



UNIVERSITY OF MINNESOTA

University Senate Consultative Committee
164 Food Science and Nutrition
1334 Eckles Avenue
St. Paul, Minnesota 55108
Telephone (612)373-3226

AGENDA

SENATE CONSULTATIVE COMMITTEE

April 21, 1983

Regents Room

12:15 - 3:00

1. Approve SCC minutes of March 31.
2. FCC committee nominations (hand-out for FCC).
3. Twin Cities Campus Assembly docket for May 5 (David Giese; hand-out).
4. University Senate docket for May 5 (David Giese; hand-out).
5. Meeting with the Senate Finance Committee and Vice President Keller:
 - A. Conversation on hand-outs given to SCC on 4/14 and clarification of Keller remarks in 4/14 minutes draft (to be handed out);
 - B. Conversation on collegiate planning for 1983-85 (retrenchment and reallocation);
 - C. Agreement on process for continuing consultation on 1983-85 planning.



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MINUTES

APPROVED 5/5/83

SENATE CONSULTATIVE COMMITTEE

April 21, 1983

Regents Room, Morrill Hall

12:30 - 1:00

Members present: V. Fredricks, J. Howe, B. Hogen, J. Iverson, D. Lenander, M. Mattson, D. Pratt, P. Swan, J. Turner, K. Watson.

Guests: David Giese, Maureen Smith.

1. Minutes of March 31 were approved with one correction: Page 2, par. 2, questions should be attributed to Professor Freier, not Fredricks.

2. Senate and Twin Cities Campus Assembly Agenda.

The Steering Committee/SCC considered briefly several of the agenda items with Business and Rules Chair Professor Giese.

- Vice chair of Senate and Assembly: Professor Swan reminded the meeting it has been a tradition for the SCC to come forward to the Senate and Assembly with a nomination. The FCC are putting their heads together over the nomination; it will be on SCC's April 28 agenda.

- P/A representation in the Senate and Assembly. Business and Rules is moving these important by-laws amendments. Giese reported that Business and Rules had dealt with two additional questions forwarded to it since he last talked with SCC:

a) Should P/A senators be members of the Faculty Senate? B&R's amendment says they should not.

b) Should there be a provision for P/A Senate representation for staff at unionized campuses? Business and Rules says yes. P/A's at UMD and UMW are specifically excluded from the bargaining unit. Business and Rules proposes that the P/A employees at each campus constitute one academic unit for the purpose of electing representation to the Senate.

Since the amendment offered proposes that "academic professional representation would be limited to academic professionals holding continuous, probationary, or fixed terms of two years or more length," the vast majority of P/A employees will not participate in Senate elections and will not be represented in the Senate, said Giese.

- ACSA resolution on financial aid. Swan reported that it addresses the need for funding enough staff to provide the services, and the needs of special groups of students.

- ACIA policy revisions (2). The third revision ACIA reported to the Steering Committee is procedural and will be reported in the committee's annual report.

- Calendar:

- a) 1984-85 calendar proposed for approval;
- b) Uniform calendar proposal.

- Transportation and Parking resolution with ACSA concurrence: that the University present impact studies for any physical changes which will affect transportation and parking.

Changing Committee Structures

Ms. Watson asked at this point when the proposal to create an Assembly Bookstore Advisory Committee would come to the Assembly. Giese said not on May 5, but perhaps on May 19 when Business and Rules may schedule a second spring quarter Assembly meeting. Watson said the MSA would act today, April 21, on the motion to seek to establish such a committee.

Swan told SCC that the Committee on Committees has asked whether we all generally know what we're doing regarding Assembly committees, inasmuch as the approaches to bookstore oversight and to recreational sports oversight contradict each other--setting up an Assembly committee in the first case and dissolving one in the second case. Giese added that the faculty members of Business and Rules do not favor the governance of recreational sports by an independent board (one which is not part of the Assembly).

There will be a joint discussion including the Steering Committee, Committee on Committees, Business and Rules, and Assembly Committee on Student Affairs, either April 28 or May 5.

Senate and Assembly Agenda, cont.

- Annual reports. All 1981-82 annual reports are now in (for the first time in the memory of those present). Giese agreed that the Business and Rules Committee should next year fulfill its responsibility to chase down all annual reports. (The SCC chair did the job this year.)

Giese also presented to SCC a further concern of the Business and Rules Committee which is not now scheduled for Senate/Assembly agenda: that of getting full student representation to the Senate and Assembly. A few units rarely elect their student senators.

Watson urged the faculty members to encourage students to serve on the full range of Senate and Assembly committees and to emphasize the importance and relevance of all the committees.

Faculty Senate agenda.

- Faculty Affairs Committee will present the slightly revised sick leave and disability policy proposal. Swan said that after the Senate approved its policy last spring the administration immediately raised questions on cost. SCFA, in addition, has wanted to clarify who determines whether a faculty member can take a second year of family leave.

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Questions to the President.

- a) How will the University deal with the state's 2% cut to the faculty retirement fund?
- b) What are the costs of running the University Computer Center and the Administrative Data Processing Unit?

Professor Giese asked about the scheduling of special Faculty Senate meetings this spring to consider the new draft of the Tenure Code. Swan replied we are no longer certain since the Tenure Committee has not yet been able to complete all sections of a draft for Faculty Affairs to examine.

The meeting adjourned at 1:00 p.m. for a brief FCC meeting and the joint SCC/SFC discussion with Vice President Keller, both recorded separately.

Respectfully submitted,

Meredith Poppele,
SCC Executive Assistant



UNIVERSITY OF MINNESOTA

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MINUTES

APPROVED 5/26/83

JOINT SENATE CONSULTATIVE COMMITTEE/SENATE FINANCE COMMITTEE CONVERSATION
WITH VICE PRESIDENT KELLER ABOUT RETRENCHMENT AND REALLOCATION AND THE
1983-85 BUDGET

April 21, 1983
1:10 - 2:20
Regents Room

SCC members present: V. Fredricks, B. Hogen, J. Howe, A. Hunt, J. Iverson,
D. Lenander, M. Mattson, D. Pratt, B. Sundquist, P. Swan (Chr.), J. Turner,
K. Watson.

SFC members present: H. Kabat, W. Johnson, G. Kline, I. Rubenstein, P. Schulte,
(B. Sundquist, SFC Chr.).

Guests: Pat Mullen and Charlotte Striebel (EEOWC), M. Smith, R. Bale, P. Coyle,
M. J. Plunkett.

Swan had prepared several questions relating to earlier hand-outs entitled Schedule I and Schedule II on various recurring and non-recurring central commitments, which V. P. Keller had distributed to SCC on April 14. Copies of those schedules and of the questions were handed out to the participants.

1. Does the reallocation of \$1.2 Million to the Minnesota Foundation replace the tax on units, and has this been clarified with the deans? Keller said yes, it does replace the \$800,000 tax on units which some said were inequitable in terms of units' respective benefits from the Foundation. The change was made at the deans' recommendation.
2. Are the legal fees actually about 3 to 4 times the figure shown (\$500,000)? Keller said we have been conservative on this estimate and taken less in hard money items than we expect the total to be, intending to take the balance from soft money--because we expect these costs to decline. If costs are much more than we anticipate, we'll have to adjust. Greater internal University legal service is saving us money. The \$500,000 would become a regular budget line and would be added to others in the legal office/General Counsel budget.

There is no reason to expect many more large settlements. The Library claim is settled, and it will cost more than the press reports because the University will extend the same benefits to those librarians who did not join in the claim. Only one more large group claim is in court now (Nursing).

3. a. Is the \$250,000 reallocation to IT for general use, etc?

Keller described the reallocation as money promised IT in 1979 when IT took on its extra faculty. The school has a well-defined plan as to which of its departments will grow. The money is not for general use. The University has a hard plan as to exactly for which positions the money will be used, integrated with a plan for retiring IT's debt over a three-year period.

3.b. The \$150,000-\$300,000 reallocation ("commitment") to School of Management. Is it for general use? Is it related to achieving accreditation? Keller said it is related to accreditation. SOM has reached an accommodation with the accrediting agency although the School does not yet exactly meet requirements regarding part-time faculty. The shortcomings for the school were a high overall student-faculty ratio and excessive use of part-time faculty.

The School has made a ten-year commitment to some of its faculty. Their basic salaries are based upon the University's average salaries. What the School pays above those it must raise itself. The School knows the University is committed not to make up the difference.

Howe commented that the arrangement has some echoes of soft money tenure. Keller said they have a long time to make it up through attrition since not all the faculty remain 10 years.

Swan inquired whether the crescendoing voice about the rapid obsolescence of schools of management and about the change in the MBA worries the vice president.

Vice President Keller said it would were this school not so entrepreneurial, constantly assessing their product. Their evening MBA, for instance, is not a copy of their day program. They have developed evening courses, week-end short courses, and a whole spectrum of offerings. They are changing their undergraduate program.

Kline asked, regarding marketing the evening program, whether the CEE provision (for the School to set its own tuition and retain a portion) means that every CEE program could set its own tuition?

Keller says he thinks we ought to be open to that where an evening program is distinctly different from any day counterparts. He added that the School of Management pays a tax to the University because the program would not exist were it not for the University.

Turner said he recognizes that the School of Management is forcefully trying to serve the needs of the business community. He also recalls from the 1979 planning discussions that the faculty in SOM felt the need to raise their scholarly output as well.

Keller said the supporting evidence that they are raising that output is in the quality of their promotion and tenure rules. He has the impression they are true to that goal, realizing that advising business and teaching students are not sufficient in themselves. They have moved in some high calibre faculty from other units within the University and from other universities.

Sundquist mentioned that there is broad awareness of the gap between income and costs based on their not having enrolled as many students as expected in the Executive Development Center. Keller acknowledged the School has that overdraft. They have corrected their budget and this year they are operating in the black; they have accepted responsibility for wiping out the debt.

4. \$135,000 for the on-line accounting system. Do departments have to purchase a special terminal, and if they do, will cost exceed amount shown?

Keller told the committees some departments have a compatible terminal and some do not since each has gone its own way in acquiring equipment. Swan observed that it has been hard for units to know what system, if any, had been agreed upon. Keller said he and Bohem were concerned about the runaway situation. We need to strike a balance between the freedom for the departments and compatibility with the new system. Yes, the total cost will likely be greater than \$135,000 when the department costs are added.

Kline remarked that there exists a little unease in the departments about buying in these times and risking rapid obsolescence. Several members also advised Keller that departments did not believe that they would save an accountant position when the on-line system was available.

5. Please explain item 10, "Academic Personnel Office," at \$60,000. Keller: Academic Affairs has established its own base related to the faculty. This \$60,000 is the cost of an operator and of paying Administrative Data Processing for every computer run of this system. This base can be meshed with the ADP data base and has the potential for meshing with the payroll data base.

Professor Turner asked whether CRAY can ever, by its tremendous speed, save money for the University (by handling other kinds of business, free of charge, during its otherwise idle time). Keller said it could not because of the cost of operating the connecting computer. It is not a system which works well for handling everyday work--getting data in and out rapidly.

Sundquist said the reallocation for known recurring needs is good in that it helps to correct a lot of obsolescence around the University. However, since only one-third of it goes to academic programs and faculty salaries, the issue of proportional reallocation should be out in front of us all the time.

Keller reminded the committees that (1) these items are mostly not additions to the budget but rather new ways of showing things we are already spending for, and (2) this schedule represents only one piece of the whole retrenchment and reallocation package. Until we see the academic plans and the support unit plans and compare the two along with these schedules, we will not be able to tell which way a shift, if any, is occurring.

Keller asked if it would be rational to say that any net shift in the direction of support systems is necessarily wrong? First we would have to see what function the unit is serving.

Howe said it would not be irrational to say we have a strong bias against transferring net monies away from academic programs, and that the reasons for doing so ought to be exceptional.

Keller said if you don't take care of support services which affect all programs, you have done something harmful, but he agreed that the priority for such services had to be considered in relation to the priority for academic programs.

Rubenstein suggested we can also ask how efficiently our University is being run with respect to other universities; i.e., what parts of their budgets

go to their support units. Keller said this University has done some of that, comparing function by function. We find we rank very low (2 standard deviations below the norm) in cost of purchasing service (but it shows). Comparison student services is being made. However, it is impossible to know if we are comparing exactly the same set of functions. MPIS is working with the American Association of Universities to get as much data as they can.

Johnson said he hoped the University was doing the same exercise respecting the academic programs.

Questions on Schedule II, which is a breakdown of the recurring allotments which appear collectively as item 4, \$690,239, on Schedule I.

Swan asked Keller which of the monies in Schedule II we can access if necessary? Keller said almost none. All are permanent commitments except those indicated as discretionary funds and, on Schedule I, the Patent Office costs. However, he said, these shifts free up the soft monies to a certain extent. The administration does report annually on these various costs but they are not prominent in most people's assessment of the University budget.

Howe asked what kinds of things central administration spends the soft funds for. Keller replied they go for all kinds of purposes.

Swan asked how all the various small items came to be under a particular University office. Keller said it happened simply because that was the office which was first asked for (and responded with) the funds. He said they will be sorted out and put where they belong functionally.

Those marked 'discretionary' will continue to be available from year to year for different purposes.

Turner inquired about the space reallocation item in Schedule II (Humphrey Institute rental in the Law School/Law Library). Keller said Humphrey needed the space, and the Law School could spare it, so administration asked the two units to work out an arrangement. The Institute compensates Law for the space it needs.

He commented that there is zero incentive for any unit to give up any space, and said he would like to make space a fungible resource. He has suggested to the Physical Plant and Space Allocation Committee that they develop a policy along those lines. Swan remarked that the committee is working on that.

Regarding staffing in the Office of Vice President for Administration and Planning and Office of Institutional Relations, Schedule II could imply that retrenched positions came to be paid for by soft money.

Keller told the committees that with one exception this was not true. The exception is in Institutional Relations, and the position was one Vice President Kegler gave up and then found he could not do without. The positions in Administration and Planning were never funded on hard money; the office gave up some positions for retrenchment, but these are different positions from the ones to be hardened. The staffing figure for Academic Affairs is half of what Vice President Keller was promised when he took his job; half has never come.

Watson asked the reason for the \$66,720 item for the Child Care Center and the reason for its listing under Academic Affairs. Keller explained that the Legislature refused appropriation for the center. The administration is putting the item "up front" because, while they believe the subsidy is important to permit a wider range of students to attend the University, they also believe that there should be a conscious budgeting choice about the item. Low-income family rates at the Center are also subsidized by the fees charged other users.

GRID-ICES. \$2,102,780. The fuel conversion project. The project is completed but on borrowed money. This funding is for debt service. (This item was listed in a third document, "General Operations and Maintenance Fund Budget Update" which the FCC had received on April 14.) The "Anticipated Expenditures Beyond Budget" for fuel and utilities include GRID-ICES debt service.

Clarification on the "continuing resolution" to which Keller referred in his April 14 meeting with SCC. Central administration expects the Regents to approve this spring a resolution to continue until September the 1982-83 budget. This implies that any faculty salary increases will have to be applied retroactively.

With regard to college budget plans for 1983-85, Keller told the committees that while the Budget Executive does not yet have the retrenchment plans, he wants the committees to know how the B. E. plans to use the information it does possess. He handed out two forms that will be used to summarize data from the colleges.

Keller explained briefly his system for getting speedy analysis of the unit plans. Data will be entered on these two standard forms, one of which will indicate what is to happen programmatically in a unit and what the budget implications are. The second form will collect a unit-by-unit aggregate in several categories: retrenchment, reallocation, major planning issues, and effects on affirmative action. The Budget Executive will use these entries as an analytical tool.

Vice President Keller had to depart the meeting at 2:20 to stand in for President Magrath in presenting an international education seminar since the President had been needed at the State Capitol on short notice regarding faculty salaries legislation.

The committee members discussed scheduling consultation time with Keller and probably Vanselow as well during the period when the Budget Executive is developing its programmatic plan which it will present to the Regents on May 12. Turner pointed out that SCC and SFC want to consult soon enough after the budget executive has examined the unit reports so that any suggestions and consultation the committees want to make can be fruitful. Participants considered the possible need for evening or week-end meetings.

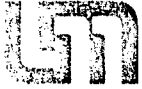
The two committees scheduled May 3, 1-5 p.m. to meet in the Regents Room with Vice President Keller and, for at least part of the time, with Vice President Vanselow. This date follows the Budget Executive's first (April 27) examination of unit plans, and precedes by one day the Budget Executive's all-day session on budget planning. The packet to the Regents presumably must be in the mail on May 6.

The joint meeting adjourned at 2:35 p.m.

Respectfully submitted,

Meredith Poppele

Meredith Poppele, SCC Exec. Ass't.



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164 Food Science and Nutrition
1334 Eckles Avenue
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April 21, 1983

To: Vice President Keller
From: P. Swan
Re: Clarifications from meeting of April 14th

After reviewing the materials you provided at the April 14th FCC/SCC meetings and after reading the minutes of those meetings, I have several remaining questions. I list them here to shorten the time required to cover them in our meeting today.

Schedule I.

1. Reallocation ($\$1.2 \times 10^6$) to Mn. Foundation: Does this replace the tax on units? Was that only a temporary tax? I thought it was a base retrenchment. Has this been clarified with Deans?
2. Shouldn't the legal fees item be about 3 or 4 times this amount (shown as $\$0.5 \times 10^6$)?
3. Is the $\$0.25$ reallocation to IT for general use? If not, are you satisfied that IT has clearly identified its priorities and knows how to spend this money wisely? Same question for item #9 ($\$0.3 \times 10^6$ to Management).
4. I assume that the $\$0.135 \times 10^6$ for the on-line accounting system means that Departments must, out of their great wealth, purchase a special terminal. Am I correct? If so, is this item really greater?
5. What is item #10 on Schedule I?

Schedule II.

Regents and President.

Will this be part of the centrally-held "flexible" money-- or is this to be considered "hard" reallocation?

Why is HHH Institute here (in President's Office) and why this item? Same questions for UMD athletics.

V. P. Keller

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V. P. Finance.

What is the custodial retrenchment--ICA item?

V. P. Academic Affairs.

Does it cost the Academic V. P. this much to get to the West Bank three times a year? If so, we can have him by telephone hook-up. If this is faculty travel from Morris and Crookston, why is it in the Academic Affairs budget?

Why is the librarian item here?

What is "staffing?"

V. P. Administration and Planning.

These items imply that much of the current staffing of this office is out of extra indirect costs and interest on funds. Are these the items that were retrenched the past 2 years? Same question for staffing under Institutional Relations.

General Counsel

I assume this is new staffing for the new office?

Balance in 0100

What is GRID-ICES Debt Service?

Our minutes quote you as saying, "We expect a continuing resolution so that this year's budget will take effect September 1." Is this what you meant to say? They also quote you as indicating something about faculty salary changes being made retroactively, after the Regents approve the budget in July. Please explain further.

cc: SCC members

GENERAL OPERATIONS AND MAINTENANCE FUND
BUDGET UPDATE
ACADEMIC YEAR 1982-83
(as of March 1, 1983)

| | <u>Revenue Anticipated</u> | <u>Revenue Realized</u> |
|--|----------------------------|-------------------------|
| 1. Net State Appropriation | \$195,818,100 | \$194,018,100 |
| 2. Transfers from Open Appropriations per Session Laws | <u>21,410,142</u> | <u>18,368,816</u> |
| Sub-Total | \$217,228,242 | \$212,386,916 |
| | | |
| 3. <u>Tuition</u> | | |
| a. Regular Session | \$ 70,246,470 | \$ 67,754,692 |
| b. Summer Session | <u>3,621,735</u> | <u>3,621,735</u> |
| Sub-Total | \$ 73,868,205 | \$ 71,376,427 |
| | | |
| 4. <u>Other Income Sources</u> | | |
| a. Indirect Cost Recoveries | \$ 13,810,052 | \$ 13,935,144 |
| b. Temporary Investment Income | 1,350,000 | 2,388,195 |
| c. Departmental Receipts | 23,168,289 | 23,168,289 |
| d. Other Fees and Misc. Income | <u>626,500</u> | <u>825,000</u> |
| Sub-Total | \$ 38,954,841 | \$ 40,316,628 |
| | | |
| OVERALL TOTAL | \$330,051,288 | \$324,079,971 |

GENERAL OPERATIONS AND MAINTENANCE
BUDGET UPDATE
ACADEMIC YEAR 1982-83
(as of March 1, 1983)

| | | |
|--|----------------------|-------------|
| 1. Anticipated Revenues | \$324,079,971 | |
| 2. Authorized Expenditures | <u>330,051,288</u> | |
| 3. Deficit Requiring Adjustments | \$ -5,971,317 | |
| 4. Budgetary Reductions | | |
| a. Reduced University Contribution to MSRS | 1,272,046 | |
| b. Non-Recurring Reductions in Response to State Shortfall | 1,800,000 | |
| c. Additional Reductions to Provide Budget Cushion | 919,518 | |
| d. Anticipated Savings from Budget Originally Approved | | |
| 1. Civil Service Reversions | 643,750 | |
| 2. Tuition Reserve Not Spent | 494,500 | |
| 3. Other Savings | <u>500,000</u> | |
| 5. Budget Deficit Before Unanticipated Expenditure Increases | \$ -341,503 | |
| 6. Anticipated Expenditures Beyond Budget | | |
| a. Fuel and Utilities Including GRID-ICES Debt Service | \$ 2,102,780 | <i>why?</i> |
| b. Outside Legal Fees | 1,750,000 | |
| c. Rajender Settlement Costs | 675,000 | |
| d. Legal Fees - Sprenger/Rajender | <u>1,495,000</u> | |
| 7. Net Non-Recurring Deficit Anticipated | <u>\$ -6,364,283</u> | |

over budget

GENERAL OPERATIONS AND MAINTENANCE FUND
Current Planning to Balance Budget

| <u>Deficit Element</u> | <u>Intended or Expected Remedy</u> |
|--|---|
| 1. Reduced State Contribution for Faculty Retirement -- | 1. Equivalent Reduction in University Contribution to Faculty Retirement Fund in 1983-84 -- |
| <u>\$1,769,280</u> | <u>\$1,769,280</u> |
| 2. Allotment for Fuel and Utilities, including GRID-ICES Debt Service -- | 2. Funding Before Legislature in Biennial Request: Governor Perpich Supports -- |
| <u>\$2,102,780</u> | <u>\$2,102,780</u> |
| 3. Unbudgeted Legal Expenses Including Rajender Settlement Costs -- | 3. Non-recurring Retrenchment of Operating Funds or Reserves Required to Cover Anticipated Overdraft -- |
| <u>\$2,492,223</u> | <u>\$2,492,223</u> |
| Total | |
| <u>\$6,364,283</u> | <u>\$6,364,283</u> |



UNIVERSITY OF MINNESOTA

Office of the Vice President for Academic Affairs
213 Morrill Hall
100 Church Street S.E.
Minneapolis, Minnesota 55455

April 5, 1983

Dear Colleagues:

Since February 15, when instructions for the current planning process were distributed, I have discussed the process with deans, advisory groups, collegiate and departmental faculty, and University Senate committees at more than 35 meetings. While I have been able to reach about 400 faculty members through those meetings, that is only a small fraction of the 3,000 on our staff. Since I am sure that many of you have concerns and questions similar to those raised at the meetings, I am using this letter to address, rather briefly, a number of those issues.

The problems of the past few years have led to overwhelming agreement throughout the University on three important points:

1. While retrenchments are always difficult, mid-year retrenchments are particularly disruptive and destructive because academic commitments are usually made on an annual basis.
2. Across-the-board cuts ignore academic considerations and are severely damaging to the quality of the institution.
3. Through 25 years of expansion, the University has simply taken on too much. We must make choices, limiting the number of our programs so that we can preserve and enhance their quality and develop new programs when need and opportunity arise.

These considerations led to President Magrath's instructions for the second cycle of planning; to Vice President Vanselow's and my unit-specific budget targets and questions; to the University Senate's encouragement to faculty and students to take an active role in establishing program priorities. Above all, we are attempting to define and to encourage a programmatic planning process and not a budgeting process. To be sure, one cannot plan without some sense of budgetary constraints, but if the focus of the process is only on immediate budgetary needs, we will miss the opportunity to control our own future and to build the quality of this University over the next decade. With these points in mind, let me answer some of the questions that have been raised about the process.

How was it decided that we needed to plan for a 9% retrenchment over the next two years and is that really necessary?

| | |
|--|----------------|
| Carry-forward 1982-83 deficit | \$2.5 M |
| Budget base reduction by Legislature, Dec. 1982 | \$3.0 M |
| University reallocation needs | \$4.0 M |
| Anticipated 1983-84 shortfall (fiscal model projection) | \$7.0 M |
| Net anticipated 1984-85 shortfall (fiscal model projection) | <u>\$7.5 M</u> |

1982-83 Base on Sep 1

\$24.0M

Projected Fall 1985 Base

\$24 million is approximately 9% of the part of our current annual operations and maintenance budget that is available for retrenchment.

The \$4 million of reallocation needs represent a number of items that have been recommended by faculty committees and deans or other administrators over several years as important and appropriate for central funding. All of them have been or will be reviewed by various consultative bodies before actually being approved for funding in next year's budget.

The shortfalls anticipated in the next biennium are based on a fiscal model in which income and expenses are projected on the basis of a number of variables. If we ignore the projections, we invite the kinds of mid-year retrenchments that have been so devastating in the past two biennia. If the projected shortfalls do not develop and if we have planned selectively and programmatically, we will have released funds that can be applied to strengthening our higher priority programs and reversing the general damage of the past few years. Indeed, the attractiveness of a programmatic plan is that its validity is independent of the current budgetary situation. If immediate budgetary pressures do not develop, we will also have more time to effect the plans we put in place.

How were the budget targets for each unit determined?

First, it is important to understand that the overall retrenchment target assigned to a college does not reflect the overall importance or priority of the college. Instead, it reflects a college by college examination of the program priorities statements produced in the first round of planning; an estimate of how much savings could be achieved if programs identified directly or inferentially in those statements as being of low priority were contracted substantially or eliminated; and a further estimate of other factors, such as workload and the availability of alternative funding sources. In certain colleges, the elimination of a single program could meet the entire reduction target; in others, only small savings could be achieved despite significant program alteration. Comparisons between colleges were not made in any direct way.

The planning instructions suggest that colleges develop plans without considering the limitations imposed by existing University personnel policies. Does that mean that the administration is planning to violate the tenure code?

The answer is an unequivocal no. Let me paraphrase a letter which Vice President Vanselow and I sent to Professor C. Robert Morris, the Chair of the University Committee on Tenure, concerning this issue.

If each tenured position remains in place as it is today until it is vacated by retirement or other normal attrition, programmatic planning is essentially impossible and future budgetary cuts will continue to be made in some across-the-board fashion. To avoid that, we are attempting to accomplish a planning process in stages. In the first stage we are asking colleges to focus on the programmatic planning issues without being turned aside by the difficulty of effecting the resulting plans. We hope that this will provide us with a set of plans that define the optimal configuration of our colleges with the somewhat smaller budgets likely

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to be available in the next several years, indicating which programs might reasonably be reduced or eliminated, which should be maintained at current size and funding and, indeed, which should be developed or strengthened. The plans should tell us, from an academic point of view, where the University should be going even though they will not tell us in every respect how to get there.

With the plans in hand we can address the question of how to effect them. As difficult as this question is, several approaches are possible:

- a. We can encourage voluntary separations using the options of separation pay, early retirement, and phased retirement approved last year by the Regents. With a clear indication of where we would like to contract, we can also develop arrangements applicable to specific situations or general improvements in the options available.
- b. If the shortfall for the next biennium turns out to be less than that projected, we can extend the time line for achieving the proposed changes so that normal attrition can be used to a greater extent. In that case, our plans will serve as a longer range guide for collegiate changes.
- c. If we confront funding shortfalls in the next biennium with which we cannot cope and the Regents are forced to declare fiscal exigency, plans will be in place to define the areas in which terminations would be most academically reasonable. If we did not have such plans, it would be necessary to develop them at that time and under great pressures of time. To avoid any misunderstanding, let me state explicitly that we are not suggesting that the processes to be followed in declaring fiscal exigency or in actually terminating any individual have yet been specified.

I am sure that there are other questions, both general and specific, that you may have. To the extent that a complicated schedule permits it, I will continue to respond to the invitation of groups of faculty or departments to discuss these questions.

In the final analysis, it is clear that in this difficult process of planning, there are more ways to fail than to succeed. If we are unable to develop an innovative approach, we will have no alternative except to deal with our budget problems in the traditional way. We will reduce teaching assistant and unassigned instruction budgets, requiring increased class sizes with less teaching help. We will freeze new hires and dismiss untenured professors as necessary, paying the price in the vitality and future development of our programs. We will tax supplies and expense budgets, further reducing these already inadequate funds. It is an approach that will move us unerringly toward mediocrity and I am sure you can understand why we are putting such effort into the more difficult alternative.

Sincerely,



Kenneth H. Keller
Vice President

KHK;jhh/lme

cc: Dr. C. Peter Magrath, President
University Vice Presidents

SCHEDULE I:

Known Recurring Needs: Candidates for Re-allocation

(1983-84)

*from last year's budget
5.3 million*

| | | |
|-----|---|--------------------------|
| 1. | Annualization of Faculty Salary Base | \$ 385,000 |
| 2. | University of Minnesota Foundation = <i>1/3 do 1/2 its budget</i> | \$ 1,160,000 |
| 3. | Legal Fees (1/2 of Current Overdraft) | \$ 500,000 |
| 4. | Recurring Allotments (See Separate List) | \$ 690,239 |
| 5. | Re-allocation ; - Institute of Technology | \$ 250,000 |
| 6. | Re-allocation -- Accounting Operations | \$ 135,000 |
| 7. | Re-allocation -- Student Registration (recurring) | \$ 300,000 |
| 8. | Re-allocation -- Patent Office | \$ 125,000 |
| 9. | Commitment, School of Management | \$ 150,000 - 300,000 |
| 10. | Academic Personnel Office | \$ <u>60,000</u> |
| | Total | \$ 3,695,239 - 3,845,239 |

Possibly also:

Summer Appointments -- faculty to provide departmental advising during certain periods in the summer

Dean (new), Public Health

SCHEDULE II:

Recurring Commitments Currently Funded
(or Planned)
Non-Recurring

*least half items
being spent on an annual
basis.*

Regents and President

| | |
|--|------------------|
| President's Office -- Additional Needs | \$ 26,500 |
| Board of Regents Office | 15,000 |
| Provosts' Discretionary Funds | 14,300 |
| Other Discretionary Funds (Dean of Management and V. P. Institutional Relations) | 20,000 |
| Humphrey Rental in Law School/Law Library | 50,000 |
| U.M.D. Athletics | 60,000 |
| | <u>\$185,800</u> |

V. P. Finance and Operations

| | |
|---|------------------|
| Outside Auditors for Student Financial Aid (Federal Requirement) | \$ 34,200 |
| Computer Costs: Student Accounts Receivable (Requested of Legislature) | 63,000 |
| Revision of Custodial Retrenchment: Intercollegiate Athletics | 40,772 |
| Unbudgeted Costs of Moving Units | 7,500 |
| | <u>\$145,472</u> |

V. P. Academic Affairs

| | |
|------------------------------------|------------------|
| Travel -- Faculty Senate | \$ 5,000 |
| Child Care Center | 66,720 |
| Staffing | 66,000 |
| Librarian -- Miscellaneous Payroll | 33,000 |
| | <u>\$170,720</u> |

V. P. Administration and Planning

| | |
|--|------------------|
| Collective Bargaining | \$ 16,000 |
| Staffing for Planning Process | 37,800 |
| Civil Service Committee | 10,000 |
| Secretary -- Faculty Representative Men's and Women's Athletics | 12,000 |
| | <u>\$ 75,800</u> |

V. P. Institutional Relations

| | |
|--------------------------------|------------------|
| Staffing | \$ 15,000 |
| Legislative Liaison -- Faculty | 29,917 |
| Legislative Liaison -- Student | 2,000 |
| Football Brunches | 5,530 |
| | <u>\$ 52,447</u> |

General Counsel

| | | |
|----------|---------|-----------|
| Staffing | 690,239 | \$ 60,000 |
|----------|---------|-----------|

RETRENCHMENT AND PLANNING SUMMARY

Sum

Department: _____

82-83 0100 Base Budget:

9% of Base:

Cut by 6/30/84:

Reallocation to this unit from VP reallocation pool:

Cut by 6/30/85:

By 6/30/84:

Total to be cut:

By 6/30/85:

Funds to VP reallocation pool from this unit:

By 6/30/84:

By 6/30/85:

Net return to central pool:

By 6/30/84:

By 6/30/85:

Total _____

Retrenchment (lowest to highest priority)

Reallocation

Programmatic

Major Planning Issues

Affirmative Action Impact

UNIT _____

Sum

Retrenchment Item

| Programmatic | Non-Programmatic | Dollars in Item | \$ Avail. 6/30/84 | \$ Avail. 6/30/85 | \$ Unavail. 83-85 |
|--------------|------------------|--------------------|----------------------|----------------------|----------------------|
|--------------|------------------|--------------------|----------------------|----------------------|----------------------|



UNIVERSITY OF MINNESOTA

Office of the Vice President for Academic Affairs
213 Morrill Hall
100 Church Street S.E.
Minneapolis, Minnesota 55455
(612) 373-2033

*circ sec
5-5-83*

April 27, 1983

TO: Patricia B. Swan, Chairperson, Senate Consultative Committee
FROM: Kenneth H. Keller, Vice President *KHK*
SUBJECT: University Accounting System Enhancements

I've enclosed a memorandum sent by Vice President Bohlen to Provosts, Deans, Directors and Department Heads providing a progress report on the changes in the University accounting system. Since the question of the accounting system status was raised at a recent joint meeting of SCC and SCF, I thought this might be of interest to you and the membership of the Committees.

:jhh

Enclosure



UNIVERSITY OF MINNESOTA

Office of the Vice President for Finance and Treasurer
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(612) 373-5940

AJL - ~~AK~~ BE - CB
-
JH
-
SLH

April 18, 1983

TO: Provosts, Deans, Directors and Department Heads
Fred Bohm
FROM: Frederick M. Bohm, Vice President for Finance and Treasurer
SUBJECT: Progress Report on University Accounting System Enhancements

Since September 1st, 1982, when I announced the inception of efforts to enhance the University's accounting system, progress on the project has moved rapidly. The project is on schedule with availability of on-line account balances and month-to-date transactions on terminals in users' locations expected for July 1st, 1983. If you are interested in having on-line access to the accounting system and have not replied to an April 5th memo from Craig Anderson of Administrative Data Processing and Kent Jones of my staff, please call Mr. Anderson at (612) 376-1245.

Progress is now commencing toward reaching the second system enhancement, new and revised monthly operating summaries to Vice Presidents, Provosts, Deans, Department Heads and Principal Research Investigators. We continue to expect that these reports will be available during academic year 1983-84.

In conjunction with this second phase of the project, Provosts, Deans and other major administrative unit Directors will be sent account profile turnaround documents on May 6th, 1983, listing all active accounts administered through Accounting Records and Services for which each administrative unit is responsible. (Turnaround documents listing all active accounts administered through the Office of Research Administration will be sent to ORA.) You will be asked to indicate on the turnaround documents (1) descriptive titles for each fund/department/budget in use and (2) an exclusive fund/department/budget to which fringe benefits should be charged beginning July 1st, 1983 for each salary (X1) budget listed.

Twenty-five spaces will be available for descriptive titles for each budget within each fund/department. You should choose titles that are meaningful to you, since they will appear on on-line terminal screens, on monthly budget statements and on monthly operating summaries.

As you choose fund/department/budgets to which fringe benefits should be charged beginning July 1st, 1983, you will be asked to choose budgets within fund/departments that will be used exclusively for fringe benefit costs, just as X1 budgets are now used exclusively for salary costs. We encourage you to use budgets numbered "12" since the "12" budgets are currently used exclusively for fringe benefits on accounts administered

Provosts, Deans;

et. al.

Page 2

April 18, 1983

through the Office of Research Administration. Fringe benefit budgets should be chosen for each salary (X1) budget listed, including those on the 0100 fund, even though fringe benefit costs on the 0100 fund are charged only at year-end. Budgeting of salaries and fringe benefits in budgets used exclusively for those costs is a first step toward the creation of encumbrance transactions in the accounting system to reflect commitments for those costs.

The schedule for loading your descriptive budget titles and fringe benefit accounts into the account profile database is tight. I ask that you prepare now for receiving the turnaround documents so that you will be able to complete them and return them to Accounting Records and Services by May 18th.

If you have any questions concerning the enhancements generally or the account profile turnaround documents specifically, please call Kent Jones at (612) 373-5537.

FMB/KJ/pj

cc: President C. Peter Magrath
University Vice Presidents



UNIVERSITY OF MINNESOTA

Office of the Vice President for Academic Affairs
213 Morrill Hall
100 Church Street S.E.
Minneapolis, Minnesota 55455
(612) 373-2033

Civ 7cc 4/28

April 26, 1983

TO: Mr. Stephen S. Dunham, General Counsel
FROM: Kenneth H. Keller, Vice President *JK*
SUBJECT: Recapitulation of Rajender events

I simply want to make a matter of record our brief conversation last week on the above subject.

At a joint meeting of the Senate Consultative Committee and Senate Committee on Finance to discuss next year's budgeting, some of the reallocation items related to expenses in your office and outside legal fees were discussed. It was suggested that when the backlog of cases was completed, the committees would appreciate a review of Rajender events to see what lessons might be learned from them. I was not (and am not) sure of how such a discussion could be carried out most appropriately, but I did want you to be aware of the request.

On a related matter, the committee suggested that all recurring budget items related to external legal fees and settlements should be in the General Counsel's office. I agree. I am providing copies of this memorandum to appropriate parties so that the change can be effected.

:lme

cc: Professor Patricia Swan, Chair, Senate Consultative Committee
Budget Executive
Mr. Chester Grygar, Budget Officer