Minutes of IFC Meeting of Wednesday, March 17, 2004

Present:
- IFC members: UMKC: Jakob Waterborg (chair), Kathleen Schweitzberger; UMC: Sudarshan Loyalka, Eileen Porter, Eddie Adelstein; UMR: Todd Hubing, Michael Hilgers; UMSL: Rocco Cottone, Van Reidhead, Lois Pierce.
- Nikki Krawitz (VP Finance & Administration), Mike Warnock (Director, Sponsored Programs, UMC), Steve Lehmkuhle (VP Academic Affairs), Steve Graham (Assoc. VP Academic Affairs), Peter Wilden (Faculty Associate, Academic Affairs), Ken Hutchinson (VP Human Resources). At and after lunch: President Elson Floyd, Vice-Presidents Ralph Caruso and Ron Turner, and Curator Mary James.

The meeting was called to order by the chair. The minutes of the IFC Meeting of February 18, 2004 were amended to correct the date in the page header. Eileen Porter commented that the phrase “consolidation” that has continued in use to describe the possible functional combination of President of the System and Chancellor of Columbia despite the clear statement that both positions would remain separate, be replaced by a more appropriate term. IFC could not coin a more appropriate phrase but decided to discuss it with the President. Upon discussion of the Minutes, item 10e, it was decided that we would discuss with President Elson Floyd whether the statements attributed to him reflected the reality of our discussion or were expressed more forcefully than had been the discussion itself. On the same item, Van Reidhead expressed his view that the UMSL chancellor is clearly convinced of the seriousness of the budget situation. The Columbia Provost Brady, referring to the President’s example, has asked the Deans to reduce administrative costs. The Minutes were accepted. The order of agenda items was rearranged, the grievances report from UMC will be available by the end of March and its discussion was postponed until next month, and the resulting Agenda was accepted.

1. IFC decided not discuss detailed differences in tenure procedures among the campuses, as presented by Rocco Cottone during the previous meeting in the context of the CRR framework, but to use these reflectively on the campuses. Rocco reported that, contrary to expectations, the new and very detailed UMSL procedures have in fact increased grievances because it appears too easy to find small deviations from stated procedures as a ground when a negative decision is made.

2. Mike Hilgers raised the point that granting extensions during the tenure process appears more difficult at UMR. The text of CRR 310.025 was reviewed. Apparently almost anyone can request an extension. On some campuses it is clearly used in the context to accommodate Family Medical Leave Act issues. The decision appears to be a campus one with full authority to grant extensions given to the chancellor. Effective procedures clearly require a political process by preparing each level of decision making with all necessary information.

3. Eddie Adelstein distributed a position paper by Gordon Christensen on a possible future direction for IFC. After a short discussion it was decided that the paper would be discussed at the next IFC meeting.

4. Discussion with Steve Lehmkuhle of ‘review of faculty with tenure’ (not to be called ‘PTR’). Chief Academic Officers are being asked for the percentage of departments that have posted standards for review (as required) and that are conducting annual reviews, and for the percentage of negative reviews that would trigger the intended developmental process if situations would continue rather than being identified and responded to, as intended. Answers to these questions will be discussed at the next IFC meeting. Sudarshan Loyalka questioned whether it is prudent to spend so much time and energy into reviewing and initiating developmental processes if it only 1 or 2 % of faculty. This was discussed in the context of current faculty turnover and attrition rates. Some 50% of regular faculty in the UM System in 1999 are no longer here in 2004 due to retirements, moves or not being granted tenure. Whereas the turnover rates were stable at 2-3% until about 1998, with the VERIP cycles and the effects of current budget limitations, that has risen to an average rate of 5-6%, with an increase among probationary faculty from 4-5% to the 7% range. This increased mobility is not UM specific but appears to be nation-wide.

5. VP Nikki Krawitz introduced Mike Warnock (Director, Sponsored Programs, UMC) who has been charged to chair a group reviewing the CRR 310.030 Notice of Appointment text. In the context of the proposed Regular Faculty Workload Policy CRR 310.080, changes in the Notice of Appointment text are being
discussed to bring reporting of the actual time spend on various parts of (faculty) jobs into compliance with federal regulations. The current compliance process is driven by new or changed PAF’s (personnel action forms) that describe responsibilities of positions and the funding for various aspects. The anticipated change in the Faculty Workload policy raised the question whether it (and the Faculty Accomplishment System with on-line reporting of faculty activities and associated annual faculty performance review) might be a better basis for effort reporting and compliance with federal regulations. The discussion among IFC members suggested that the answer to this question is ‘No’. Faculty are interpreting the content and context of many job activities quite differently than intended by federal regulations. For example, the terminology of the OMB circular on what is sponsored or departmental research is purely defined by which money pays for the activity, and is quite different from the academic view of various types of research and how this is assessed. IFC had a clear consensus that federal regulations should not change the well-established academic system of describing, for instance, faculty research in its various forms. We thought that the text on faculty research in CRR 310.030.C.1/2 could be reorganized to reflect academic reality while allowing compliance with federal regulations. The academic distinction between research and instruction, which are often mixed activities, is quite different from the federal verbiage, which is only defined by the source of the funds that pays for the activity. IFC agreed that clinical activities should fall under ‘instruction’ rather than trying to define it as a separate category.

The general consensus was that PAF’s and official Letters of Appointment remain a better vehicle for federal compliance and that a focus on regular updated PAF’s to reflect reality of appointments might be a more appropriate avenue to pursue. Thus, updated letters of appointment for established faculty should be given when job activity patterns change significantly. Currently, updates of letters of appointment for established faculty are rare even when jobs have changed dramatically, and thus the UM System currently fails to comply with federal regulations.

The CRR 310.030 text should make it clearer that its intended aim is federal reporting of effort according to the federal definitions, and that, while related to Regular Faculty Workload activities, it is quite distinct. The new text should use a phrase like “federal effort reporting” rather than relating it to “faculty workload”. The revised draft of 310.030, including some specific suggestions by IFC members for changes and additions, is clearly not ready for April 2004 Board action. However, we thought that it should not delay implementation of the new Regular Faculty Workload CRR 310.080 acceptance by the Board of Curators.

6. VP Nikki Krawitz gave her current assessment of the budget expectations and reviewed a very recent draft of 6 scenarios with 2 or 4 % salary and wage increases under three different budget conditions: the budget recommended by Governor Holden, a flat appropriations budget, and a budget with a 5% cut in State appropriations. Except for the combination of the lowest raise with the highest State budget, tuition increases above the 3% floor will be required. Student Government groups have clearly voiced their opinion that high tuition hikes are unacceptable. Decoupling of tuition fee structures among the campuses are being considered for the future in view of different campus needs, conditions and market opportunities. All scenarios include a COLA (cost of living adjustment) for retirees, who have not had any adjustments for inflation in recent years, at 2/3 of the level of adjustment for active employees, costing about 0.46% of payroll. It also includes the increased costs for PeopleSoft for about $3 million for 5 new modules. A lower than expected increase in benefit costs is realized due to recovering stock market conditions.

   Linda Luebering, Budget Director in Jefferson City, suggests [with the Senate apparently understanding the fiscal reality while the House doesn’t want any discussion] that a flat budget with some cut or withholding (after the November elections, e.g. by January 2005) is most likely.

7. Nikki Krawitz presented an early version of a Powerpoint presentation, intended for the Board in April, that asks the question: How much can tuition realistically increase in the next 4 or 5 years to meet current needs and projections? The presentation was distributed electronically to IFC members. At this time, politicians and citizens see higher education as a private benefit and not a public good. This is reflected in the change that for the first time in Fiscal 2004 tuition represents a larger fraction of the university’s budget than State appropriations. The funding gap between the Missouri funding per capita for higher education and the national average has increased dramatically over the last 3 years. Our increased enrollments are seen among
affluent Missourians with a decrease from lower income groups. This challenges the expectation that the University of Missouri is a public university that must be accessible to all. It is amazing how little reaction was seen when we raised tuition costs by 32%.

8. The question was raised for VP Ralph Caruso about the increased recharging of the campuses for IT services and PeopleSoft. Costs for campus support by central IT services has increased, now offering more services than ever before. Nikki explained. We now have 7 financial applications. We have replaced the General Ledger and Accounts Payable systems and have added Asset Management, an Accounts Receivable billing system, a Procurement system, a Projects Management system, and a Grants Management system. Human Resources, which had Payroll, now also has a Benefits system. All these changes have made it possible to increase efficiencies in central management. Until now there had been no change in the recharging by the System of services rendered for the campuses and their IT needs. Normally, such increased central costs would have come out of part of new State appropriations but those have not been available in recent years. Now the new Students Information system is coming on-line. This transiently increases cost by a couple of million when in addition to the new system the legacy system must still be supported for a year or so.

Van Reidhead inquired whether campuses realize savings from these new systems. The answer: It’s too early to tell. In the long run: certainly, but in the short run increased costs are likely, associated with the need for increased training to higher levels for employees that use PeopleSoft systems and the development of ready-made reports for all kind of needs. This will likely lead to increased use of service centers manned by specialized personnel, a trend that is already visible, for instance a department doing many grants will, in service, do the same specialized work for co-PI’s and others.

9. Nikki distributed the latest draft of the Resource Allocation Principles (dated February 23, 2004). Some items had been reordered and minor text changes made. A major change is in section e. the decision by President Floyd that not 0.5% but 1% of recurring state dollars (i.e. about $3.8 million) be set aside for performance funding for on-time disbursements.

10. Nikki reported that Vice-Chancellors and Provosts have been developing new lists of comparator institutions — institutions that the campuses aspire to be equal to — to be validated by an external expert for review by the campuses as to criteria and comparisons. Limited access to data of non-AAU institutions may limit this process.

11. After lunch, VP Ken Hutchinson discussed the Rule-of-85, an early retirement option without loss of benefits if the combined number of years of service and of age (with a minimum of 55) reaches 85. This early retirement option, which is seen by IFC as an alternative to disruptive VERIP offerings, represents a subsidy cost and liability of about $43 million or about an increase of 0.77% of payroll costs, raising retirement contributions from 6.4% to 7.14%. Implementation represents a tactical choice among options, e.g. the currently planned $37 million for COLA (see item 6) for retirees. Discussion resulted in support for the COLA choice for this upcoming year (FY05), if it can be funded. This option should be considered as a strategic choice that is important for the financial health of the institution, as Van phrased it. Thus, the option of a Rule-of-85 should be considered for upcoming years. Ken stated that he did not have a clear picture of the upcoming years when this choice may be appropriate but he suggested that current actuarial assumptions suggest that it would not be possible for the next year (FY06) when expected retirement contribution levels are expected to rise to 8%, and this level may rise even higher if actuarial assumptions of market performance are not met. The cost estimate now available for a rule-of-85 makes it possible to compare alternatives and trade-offs. The current choice for a COLA for retirees, which hasn’t been given in three years, is an important issue. President Elson Floyd explicitly confirmed that he wants to deal with a number of benefits-related personnel issues rather than to ignore them.

12. Campus reports to President Elson Floyd:

a. Kansas City: the campus is discussing a compensation plan, the Chancellor’s Innovation Fund proposals are being evaluated, and a major question is: Will Provost Steve Ballard stay or become chancellor at East Carolina University?
b. Rolla: St. Patrick celebration was the usual success; mid-term grades have been entered by faculty directly into PeopleSoft — without complaints; the provost has introduced the concept ‘clusters’ and people are still trying to find out what they are (Are they administration-appointed committees that replace elected faculty committees?); administrator evaluations.

c. St.Louis: Paul Speck has been elected as Senate chair for 2004/2005, beginning in August; a Provost search is under way with some 30 applicants; as part of the developing Action Plan major discussion focuses on the priorities for fund allocation, with major attention given to enrollment management, and to support of faculty to assure quality of education, and to development issues with the need for external fund raising, while it appears that development of research may have to depend on self-generated resources; the formal inauguration of Chancellor Tom George on March 11 was a nice event.

d. Columbia, Eileen reporting on behalf of Gordon: Revisions to the Grievance Policy, a 2-year effort, has been completed and this will go before the faculty for a vote; the Faculty Council has rejected the proposed name change for SMSU to Missouri State University, and it has rejected a resolution to propose a merger of SMSU with the University of Missouri; Faculty Council has completed a revision of policies for transfer student, listing required courses that must be completed prior to transfer; and Faculty Council has moved to close Rollins Avenue during daytime hours of the academic year for pedestrian safety reasons, an issue that will now be taken up with the City of Columbia.

13. President Floyd:

a. The President aims to keep the best and brightest staff and faculty while keeping tuition increases in check. He will recommend to the Board a 2% salary merit pool which can be higher if campuses decide so, but the budget will be built around 2%.

b. Two scenarios of 7.5 and 9.5% tuition raises are being considered. St.Louis and Kansas City student governments have passed resolutions that recommend limiting tuition increases to no more than 3 or 4 percent.

c. The recent retreat of General Officers of the university has reviewed the overall strategic plan and campus plans. Common goals were seen across campuses. The new legislative relations structure of the university was extensively discussed. Connecting planning and performance received lots of attention.

d. President Floyd wants to work on fixing the equity issue identified by UMSL and wants to start discussions on this issue on campus but he realizes that all campuses struggle with issues of inequity, like professional fees at UMKC or when comparing budgets at Columbia with those of other AAU institutions, or when comparing funding at UMSL to that of other institutions across the state, or when assessing the development of Rolla to other comparable institutions. He has sent data on these issues to the legislature but the highest priority is to fix the UMSL issues first.

e. An update on the $190+ million bond request for 6 projects in the Life Sciences. This proposal has now grown to $350 million and includes many other institutions. It may succeed in the Senate but the House outcome is uncertain. The UM System is clearly leading the Life Sciences discussion in the state.

f. President Floyd expressed the hope to change the regional (Kansas City) Tax Incentive Fund initiative to a state-wide one. This is part of the ‘economic development’ mission of the university. It was suggested that this fourth mission of the University, that flows inherently from the three original components (from teaching, service and especially from research), be a center of the IFC workshop in August 2004. Research, teaching and service all help to improve economic development of the state and the university. We value patents, and should acknowledge that, but we also train students, do and provide internships, and stimulate enterpreneurism.

g. IFC discussed with President Floyd ‘consolidation’ and the inappropriateness of the word for how the potential combination of functions of president of the system and chancellor of Columbia is being considered, keeping the two positions separate. The current common usage of the word prevents changing it.
We also discussed the text in section 10e of the Minutes of February 18. The budget crisis is having a different impact at the System level than it may appear to be having at the campuses. More flexibility is given to the campuses in retaining tuition monies. Faculty appear very sensitive to perceived growth of administrative positions at the campuses when faculty positions are stable or decreasing.

h. The PeopleSoft grants module is being evaluated to see whether a web-based end may produce a more user-friendly process so that multi-screen entries that are rejected at some late stage due to a data problem don’t occur.

Waterborg raised the concern that the student module, specifically on-line applications, may suffer if live PeopleSoft data are not made available (rather than day-old extracts).

i. The decision to consolidate Chancellor of MU and President of UM will be brought to the April Board meeting. During extensive discussion between IFC members and the President, Floyd clearly stated that whatever the decision will be, continuity in leadership for UMC will be provided and evaluation of tasks and alignment of positions will continue.

14. IFC reviewed the few word changes proposed by Legal Council in the approved draft for CRR 310.080 Regular Faculty Workload. With a single suggested change, the final version was approved for action by the Board in April.

DRAFT  Reported, J. Waterborg, IFC chair, April 12, 2004