature a bill proposing a common calendar for higher education; together, the two bills would create a common semester system. He has, Dr. Infante said, pointed out the problems that exist with the State Fair.

A third aspect of these issues is the expectation that telecommunications will play a larger role in instruction; why not have the same calendar as Wisconsin, for example, so classes can be shared?

Dr. Infante said he believed that if the University could get on a common quarter system, it could save significantly in information systems. We also have nine grading systems, he added, and there are costs to accommodating that many options. All but two of those systems, it was pointed out by one Committee member, violate Senate policy.

There is a chance, Dr. Infante commented, that the semester bill will pass.

Should the University not be in the forefront of this discussion, asked one Committee member?

The points are valid, but it is a dangerous precedent to permit the legislature to dictate the University's calendar. The issues are being discussed, Dr. Infante responded; he said he believes semesters are a reasonable way to go, but there should be reasonable planning for it. A semester system keeps the physical plant going, but as a research university we never close anyway and do not want big breaks.

There has also been a bill introduced, Dr. Infante told the Committee, which require that every institution guarantee that its graduates will find a job, with penalties for non-compliance. That means tuition is an insurance policy, exclaimed one Committee member. These bills reflect a concern that higher education has not handled its tasks well--so the legislature will do it for us. On issues such as professional commitment and tenure code revisions, the University should be in the lead and stake out the ground it will defend.

Professor Adams thanked Dr. Infante for joining the meeting.

3. Discussion of Various Items of Business

Professor Adams then distributed copies of possible revisions in the "lame duck procedure" (the means by which the next FCC chair is selected) and asked Committee members to consider it. He also distributed copies of revisions of the protocol concerning Senate committee involvement in searches for central administrative positions; the revision takes into account the creation of the provostal structure and calls for SCEP involvement in provost searches. It was agreed that the changes should be forwarded to the Senate Consultative Committee for consideration for the April Senate docket.

One Committee member recalled a question asked at an earlier meeting about rankings and salaries: If the University is ranked 15th in quality, but pays salaries ranked 30th among top research universities, why would not the legislature conclude it is getting a bargain, especially when the state faces budget problems and believes the University is not serving students well? Is there any documentation that there is a problem?

The data that will be in the CWG report suggest strongly that as ranking in compensation declines, competitiveness in obtaining research and development funding declines, as does quality ranking.

If additional funds are to be obtained, where will they come from? Students, by increasing tuition? By closing parts of the University and reallocating funds? This is a question about financial strategies, Professor Adams pointed out, which was beyond the charge of the CWG to specify. It made suggestions, which is more than what one would expect, but the suggestions do help shape the discussion. The financial strategy must be related to financial strategy on other fronts--there should be an overall financial strategy for the University, of which compensation is only one part.

Discussion returned to the question of calendars; this is not a non-controversial issue among faculty, pointed out one Committee member. There has been a moratorium on discussion of a change to semesters, at the request of the administration; now it appears something is happening behind the backs of the faculty that will have an impact on their lives. There are mechanisms to discuss the issues, if it is not swept off the table, and perhaps they should be put back on the table. The legislature appears to be somewhat serious about this.

What makes it more difficult, speculated one Committee member, is that historically the administration has been perceived as favoring the change to semesters; some faculty have opposed it. This could be seen as a way the administration gets what it wants.

It is bothersome that the administration has not asked the legislature to let the University consider the matter and plan how to deal with the problems. This is an internal academic matter, it was said, but the University seems to be saying "do it to us." It is not known what the administration has said about the proposals, it was also said.

This is perhaps the right time to get the University moving on the issue again, it was suggested; it was agreed that the Committee on Educational Policy should take up semesters again and bring a recommendation to the Senate Consultative Committee. This need not be a long discussion, said one Committee member; everyone has been through it many times before.

One Committee member expressed hope that the CWG would keep in mind the question of fair compensation for the coordinate campuses. Each campus has unique problems, it was said; in one case, one-third of the faculty will probably retire in the next five years, and it will want to replace them with good people. Professor Adams responded that the CWG has struggled with how far it should go in addressing distribution issues, but said he believes there are data available for all campuses and that the message will be the same as for the Twin Cities campus--salaries are very low in comparison with a reasonable peer group.

In response to a question, Professor Adams also reported that the CWG has considered the difficulties and negative practice of people obtaining salary increases by obtaining outside offers. If salary funds were sufficient, the practice would decline; in the meantime, a flexible policy is needed, where incentive funds are available to make rewards to people who might not otherwise receive them. The "near market" people have more leverage in this respect, and long-term funds are not available. Short-term adjustments could be made, perhaps.

Professor Adams adjourned the meeting at 2:30.

-- Gary Engstrand