Minutes*

Senate Committee on Faculty Affairs
Tuesday, December 12, 2000
3:07 – 5:00
238A Morrill Hall

Present: Richard Goldstein (chair), Josef Altholz, Carol Carrier, Robert Fahnhorst, Daniel Feeney, John Fossum, Darwin Hendel, Robert Jones, Charlene Mason, Cleon Melsa, Larry Miller, James Perry, Dwight Purdy, Tom Walsh, Sheila Warness, Carol Wells, Lisa Wersal

Regrets: Carole Bland

Absent: Avner Ben-Ner, Joan Howland, Theodore Oegema, Wade Savage, George Seltzer

Guests: Executive Vice President and Provost Robert Bruininks

Other: Florence Funk (Office of the Executive Vice President and Provost)

[In these minutes: (1) proposal for tuition remission for employees, with Dr. Bruininks; (2) faculty development leave policy (sabbaticals), parking priority for probationary faculty, academic calendars, van pooling, faculty salaries, policies on conflict of commitment and on privacy]

1. Proposal for Tuition Remission for Employees

Professor Goldstein convened the meeting at 3:07 and welcomed Executive Vice President Bruininks. He recounted the cost-benefit analysis of the tuition remission proposal by the subcommittee chaired by Professor Fossum and observed that often the central administration understands the cost part but not the benefit part. Some of the benefits that would accrue are tangible, some are not. The Committee forwarded the proposal and requested a response.

Dr. Bruininks said he believed the proposal to be a good one and the analysis and logic sound. The problem, he agreed, is on the cost side; in weighing this plan versus a lot of other things the University needs to fund (salaries, health care cost increases, sabbaticals), he thought this proposal was less compelling than other obligations. It is not a bad idea, he said.

There is less certainty with the 2001-02 budget than there has been in the last six or seven years and there are a lot of wild cards involved. The University does not know where the Governor and the state will come down in terms of rebates versus spending, although the general direction seems to be toward rebates and tax cuts.

Dr. Bruininks reiterated that the proposal was a good one that would not cost a lot of money but if one thinks about the trade-offs, there are other IOUs that must be met before the University can take on any new obligations. What about the savings calculated in the plan, Professor Goldstein asked? They are

* These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate or Twin Cities Campus Assembly; none of the comments, conclusions, or actions reported in these minutes represent the views of, nor are they binding on, the Senate or Assembly, the Administration, or the Board of Regents.

based on the model and projections, Dr. Bruininks responded, but the main retention problems (one of the costs the plan is intended to address) fall in certain categories of employees where salary pressure is high and which a tuition benefit plan would probably not address (such as information technology employees and faculty in certain fields). The best investment to retain people is in the salary plan. There are also the Regents' Scholarship plan for Civil Service and a parallel plan for academic employees that provide tuition remission for employees, a direct benefit to them. Those are likely a better tool to retain employees than the indirect method of providing support to the children of employees.

The issue is what the University can afford to do, Dr. Bruininks said. It already has more obligations than it can pay for and it must be careful about any new commitments.

Professor Goldstein again pointed out that the analysis suggests the savings would cover the costs. If one looked only at up-front costs there would never be any new programs. A similar example exists with health care for retirees: many people do not retire because of their concern about health care, but if they would the University would save money. The Committee feels there are real savings to be achieved if one accepts the assumptions, which the Committee does.

There are other areas where the University can get a high rate of return, Dr. Bruininks opined, such as investment in its employees. In order to get any rate of return, the University must put money on the table; he speculated there would be an interesting discussion if the Committee were offered the choice of putting $1.7 million into the tuition remission program or into library acquisitions. One problem, Ms. Mason said, is that the savings from the tuition remission plan accrue to departments while the central administration must pick up the cost--which is a problem in an IMG environment. It is not possible to transfer the benefits to the units that absorb the costs. If that were possible, it would be easier to make the tuition remission plan work.

The University has not been sufficiently thoughtful about its investment in human capital, Dr. Bruininks said; accelerating health care costs may pressure it to be so. He repeated that he did not say the tuition remission plan was not a good idea; everyone thinks it is and the question is how to get the money. One can have reasonable arguments about what the University is currently paying for but he is of the view that it cannot make new commitments with long-term tails until the budget is more settled later this spring. (Dr. Bruininks related that he has been trying to help retirees who retired under the pre-1963 plan; many are in bad shape financially and the University has made an heroic effort--with limited effect. This is an example of but one demand on University funds.)

If one could make the case that the tuition remission benefit could be confined to academic employees, Dr. Carrier said, the cost figure would be quite different. This plan, however, covers all employees--and many are interested in it. There is no way not to consider a plan for everyone, she said, although it may be that retention is a problem primarily with academic employees. Dr. Bruininks suggested that it may, indeed, not be the faculty who are the primary beneficiaries because they tend to think more nationally or internationally about school for their children; Professor Fossum agreed and said it would primarily benefit Civil Service and P&A employees. It is, however, a recruiting tool for faculty, Professor Goldstein said, and he agreed that while it might even more attractive if it were portable, portability has become more restricted in recent years. He also said the Committee had considered restricting the benefit to a smaller group of employees but had decided it could not do that.

Professor Fossum said he understood the situation described by Dr. Bruininks but still believes the plan would be beneficial and he urged Dr. Bruininks not to say that the plan could not happen at some point in the future. There is need for a much more careful study of what benefits affect behavior. The Regents' Scholarship program for Civil Service employees is probably beneficial in helping the University to retain staff. But in general the University needs a more careful look at what it receives in performance and behavior in return for a benefit program.

Dr. Bruininks agreed and said he was impressed with the model used in the tuition remission proposal. No one has ever studied the Regents' Scholarship program; maybe it does not work to the University's benefit. Some benefits are very important and maintained without a cost-benefit analysis--for example, the University needs a healthy work force. He agreed with Professor Fossum that he was not saying "no" forever to the tuition remission proposal. It is on the table for now and there is need for a more thoughtful strategy on how the University invests its benefit dollars.

Would it be valuable to generate a list of non-health care, non-retirement benefits (such as sabbaticals, tuition remission, Regents' Scholarship, and so on) and examine them for benefits and usage, Professor Feeney asked? Perhaps it would turn out that a tuition benefit would have more of an effect on behavior than other benefits. Dr. Carrier said there are good data on use of the Regents' Scholarship program but that it would be difficult to link them to impact. There are hypotheses that could be tested, Professor Fossum suggested; it may be, he speculated, that the program means people get an education and then leave so the University loses money. One could try to look at the effect on behavior. Dr. Bruininks agreed that the University might be wiser to spend money in one place rather than another--and employee preferences are not known, he added.

Does this discussion suggest movement to more of a cafeteria plan, Ms. Mason asked? It would be more of a defined benefit, with a fixed amount of money allocated by the employee, Dr. Bruininks agreed. Health care is based on all employees participating, however, and costs could shift if they are not all in it; he said he did not believe health care should be optional. A subset of benefits could be examined, Ms. Mason said. Is there expertise on this Committee to do so, Professor Feeney asked? He asked Dr. Carrier about the cost of the Regents' Scholarship plans for employees; she did not have the number at hand but said it is in the range of $2 - 3 million per year.

Professor Goldstein noted that a number of universities around the country have tuition remission for the children of employees; have any cost figures been obtained? Professor Fossum said that at Ohio State, the institution that most closely resembles the University for this purpose, the cost is about $1.5 million per year.

Professor Altholz inquired if it is possible for a department, in individual cases of faculty recruitment or retention, to include tuition remission for children in the package. There followed from this question an exchange of views among Committee members; the upshot appeared to be that if a department is willing to put aside the funds for the tuition, NOT on a pre-tax basis, then it probably could. There are statutes that bar providing unequal benefits to highly-paid employees that are not offered to other employees but a unit can offer anything it wishes if the benefit is taxable.

Dr. Bruininks suggested, vis-à-vis the tuition remission proposal, that if revenue is a problem perhaps a co-pay on the Regents' Scholarship could be established in return for tuition remission for the children of employees. One could model such a proposal. One problem is that the University always seems to think about programs as new. It would be difficult, Professor Goldstein suggested, to take away a benefit that has already been given. Professor Feeney disagreed; some employees may not think so, he said, and would prefer that the benefit be available for children. Others, however, may only want the Regents' Scholarship and not the tuition remission for children.

Professor Goldstein thanked Dr. Bruininks for joining the meeting and advised him not to lose his copy of the tuition remission proposal.

2. Other Committee Business

-- Faculty Development Leave Policy

Professor Goldstein reported that in a meeting with Dr. Bruininks and other Senate committee chairs it had been made clear that a statement on extending the interim faculty development leave policy is needed as soon as possible. Professor Fossum reported that the Benefits Subcommittee will meet with Vice Provost Robert Jones later in December to receive an update on the current policy and that a recommendation for extension would be made in early January; he would bring it to the January 30 meeting.

What about a recommendation for a permanent policy, Professor Goldstein asked? The immediate need is a decision to extend the interim policy, Dr. Jones said; there is not an immediate need for a permanent policy (that is why the extension is needed). The permanent policy can be acted on next year. Professor Morrison wants the permanent policy presented to the Senate in April, Dr. Goldstein reported; neither Dr. Jones nor Professor Goldstein, however, could figure out why it needed to be ready so early. Dr. Jones said that having a policy ready by the fall would be sufficient because people applying for sabbaticals for 2002-03 would not do so until the fall of 2001. Professor Fossum said a permanent policy could be brought to the first Senate meeting in the fall. Professor Goldstein agreed but pointed out that if there are significant changes from the interim to a new permanent policy, they could affect the number of people who apply.

Dr. Jones then distributed a table of data indicating by-college use of the supplemental salary funds and proposed funding, by college, for 2001-02. (These funds are used to supplement sabbatical leave funding; they can provide for an additional 20% of salary--up to a set limit--in addition to the 50% sabbatical salary.) He has also provided this information to the deans; they have agreed with his proposal to increase the central allocation from about $1 million to about $1.25 million. The central administration will hold back an additional $278,000 to use as a pool to help colleges when they do not have sufficient money to allow a faculty member to take a sabbatical; the money will be used to stimulate participation and to avoid a faculty member having to delay a sabbatical for a year. The colleges would still only pay 1/3 and the administration 2/3. The colleges have not all used all the funding available to them to supplement salaries.

Many faculty took sabbaticals and did not apply for the supplemental funds, Dr. Jones confirmed. It became clear from the discussion that there is confusion about the availability of the funds. The decision on whether to grant a sabbatical is separate from the decision to provide salary supplement funds.

Dr. Jones commented that the Provost has been adamant that the unused funds could not be tapped for other purposes--but added that any time there is a pool of unused funds at the University they become the target for other uses. Dr. Bruininks has been very protective of the money but there is concern if there are large balances carried forward. The fact that all the money was not used also suggests that money may not be the only reason faculty do not take sabbaticals at the rate one might otherwise expect.

-- Parking Priority

Does the Committee wish to say something about parking for probationary faculty, Professor Goldstein inquired? If so, it should be something formal that can be forwarded to FCC.

Professor Feeney reported that this subject had also been discussed at the Committee on Finance and Planning. One comment made, when it was said that it is abominable that faculty cannot get parking, was that some deans can cut a deal for a new faculty member. That raised the question of equity; the Finance and Planning Committee did not believe that was appropriate; some deans will be sensitive to the needs of a new faculty member and seek parking while others will not, Professor Feeney said, leading to differential treatment of new faculty. "It should not be who you know," he exclaimed, and the deans should not be able to make deals.

Colleges used to control parking, Professor Goldstein recalled, and they could provide parking for new faculty. Control of parking was centralized and that hurt the process. This is an important issue, he said, in part because it puts people on the wrong foot when they first arrive at the University. New probationary faculty are the least shrewd negotiators at the University, Professor Feeney agreed, and they would not think of parking as a high priority item for which they must negotiate. He then moved that the Committee recommend that new probationary faculty be given the same parking priority as tenured faculty; the motion was seconded and unanimously supported.

There are 19,000 parking spaces and will ultimately be 22,000, Professor Goldstein observed; there are about 100 new probationary faculty hired each year, a very small percentage of the number of spaces. What is the average waiting period, Dr. Carrier asked? One to three years, depending on the facility and what one wants to be close to; in some cases it is longer (Professor Wells waited 9 years), in some cases shorter (about six months on the West Bank).

-- Academic Calendars

Professor Goldstein reported he had talked to Professor Ahern, chair of the Committee on Educational Policy, after receiving draft calendars for upcoming years. The Twin Cities dates are pretty well set: classes start after Labor Day and end by Christmas. The question is about Spring Semester; there was a push to start before the Martin Luther King holiday (there is at present, however, no sentiment to do so). The other issue is the four-week break between the end of Spring Semester and the beginning of regular Summer Session (three weeks of Intersession plus a week break). Faculty who teach Summer Session say the break is too long and Summer Session extends too far into the summer.

Committee members showed little interest in pursuing the issue.

-- Van Pooling

Ms. Wersal reported that after the last meeting, and the presentation on parking, she obtained information about the van pooling program at 3M. They have 10- and 12-passenger vans, the drivers are 3M employees, and riders pay modest amounts, depending on how far they travel. 3M buys the van and then donates it to a non-profit after several years of use.

Van pooling works best for people with regular schedules so would likely not address faculty problems, but it might work for other University employees. She said she passed the information to Mr. Baker and Ms. Robinson and reported that the Subcommittee on Twin Cities Facilities and Support Services has agreed to take the subject up.

Ms. Mason recalled that the University once had a van pooling experiment; is there any information about what became of it? No one else remembered it.

Professor Goldstein said the Committee would wait to hear from other committees about the matter.

-- Faculty Salaries

Professor Miller distributed four pages of data on faculty salaries and noted that there will be a joint meeting of this Committee and the Committee on Finance and Planning on December 19 to discuss the subject.

He reviewed the legislative proposal for the 2001-03 biennium (priority 1, 3% annual salary increase for all employees, priority 2, an additional 4% salary increase for faculty for each year of the biennium). The probability of obtaining the second priority is low, he said, and the University might be lucky to get the 3% for all employees.

Over the last six years, faculty have received total salary increases of 24% and civil service staff have received increases of 26% (1% of the 26% was a lump sum increase). Committee members, however, were uncertain that the amounts identified for the faculty were accurate and discussed with Professor Miller how the numbers were derived; the percentage increases delivered to faculty may have been higher than those shown on Professor Miller's table. Basically, he said, both groups received the same salary increases; if anyone says faculty salaries are a priority, they are not, he concluded.

Another problem is whether the salary base for faculty has been declining, Professor Fossum said. Is there a substitution of non-faculty for faculty?

The most interesting numbers, Professor Goldstein maintained, are that faculty salaries make up $289 million of the University's total budget of $1.34 billion, or about 30%, and that the state-funded portion of faculty salaries is $192 million. When the University goes to the legislature and says that faculty salaries are the most important item, it needs to make clear what the cost per percentage of increase is--about $2 million. The University does not clearly separate the requested increase for faculty from the TOTAL salary increase request.

The joint meeting with Finance and Planning should focus on the cost per percentage of increase and a comparison with other universities, Professor Goldstein said. It should also focus on what it would cost to bring the University to the mean of the top 30 research universities and the mean of the top 15 public research universities. It is said the University is striving to be among the top 5 public universities, Ms. Mason pointed out; why is the mean of the top 15 being used?

Professor Hendel said that faculty salaries are important but there are a lot of data floating around. What does not exist is a document that puts together what happens with legislative funds, what is delivered, vis-à-vis other states. For example, there have been dramatic increases in funding for higher education in California. What is needed is a process to pull together disparate information so the faculty can speak with one voice and with comprehensive data. It needs to tell the story of what is happening to faculty salaries with respect to other institutions and with respect to other employee groups. There is also a need for consistency on the part of this and other committees in the institutions that are used for faculty salary comparisons.

Professor Walsh wondered about the accuracy of the AAUP salary data and how they were compiled; he expressed doubt about the numbers for a couple of the institutions in the top 30.

-- Policies

Professor Altholz reported that he had looked at the two policies provided to him at the last meeting, one on privacy from Penn State and one on Conflict of Interest and Commitment from the University of Illinois.

The Penn State policy or statement on privacy, he said, was very good and the Committee should explore recommending something along the same lines. Any policy at Minnesota would have to be written to conform to the Data Practices Act (which is uninterpretable) so would need consultation with the General Counsel's office. Professor Walsh agreed but said the phrase "University regulations" (violation of which warranted searching an office or papers) made him uneasy.

The Illinois policy on conflict of commitment should be discarded. The University has a Conflict of Interest policy and rejected a conflict of commitment policy; the Illinois policy shows why: each employee must obtain approval for any income-generating activity. Professor Altholz said the University does not want to get into this and that the Conflict of Interest policy covers what is needed.

Ms. Mason reported that there is an electronic privacy policy that is quite far along in development and suggested there be consultation with the people who are working on it. Professor Goldstein asked Professor Walsh to pursue the topic and provide a report at the next meeting.

Professor Goldstein thanked everyone for coming and adjourned the meeting at 4:50.

-- Gary Engstrand

University of Minnesota