

## EXECUTIVE COMMITTEE MINUTES

**Present:** Anaya, Fech, Flowers, Franti, Konecky, LaCost, Lindquist, McCollough, Nickerson, Shea, Stock

**Absent:** Berg, Schubert

**Date:** Wednesday, October 20, 2010

**Location:** Faculty Senate Office

**Note:** These are not verbatim minutes. They are a summary of the discussions at the Executive Committee meeting as corrected by those participating.

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### 1.0 Call to Order

Lindquist called the meeting to order at 3:01 p.m.

### 2.0 Announcements

No announcements were made.

### 3.0 President Milliken

President Milliken thanked the Executive Committee for the opportunity to be here. He stated that he is happy to discuss questions the faculty may have and that one of his goals for the meeting is to give faculty leaders the opportunity to provide information on what they feel is important. He stated that the most valuable part is to hear what advice the faculty might have.

President Milliken stated that this is an extraordinarily important time in the history of the University. He stated that it is a time of a growing consensus that education beyond high school is essential. He reported that recent statistics show that Americans in the 25-34 year age group are now ranked 12<sup>th</sup> in the world in terms of their educational level and President Obama and others have set a goal for us to be once again number one. He stated that the National Governors Association's priority this year is "Complete to Compete"—an initiative promoting college completion as essential to competitiveness. He reported that a recent study from Georgetown University ranks Nebraska as 7<sup>th</sup> out of the 50 states in terms of a demand in 2018 for a workforce that has some level of higher education beyond high school.

President Milliken stated that he has been traveling with the Governor and others to try to increase the college going in the state. He noted that one of the P-16 Initiative Commission's goal is to have Nebraska be a top 10 college-going state. We are currently ranked 19<sup>th</sup>. He pointed out that having the Governor champion the value of a college education is a good thing for the state and the university. He reported that another of the eight goals of the P-16 is to have affordable access to a college education.

President Milliken stated that he believes we are experiencing great momentum at the university: record growth in research, up by 15% at UNL and UNMC; the highest enrollment in 17 years, with a significant percentage increase in first-time freshmen, and a record number of non-resident and international students enrolled. He noted that he announced a goal a year ago to double the amount of our international students in ten years and if we continue as we have this past year we will attain that goal. Franti asked if the President was referring to all four campuses. President Milliken responded that he was, but the growth in most cases is consistent or even better for UNL.

President Milliken stated that Innovation Campus is a very important opportunity for the campus and state as is UNL moving to the Big Ten. He said people will look back at these developments and view this as a very significant moment in the history of the University of Nebraska.

President Milliken reported that the budget is a less positive message, although it is not as negative as it could be. He noted that Nebraska has avoided some of the economic downturn, so the fiscal condition here has been healthier than most states. He pointed out that we have had a flat state appropriation but we have been helped by increases in tuition and a significant amount of private funding that the university has received. The state's economic condition has left us in better shape than many other institutions, although this may not continue. He reported that the state could have up to a billion dollar shortfall for the next biennium. He noted that the state revenue forecasting board will be meeting at the end of the month and will set new numbers regarding the state budget. He stated that some people are saying that if there is less overall growth in expenditures, particularly in the larger budget areas such as Medicaid and K-12, then the budget shortfall will not be as large as estimated. He reported that the university has been asked to prepare for a 10% budget reduction. He stated that to provide a sense of scale, he tells people that if the College of Engineering at UNL, all five locations of the UNMC nursing college, and the Colleges of Education at both UNK and UNO were closed it would still fall significantly short of a 10 percent budget reduction for the university. He points out quickly that there are no plans to close any of these colleges!

President Milliken reported that he has spoken to the legislature's Education Committee about the impact of some of the Legislative mandates on the university. He noted that the university has submitted a budget efficiencies plan on September 15, 2010, that sets forth the strategies university wide and across the campuses to create efficiencies. He stated that this information can be found on the web at <http://www.nebraska.edu/docs/budget/AgencyEfficiencyReview-9-15-2010.pdf>.

President Milliken stated that the university needs to focus on revenue opportunities but noted that tuition rates must be balanced with providing an affordable education to Nebraskans. He stated that Online Worldwide is another means to increase revenue. He reported that the university increased its revenue from online courses and programs from \$15 million to \$22 million last year. He stated that part of the increase is due to the recommendation he made to the Board of Regents to change the tuition policy. He pointed out that previously resident online tuition charges could be no greater than the

charge for physical delivery to resident on-campus students. He noted that the previous rates were restricting access for some people by limiting the courses that could be economically created and offered by the University.

President Milliken acknowledged that developing online courses is expensive and labor intensive. He noted that faculty members and academic administrators on all campuses stated that one of the problems with offering online courses is limited resources. He pointed out that the consultants who were hired to help in the development of the Online Worldwide program stated that the university was not charging comparable tuition for its online courses. He stated that the success of Online Worldwide will depend greatly on the interest of the faculty in developing online courses. He stated that he does not believe that we have begun to tap into the revenue that can be gained from online courses.

President Milliken stated that he learned a lot going through the process of creating Online Worldwide. He noted that he thought we were successful previously because we had almost 1,000 courses and a significant number of degrees available online, but when the enrollment numbers were examined more closely, he learned that most of the undergraduate students taking online courses were students already matriculating on our campuses. He pointed out that we are not leaders in serving a growing national and international market of adult learners. He stated that offering college completion courses could be a substantial market for us, noting that there are 275,000 adults in Nebraska with some college credit but no degree.

Lindquist agreed that offering distance courses has great potential for increasing tuition revenue. However, he pointed out that the biggest opposition faculty members have to creating online courses is the time and resources needed to develop them. He pointed out that the successful expansion of Online Worldwide will require incentives for faculty to build these courses.

President Milliken agreed that there should be incentives. He stated that there is a general understanding that unless incentives are provided back to the units, we will not be successful with Online Worldwide. He noted that he is reluctant to impose on campuses an internal revenue sharing model for tuition generated from online courses. He stated that the campuses have a varying record on how they distribute the revenue they have gained from online tuition. He stated that the hope is that as Online Worldwide grows it will provide benefits across the campus, but there have to be incentives for units developing these courses.

Fech stated that providing degree completion programs seems the way to go. He stated that he has been impressed with the advertising that is being done by the university on promoting these online programs. He asked if the advertisements have been successful. President Milliken stated that since Online Worldwide was launched we have seen a 30% growth in credit hour production and revenue increase from \$15 to \$22 million. He acknowledged that much of the growth cannot be attributed to OWW, although the tuition rate increase was part of the OWW plan recommended by our consultants and likely would not have been possible apart from the overall OWW strategy. He reported

that there has been a significant level of activity generated by those advertisements. He pointed out that the university has the ability to see how deeply people delve into Online Worldwide but he does not currently have much information about what happens once a person is referred to a department. For the University to be effective, this information needs to be part of decision-making, he said. He reported that universities that are leaders in providing online courses are those that are seen as user friendly and have among the quickest response rates to prospective students.

McCollough asked if we have the best delivery system for providing online courses. She asked if any thought has been given to partnering with other systems that would deliver the courses. President Milliken stated that there has been some discussion with NETV about possibly using one of their channels to provide courses. He stated that he has heard that Blackboard is a comfortable program for users. He stated that we could look at other platforms of delivery.

McCollough suggested that courses could be offered through simultaneous teaching like Skype and these courses could be offered to other colleges, such as Peru or Doane. President Milliken stated that this has not been focused on but it is a fine idea. He stated that there is probably not a huge market for these courses and he believes that the future is really with online education.

Lindquist noted that the President had indicated that there was some backlash to the University's efficiency plan and asked what it was. President Milliken pointed out that there is a safe assumption that every law and regulation has a constituency supporting it. Proposing to eliminate something can create a backlash from the constituency that supports it.

Nickerson stated that this dovetails with concerns the Executive Committee has with a lot of bureaucratic work that faculty members are now required to do. He stated that this bureaucratic work is wasting a lot of faculty time. He stated that the Executive Committee could provide the President with examples of how some of the legislative mandates are making faculty members less productive.

Franti noted the President's earlier comments regarding the recognition by the Governor and others of the importance of higher education, yet we have observed the downsizing of the university budget, the reduction of staff, and the loss of salary. He pointed out that the need for higher education is huge but the support for the university is decreasing. He asked how this will be turned around. He stated that he sees overhead from faculty research increasing, but pointed out that tuition is the most easily attainable revenue.

President Milliken reported that over the past twenty five years the state appropriations to the university budget has grown by 190% and that our overall budget from all sources is now about \$2.1 billion. He stated that the budget has continued to grow in an absolute sense almost every year, but at the same time our expenditures have grown which is one reason we have to be more aggressive with our opportunities to increase revenue as well as reallocate. He noted that the sources of revenue for all universities, including the

University of Nebraska, have changed significantly over time. Private funds have become more important. We received \$500 million in state funds and \$250 million in tuition for a total of \$750 million in the “state-aided budget” to manage the core operations of the university system. Last year the University of Nebraska Foundation provided the university with over \$100 million. He pointed out that there is more opportunity for us to grow in obtaining private money. He noted that in the Big 12 we usually ranked third in terms of the size of our endowment, but in the Big Ten we would be ranked 11<sup>th</sup>.

President Milliken reported that he does not expect any dramatic increases in general funds. The average increase in state funds over the past 20 years has been about 3%, which will not sustain the growth of the University. He stated that he believes that reallocation of funds is going to continue to be a necessary part of life for all of higher education, including the University of Nebraska.

Franti noted that the university budget keeps shrinking but the message the faculty is getting is that they should be happy. President Milliken stated that it is difficult to say that the university is shrinking. He pointed out that the university has increased its number of employees over the years. Franti pointed out that in terms of spendable dollars the university is decreasing. He asked how we shrink our business to meet our available funds.

President Milliken stated that people need to focus on the priorities of the university and doing this is an important part of creating and sustaining excellence at the university. He stated that he thinks UNL has done a fair job of this. He pointed out that the other alternative is across the board reductions. Franti noted that this has happened here. President Milliken responded that in some years when the reduction has not been large a decision has been made on the campus to do an across the board cuts rather than doing deep cuts and reallocating significant funds.

Lindquist noted that he provided the President with a draft resolution on +1 benefits. He asked the President what the chances are of getting this resolution accepted by the Board of Regents if all four campuses approved the resolution. President Milliken stated that this is an important issue to the university and it reflects in part in our competitiveness and ability to attract talented people. He stated that he is not sure if the timing is right with a major mid-term election cycle coming up. He stated that at some point the issue will be considered. He noted that at this time he is not sure whether the +1 is the best approach based on costs associated with it, but it is one worth exploring. He pointed out that if you look at the universities in the Big Ten, each one of them offers some kind of extended benefit plan, but this benefit is not offered by our surrounding states. On the other hand, he noted that none of the members of UNK’s conference offers an extended benefits plan.

Nickerson stated that the Executive Committee thought our entry into the Big Ten was a good time to push for the benefit and that we would have a more compelling argument

than two years from now. Lindquist noted that it will be presented to the Faculty Senate at the November 2 meeting but not voted on until December.

Franti reported that reallocation has been the way budget cuts have been handled for the past few years, yet when departments have tried to cut some areas constituents speak up and say that this cannot be done. He asked when we will have the political support of the administration to make real allocation changes regardless of how a constituency feels. He pointed out that these types of cut might make constituents realize how the cuts are hurting the university. He noted that there is going to be significant pressure against restructuring the university as being proposed by the administration.

President Milliken stated that he is not aware at the chancellor or president's level resistance to reallocations that would shift resources from one area to another. He suggested that if there are other alternative ways to deal with the budget cuts he is very open to hear about them.

Franti pointed out that Clay Center was eliminated in earlier budget cuts yet faculty members have to continue to travel to Clay Center from UNL because constituents in that area stated that some focus from the university was still needed. Nickerson stated that this is an example of where the university made cuts that were unpopular. Franti stated that the general approach is how you make reallocations with significant changes when constituents get angry.

President Milliken recognized that it is difficult to do this and thinks that we have to make the best decisions we can on where to allocate our resources and how to reallocate them because he doesn't think the money from general funds is going to allow us to grow in all areas across the university. He pointed out that we have to be in a position to increase salaries. He noted that the action this year to not provide salary increases was based in part because a lot of faculty members encouraged him to hold salaries flat to preserve operations, but we can't continue to do this. He noted that 80% of the budget is in personnel and we will need to invest in areas that are priorities. Franti asked if this is being conveyed to the public. President Milliken reported that it is being conveyed and the business community would applaud the general principle of investment in priorities. He pointed out that people are concerned when an area they care about is being reduced or eliminated. Thus, he noted that it is important to point out the possible implications of a budget reduction so that affected stakeholders understand the consequences. However, he pointed out, this does mean that we will be able to continue all programs.

President Milliken stated that the handout he provided "Affordable Access to a Quality Education" includes a graph showing the historic relationship between the level of state support and the level of tuition increases. He noted that tuition has increased when state support has decreased. He reported that other graphs show how we compare to other state agencies in terms of support from the state budget (1986-2011) and the percentage of state appropriation growth for state agencies for the same time period. He pointed out that the university could operate with the average growth of total state appropriations if we received a proportionate share. He noted that the handout also provides comparisons

of our campus tuition rate with our peers. He pointed out that UNL's comparison would likely look a bit different with the Big Ten universities.

President Milliken suggested that the Executive Committee invite Chris Kabourek, Director of Budget, to meet with them. He said it might be useful to get a perspective on the University system budget. He stated that our budget allocation model was based on campus revenue growth. He noted that a change was made in the budget process about five years ago to encourage enrollment growth and revenue by the campuses, as well as effective management of remissions and other foregone revenue. He stated that if a campus has a change of revenue, it gains under the current budget model. He pointed out that UNL has done pretty well with this budget model and the allocations to UNL have gone up since 2004.

Shea stated that there are some good reasons to take this budget model approach but there is the danger that it creates competition which has not always been healthy in some areas. President Milliken agreed but stated that creating incentives to grow enrollment in his view outweighs the negative aspects of competition. He also stated that he believes our system has matured and that today we have a distinctiveness of mission for each of the campuses that is clearer than in the past. He pointed out that if you read the mission of each of the campuses you will see a clear distinction that may not have existed earlier.

Franti stated that he argues that we need more administrators although the public says we need less. He pointed out that the university is so large and complex and there is so much to manage and be done and in addition a vision for the university and campus needs to be developed. President Milliken agreed. He pointed out that federal regulations have grown as the research enterprise has grown and we have a need to increase the people involved in compliance and other areas. He noted that many of these people are not on the state aided budget. He stated that it is not possible to manage a complex enterprise of 4000 faculty members, almost 14,000 total employees, and 50,000 students without having talented management. He reported that his biggest concern used to be resources but he thinks now having the best talent is the biggest challenge. Lindquist pointed out that we shouldn't just import talent but develop the talent that we already have.

Shea stated that we need to make the best use of the talent that we already have and determine if people are in a position that best utilizes their talents. He thinks we need to move some of our talent around into more productive positions. He noted that we have a lot of resources here in the state and he thinks we can make better use of those resources.

President Milliken stated that an important point of the system-wide approach in dealing with the budget is to see if there are efficiencies that can be gained across the system. He noted that most of these discussions have been on the business areas but this year we are looking also at academic areas and where there might be efficiency gains through collaboration. He noted that there are some interesting discussions on the topic that will come back to the campuses that could potentially involve the campuses working together to eliminate redundancy.

President Milliken thanked the Executive Committee for the invitation to meet with him and stated that he would be happy to meet again.

#### **4.0 Minutes of 10/13/10**

The minutes were approved with revisions.

#### **5.0 Unfinished Business**

##### **5.1 Increased Administrative/Bureaucratic Work for Faculty Members**

Lindquist noted that Schubert has sent some additional comments regarding the increased administrative work for faculty members. He noted that one item that is ubiquitous to all concerns is the amount of time being spent on travel paperwork.

Nickerson pointed out that it progressively seems that faculty members are getting more and more asked of them and he is afraid that things will get worse with further budget cuts.

Anaya stated that some of the complaints that were raised seemed ridiculous and if we push forward with some of the complaints people will dismiss the underlying problem. She pointed out that we need to choose the complaints that are really significant issues.

Konecky wondered with the travel receipts how much of the required information is coming from the state auditor's office and how much is coming from the university.

Franti stated that the point is that when an employee has been here a long time they see a trend occurring of having to do more and more of administrative work. McCollough noted that it also hurts the students because faculty members might be unwilling to rent vans to take students on field trips because of all of the bureaucracy that is now required to rent a van.

Lindquist asked the Executive Committee how it wants to handle this matter. Konecky suggested bringing VC Jackson in so we can find out how much of these tasks are a result of outside regulations and how much are internal.

Fech asked if the list of complaints should be pruned. The Executive Committee agreed. Anaya, Nickerson, and Franti agreed to work on developing a list.

#### **6.0 New Business**

##### **6.1 Report on Board of Regents Meeting**

Lindquist stated that a presentation was given by VP Lechner on changes to health care over time. He stated that VP Lechner discussed how the insurance pool was split. He noted that the idea of presenting employees a lump sum in benefits and letting them decide how to use that money was suggested as a possibility in the future. LaCost asked if the money would still be pre tax dollars. Lindquist stated that the presentation did not provide this information.



## **6.2 Faculty Senate Meeting Agenda**

The Executive Committee discussed agenda items for the November 2 Faculty Senate meeting.

The meeting was adjourned at 5:01 p.m. The next meeting of the Executive Committee will be on Wednesday, October 27, at 3:00 pm. The meeting will be held in 201 Canfield Administration Building. The minutes are respectfully submitted by Karen Griffin, Coordinator and Pat Shea, Secretary.