

University of Texas Faculty Advisory Council
 APPROVED MINUTES: October 12-13, 2006

Present:

Daniel Formanowicz <i>UT Arlington</i>	James Olson <i>UT Permian Basin</i>	Dennis Reinhartz-Chair <i>UT Arlington</i>
Linda Golden <i>UT Austin</i>	Larry Ellzey <i>UT El Paso</i>	Sandy Norman <i>UT San Antonio</i>
Alba Ortiz <i>UT Austin</i>	John Walton <i>UT El Paso</i>	Karen Fuss-Sommer <i>UT Brownsville</i>
David Pearson <i>UT Brownsville</i>	Lynna Littleton <i>UTHSC Houston</i>	Marilyn Kaplan <i>UT Dallas</i>
Murray Leaf <i>UT Dallas</i>	Pierre Neuenschwarder <i>UTHSC Tyler</i>	Cynthia Brown <i>UT Pan American</i>
Doug Hale <i>UT Permian Basin</i>	Mansour O. El-Kikhia <i>UT San Antonio</i>	Cristina Gonzalez <i>UT Southwestern</i>
James Bartlett-Secretary <i>UT Dallas</i>	Christine Baker <i>UTMB Galveston</i>	Thomas Albrecht <i>UTMB Galveston</i>
Kieth Krolick <i>UTHSC San Antonio</i>	Deborah Baruch-Bienen <i>UTHSC San Antonio</i>	Jonathon MacClements <i>UTHSC Tyler</i>
Barry Norling-Past Chair <i>UTHSC San Antonio</i>	Joel Dunnington <i>UT MD Anderson</i>	Keith McCoy <i>UT Tyler</i>
Ted Pate <i>UTHSC Houston</i>	Dora Saavedra <i>UT Pan American</i>	

Thu, Oct 12, 2006	
10:00 AM	<i>Introductions of old and new members. Presentations on the FAC committees by committee chairs (Governance, Academic Affairs, Health and Faculty Quality)</i>
10:30 AM	<p><i>Chair’s report on August Board of Regents Meeting</i></p> <p>The Chair reported that, as usual, much time was spent on the financial performance by UTEMPCO. Their performance was regarded as excellent this year. Another issue of concern was the extensive water damage wrought by the recent flooding at UT El Paso. President Natalicio gave good presentation on the topic.</p> <p>There were three presentations before the Board by members of the FAC. Dennis Reinhartz presented a report prepared by Cynthia Brown proposing Leadership Conferences for the training of department chairs. A key point was that more obligations are being placed on department chairs for which they are often unprepared when first appointed. There is a need for balance between the goals of satisfying higher administrators, representing faculty, and dealing with staff. Vice Chancellor Shine stated that such training is taking place on the health campuses, but some presidents mentioned to Reinhartz that some of these programs are not working very well. Reaction to the presentation was generally positive and Brown will continue her work on this matter.</p>

It was noted in discussion at the FAC meeting that something similar to the proposed leadership conferences was done several years back, but apparently was not continued. In discussion it was noted that these training conferences are not to be restricted to new chairs, as current chairs and higher administrators may benefit as well in some cases.

The second FAC presentation at the Regents meeting was by Ted Pate. His business-style presentation documented the need of a pipeline for admission of minority students into dental programs. It was very well received.

The third FAC presentation was by Jim Bartlett, who reported progress in advancing the searchable data base that has been created for faculty and graduate students to find each other. He noted that it appears to be functional though there are occasional reports that it cannot be accessed at some campuses. There is a need to get more faculty to list their research projects on the data base and to allow faculty access to a separate data base with information about prospective graduate students. This presentation was also well received, and, in subsequent discussions at the Regents meeting, it was learned that similar project is being started at UT Arlington. The Arlington project provides access to faculty websites and may be generally more powerful than ours, though it is restricted to engineering and computer science.

Dennis Reinhartz reported that there is a continuing challenge to convey the faculty point of view to the Regents. However, informal, one-on-one discussions can help meet this challenge. During the meeting he spoke with President Stobo about the tenure-salary issue at UTMB Galveston, and brought up that same issue with Vice Chancellor Shine as well. There is apparently a good deal of disagreement and confusion as to what was being considered by whom at what time. Reinhartz also spoke with Regent Rowling who is concerned with raising (or reinstating) faculty retirement benefits on campuses that are losing money. In general, the Regents are concerned with long-term financial commitments.

After the Chair completed his report on the Regents meeting, there was an open discussion by the FAC about the UTMB tenure-salary issue. Thomas Albrecht noted that there has been substantial variance in how this issue is being treated from School to School within UTMB and that the situation is very fluid. There were people whose salaries were cut as much as 59%, despite President Stobo's talking about cuts of no more than 10%. The preceding President, Tom James, had attempted to put together a plan but the first committee formed to address this issue dissolved itself and the matter was turned over to a second committee. It was generally agreed in 1996 that base salary would not be subject to cut and that base salary was to be defined as one's salary without the addition of money from clinical enterprise or grants. However, President Stobo appears to have been working on a new plan for several years. By this plan, it appears

University of Texas Faculty Advisory Council
 APPROVED MINUTES: October 12-13, 2006

	<p>that salary would be consist not of a base component and an incentive or clinical component. Instead, it would be broken down into core salary, discipline adjustment, and incentive, with only incentive being subject to cut. However, it appears, at least to some, that the prior base salary is being split between “core” and “incentive,” so that a larger percentage of one’s salary might be subject to cuts than was previously the case. However, nothing is entirely clear and the result has been chaotic. The campus has already lost one distinguished researcher and a female full professor who is leaving with her entire research group of 12 people (including two faculty members). A trust problem has developed and it is not clear if this is limited to the School of Medicine and the Graduate School (though it might be). There is talk among some (including a lawyer close to the situation) that the new salary plan will be used not just at UTMB but throughout the System. The initial trigger for this unhappy chain of events was a Navigant audit reporting a deficit of 140 million at UTMB. However, the size, and even the existence, of this deficit is being disputed by some, and the campus is hiring new faculty and building new buildings.</p>
<p>11:30 AM Barry McBee, Vice-Chancellor for Governmental Relations</p>	<p>Barry McBee reported on his extensive experience in government in Texas extending back to the term of Bill Clements. He has served in the Attorney General’s office, chaired a committee on environmental affairs under Governor Bush. However, he is new to his current position with the UT System, having served only three months.</p> <p>McBee continued with a report on the major issues his office is now facing.</p> <p>ISSUE 1. The first issue is money. Strayhorn announced a surplus a few months back. Today, the surplus appears to be between 3 or 4 billion dollars, and a report coming out in January is expected to report an even greater surplus, perhaps 6 billion. This is the largest surplus since the 1970’s, but there are considerable demands being made upon it.</p> <p>One demand is the funding of property tax cuts, and Medicaid and social services costs will be up as well. A short-fall in the teacher retirement system (TRS) needs to be addressed, and the state also will build more prisons and pay for increases in public education enrollment. The Texas Parks system also needs money, and, in total, it appears that there will be a 7 to 8 billion increase in budget demands. So, despite the surplus, state agencies are being required to come up with 10% cuts. The legislature will be looking for targets for budget cuts.</p> <p>Another problem is that, for the first time, the state may reach a constitutional spending limit (this is why tuition revenue bonds were not funded in the last session) . So, even if we have 7-8 billion on hand, we may not be able</p>

to spend it all. Additionally, property tax cuts will cost 11 billion to the state in the coming biennium. So people believe that we need to save money in preparation for the 2009 session, and such saving will create ongoing demands on the budget.

The higher education budget-needs include 175 million for enrollment growth, and 300 million (over the biennium) for debt service on TRB, 200 million for group health insurance, 175 million for the Higher Education Fund (HEF), coming to a total of 900 to 950 million. Additionally the Coordinating Board has asked for funding beyond enrollment growth, coming to 1.5 billion.

McBee reported that the System priorities are as follows:

1. Restore the 10% cut (90 billion). Institutions have reported on what we would lose if the cut is made.
2. Fund the TRBs. The debt service on these will be 147 million for next biennium.
3. Obtain our share of coordinating board requests, which we put at 578 million.
4. Obtain funding for exceptional items and special items for individual campuses (these total about 1.2 billion)

ISSUE 2: The second issue is that of appraisals for property taxes and technical corrections for a business tax bill. How this is resolved could have large effects on local governments.

OTHER ISSUES: Immigration issues will also be critical, as will be Medicaid reform, management of prisons, the building of more toll roads, electricity costs, and budget reform (governor Perry had rolled out a package of proposed budget reforms). The System will be talking about the top 10% law, perhaps pushing for a moratorium on this law, or for reducing the percent figure. Financial aid and costs of “closing the gaps” will be addressed, as will research and technology and technology transfer. Finally, increasing graduate medical education (residencies) in Texas will be a goal.

In response to questions, Mr. McBee reported that the System:

- Will have package of ideas to address the nursing shortage.
- Will push for payment increases for residents at medical components.
- Address the problem at UTMB of inadequate compensation for indigent care and treatment of prisoners.
- Address problems of resident tuition for nonresidents, and of children of undocumented aliens getting in-state tuition.
- Address limits on investments in Sudan
- Address stem cell research

University of Texas Faculty Advisory Council
 APPROVED MINUTES: October 12-13, 2006

	<p>Mr. McBee noted that the governor has formed a business council with high profile business people, and that they have been making a study of higher education. No one knows what they are doing, though it probably involves budget reform. There is some talk about forming regional Boards of Regents. When asked if the Texas Legislature is concerned that Texas as one of the lowest tax bases in the country, Mr. McBee replied that promoting tax has short-term political benefits in this state.</p>
<p>12:30 PM Jim Sarver, Office of Employee Benefits</p>	<p>Mr. Sarver reported that health-insurance expenses have been outstripping revenues for 3.5 years. The System does not expect the legislature to fund our programs at 9-11% increases per year. In light of this situation, the System has been looking into how much of the increasing costs can our employees share with System. It is not clear that we can sustain free health insurance for life, but we are trying to protect our insurance programs as best we can.</p> <p>The System has approved the development of a system wide wellness program, and a coordinator has been hired. We now have a wellness web site, and are working on a set of best practices to disseminate throughout the System.</p> <p>The current HMO program is not viable and it is doubtful that it will be offered next fall.</p> <p>Regarding our retirement programs, we have a new set of vendors as of Sept 1 rolled out new group of vendors. Through these vendors, a total of 604 mutual funds are now available to faculty. We are developing a new guidebook and quarterly newsletter that will provide performance data on all 604 funds. Most vendors have links on their web sites about limits of amounts that can be contributed tax-sheltered. We will be targeting young employees to convince them to put more money into their retirement program in and take a more active role in managing it.</p> <p>In response to questions, Mr. Sarver noted that:</p> <ul style="list-style-type: none"> • Parents cannot be covered in health insurance programs. • Now retirees can continue on program with system picking up the tab. While this is likely to change at some point, it is likely that those who are retired at the time of the change will be grandfathered. • We do not have a college savings plan and he currently does not know why we do not. • We are beginning to collect data on the success of wellness programs.
<p>1:30-3:30 PM</p>	<p>Campus Reports (see attached)</p>

University of Texas Faculty Advisory Council
 APPROVED MINUTES: October 12-13, 2006

3:30-5:00 PM	Committee Meetings
Fri, Oct 13, 2006	
9:00 AM	Committee Meetings
10:00 AM	Campus Reports (see attached)
11:00 AM Marc Yudof, Chancellor, University of Texas System	<p>The Chancellor reported on the competitiveness initiative, noting that UT Austin came out well, as also did UT El Paso and the Health Institutions. The monies are not just for research, but also for teaching and clinical space</p> <p>He also reported that we have begun awarding STARS money to outstanding faculty at the System institutions. The money is used to fund start-up packages, and the program is working well despite restrictions on how they monies can be spent. The awards at the health components are based on peer review (with two Nobel prize winners on the review committee). The awards at the academic institutions are based partly on peer review but also on block grants. Donors are being approached for matching funds. This is important because the STARS money cannot be used for conferences, technicians, and a variety of other things while donated money is unrestricted. It is not yet clear how attractive this sort of donation will be (as opposed to funding chaired professorships). However, such donations will be extremely helpful in bringing key faculty to the System.</p> <p>Regarding legislative matters, legislators are generally opposed to flexible tuition. We are working on getting the legislature to change the 10% rule. In general, we will be trying to get congress to line up formula funding with state needs (e.g., needs in nursing, engineering). .</p> <p>There is talk in the legislature about a proposal to redefine the University systems. We are opposing this, but it is largely just hearsay at this point.</p> <p>In response to questions, the Chancellor made a number of comments:</p> <p>First, he agreed that teaching assistant support is inadequate, and noted that Vice Chancellor Shine has formed a committee to address this issue. He will talk to Dr. Shine about faculty representation on this committee.</p> <p>Legislators do not like being reminded that the tax base in Texas is low compared to other states. Further, it is unproductive to talk to them about a state income tax. We need about one billion more dollars and are looking at various ways to obtain this money.</p> <p>The state support for the System components averaged 18%, but this figure is much higher at the academic components.</p> <p>There is interest in obtaining funds to hire new faculty who are very good but without the credentials for a STARS award. The block awards on the academic</p>

campuses can serve this goal, but we face the problem that our funds are limited.

In response to questions regarding the base pay/tenure situation at UTMB, the Chancellor noted that:

(a) Now that only 7% to 12% of the health component expenditures are covered by the State, it is essential for faculty at these components to bring in funds.

(b) While he does not have a complete solution to the problem of what portion of salary is protected by tenure, he agrees that without some salary protection, tenure is meaningless.

(c) While most of the recommendations in the Navigant report on UTMB need to be implemented, the roll-out was poor, communication was poor, and the initial practice plan was badly handled. There will be a new president and senior officers and it is best, at this point, to move forward rather than dwell on past mistakes, or to write a formal report about them.

(d) A big part of the problem at UTMB is that it previously offered a great service to the public that the legislature stopped paying for in 1990. People who had been part of the prior era needed to make adjustments, and there is no avoiding the fact that they will be unhappy. This is not a problem that a task-force could solve.

(e) (in response to a statement that major scientists are leaving – or planning on leaving – UTMB) It is indeed a problem if basic researchers are leaving UTMB since all agree that the basic research programs have been doing well. However, 80% of faculty have signed up on to the new salary plan and therefore appear to have accepted it.

(f) (in response to a statement that an auditor hired by TFA has found there is no real deficit in UTMB and that UTMB appears as a “plume of smoke” from the perspective of other campuses) The 140 million deficit is three or four years out, but nonetheless is real. It is wishful thinking that there is no real problem, though a loss of trust is part of the problem. We cannot turn back the clock at UTMB unless the legislature decides to return support to the institution. We need plans. We need a business plan for proposed new hospital, and a business plan for the proposal of facilities on the mainland. The “plume of smoke” at UTMB may have one positive effect: Waking up the legislature to the problem there.

(g) The search for the new President of UTMB will probably involve a search firm, and the search committee will include community representatives, two regents, two sitting presidents (probably), in addition to faculty. We should get our faculty representatives appointed promptly.

University of Texas Faculty Advisory Council
 APPROVED MINUTES: October 12-13, 2006

	<p>(h) (in response to a statement that the lack of transparency at medical branches might be part of the problem at UTMB) Perhaps there is less transparency on medical branches than on academic campuses. Medical branches have a more hierarchical organization, they are less democratic, and administrators are distracted by the need to make their own salaries. Suggestions on how to revamp faculty governance at the medical campuses are welcome.</p>
<p>12:00 PM Ken Shine, Executive Vice Chancellor for Health Affairs</p>	<p>Dr. Shine reported that the Regents' Strategic plan has been approved, and that the Health Institutions leadership has agreed on some key goals, one of which is to grow research at a rate 10% greater than NIH budget over next few years.</p> <p>Dr. Shine also reported that two of nine NIH Pioneer awards have come to UT System components, and that NIH translational research awards have been awarded to the UTHSC Houston.</p> <p>He also reported that he wants to make STARS program more flexible through monies from donors and through emerging technology funds that can provide leverage for STARS awards.</p> <p>In the realm of education, Dr. Shine reported that the System:</p> <ul style="list-style-type: none"> Has created an academy for health sciences education, with 24 members elected for next year. Twelve more will be elected for the year after that. Has launched an awards program for innovations in education at the medical branches and there are plans to do the same at the academic campuses. Is working on a system for a web-based curriculum that avoids redundancy (with everyone knowing what others are doing). Plans to begin awarding the of titles of Distinguished Teaching Professor to outstanding teachers. Has started operating conferences, the next one on the subject of nanotechnology <p>Dr. Shine reported that legislative priorities will include changing the 10% rule, gaining appropriations for tuition revenue bonds (TRBs), strengthening formula funding (to fund in accordance with need at the health institutions), obtaining support for graduate medical education, nursing, and public health. Finally, System is seeking support for the program of "joint admissions" to medical schools. Begun four years ago, the program identifies high school seniors interested in medicine and puts them through a three year undergraduate program. Upon completion of that program, the students gain automatic admission to any medical school in Texas. The program has worked to improve diversity in medical education, but it is underfunded. The System is pushing to increase funding for the program by 7 million dollars.</p> <p>Dr. Shine also reported on the situation at UTMB Galveston, noting that he approved of what UTMB was doing, but thought they tried to do too fast, and without enough transparency. There were problems in assuming, incorrectly, that what was told to Department Chairs would get communicated to faculty.</p>

The financial problem is real, though he noted that 40 or 50 million dollars of the deficit at UTMB was depreciation. Unfortunately, there are restrictions on the use of PUF and endowment money to deal with the problem. Dr. Shine also noted that Navigant did its job pretty well but not perfectly. They did not talk enough to faculty and failed to identify the problem that many faculty were on state money and yet were not contributing to research or education.

Like the Chencellor, Dr. Shine noted that the State has stopped supporting many of the services provided by UTMB. He also noted that many faculty recognized the need for balance between accountability and entitlement, and stated that there was never any intention for base salary to go to 0.

In considering the question of what went wrong, Dr. Shine noted that the message was unclear and inadequate. Although about 358 faculty were lost, some of these were retirements, some involved positions that were no longer needed, and others were part-time positions. There were job fairs, as well as a careful plan for layoffs with sensible criteria. However, the practice plan was released at the same time as navigant report which created confusion. Additionally, too many decisions were delegated to chairs who were supposed to disseminate information but often did not so or did not do it well. Some faculty never even saw the practice plan for reasons not understood. Finally, the new three-category system looked like some faculty were getting a base pay cut.

Despite what went wrong, Dr. Shine reported that he still believes we are moving in right direction in dealing with a shortfall that is almost half a billion dollars. We still face the problem of how to attract outstanding people to do clinical research when we do not have an adequate patient base (due to poor infrastructure and the prisoners being treated). The problem exists all around the country. It has been attacked at UTSW by the acquisition of two hospitals which provides access to all kinds of patients for clinical trials, etc.

Another problem we face is that we might have to limit transfers of patients who don't pay because their home counties won't support their treatment.

Finally, Dr. Shine commented that President Stobo is deeply committed to UTMB and that he resigned knowing that if he went into the legislative session in the midst of all this, it would not help UTMB.

What follows are questions asked of Dr. Shine along with his responses (summarized for brevity).

Q: you said 83% of faculty had signed on to compensation plan, but they understood their choice was only that of beginning the plan now versus several months later (which might be disadvantageous) . Dr. Shine responded that he

University of Texas Faculty Advisory Council
APPROVED MINUTES: October 12-13, 2006

	<p>might be in error, that this was not his understanding of the choice.</p> <p>Q: Many of the (almost) 300 basic scientists are unhappy despite their high productivity. This may be a problem of perception, but people act on their perceptions. I know 24 or so research faculty who are looking for jobs or are already planning to leave. Dr. Shine responded that no one questions the growth and excellence on research side at UTMB, and that it would be a shame to lose good researchers (in the subsequent discussion, there were suggestions that Dr. Shine be invited to visit the Senate at UTMB).</p> <p>Q: What about the prospects for the early admission program? Dr. Shine responded that he was not concerned about losing current funding, but could do so much more with a 7 million dollar increase and is pushing for that.</p> <p>Q: How can we prevent the UTMB situation from repeating itself? Dr. Shine responded that as each campus works on its salary policy, it will be asked for a detailed implementation plan.</p> <p>In response to several questions about the uneven quality of department chairs, and the rigor with which they are reviewed, Dr. Shine commented that: (a) he was pleased with the new Chairs appointed at UTMB, (b) he is interested in strengthening Chairs on that campus, (c) Regents Rules require 360 degree review of all Chairs not less than every six years, (d) he had pushed for a five-year review cycle but was not successful, and (e) he is strongly in favor of leadership training courses, but has questions about how centralized they should be.</p>
1 PM	<i>Committee Reports (attached)</i>
2PM	<i>Meeting adjourned</i>