



UNIVERSITY OF MINNESOTA
TWIN CITIES

All University Senate Consultative Committee

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MINUTES

JOINT MEETING OF SENATE FINANCE COMMITTEE AND SENATE CONSULTATIVE
COMMITTEE

Thursday, December 17, 1981

A joint meeting of the Senate Finance and Senate Consultative Committees was convened by SCC Chair Douglas Pratt at 9:30 a.m. on Thursday, December 17 in the Regents Room of Morrill Hall. The other committee members present were Bob Brasted, Marcia Eaton, T. J. Grbich, Fraser Hart, Bob Hexter, John Howe, Walter Johnson, Hugh Kabat, Stan Lehmborg, Dave Lenander, Gail Lorenz, Marv Mattson, Rick Purple, Paul Quie, Irwin Rubenstein, Tom Scott, Donald Spring, and Pat Swan. Guests included Jack Merwin, Bruce Overmeier, and Marc Perrusquia.

SCC items. (1) The SCC agreed to move the FCC and SCC meetings scheduled for April 15 to April 8 because the Regents meetings have been changed from April 8-9 to April 15-16. (2) The FCC agreed to send two participants to the second Big Ten faculty governance conference to be held at O'Hare at the end of January. Probable participants: Doug Pratt, John Howe.

1. Report on visit to University of Washington. (Pat Swan had sent to committee members in advance of the meeting a summary report of the visit.) Handouts: "Policies and Procedures for a Mandatory Reduction in Faculty on Declaration of a Financial Emergency" (approved by University of Washington Regents on 11/3/81); and "Utilizing Attrition and Furlough to Achieve a Permanent Reduction in Force."

John Howe reported that the impact at Washington of the exercise of declaring financial emergency and determining how to meet it had been profound, and had exhausted people, but that he had also been well impressed by the way they had anticipated the need and been prepared to make reductions. (They have since been given a reprieve since the cuts will probably be 5% instead of 10%, and Washington was last week about to undeclare the financial emergency.) By contrast, Howe said, our committees have as yet accomplished little preparation and have done little beyond responding to Vice President Keller's initiatives.

Washington's faculty code contains provisions for faculty review of program reduction outside of a financial emergency. Howe thought the faculty at Washington had done remarkably well in tooling up to act upon program reduction. Their faculty code also provides for dismissal of tenured faculty members for reasons of educational reorganization if it is not feasible to relocate them within the University, and it provides appeals procedures.

The University of Washington's faculty pressed for an immediate decision as to the steps to take under financial emergency, both to preempt the task and for its dramatic value to the legislature and governor. Their equivalent

of the Senate Consultative Committee was less familiar with the budget and not prepared for the haste of the decision.

This discussion was set aside for the committees' meeting with Vice President Keller.

2. Discussion with Vice President Keller.

Achieving savings before June 30, 1982.

Pat Swan moved that the committees take immediate action to recommend steps to be taken to achieve savings from items currently budgeted for expenditure before June 30, 1982.

Vice President Keller stated that the University assumes the net "bill" for the biennium will be \$12 million. The central administration presently thinks that is the appropriate limit short of financial emergency. In addition, they anticipate effectively an additional nearly \$7 million reduction next year: (1) a continuation of \$4 million in cuts taken in a soft way this year; (2) the mandated civil service increase of \$2 million; (3) this year's deficit budgeting of \$3/4 million for certain services, budgeting which must be repeated and made up, totaling \$1.5 million; Total, about \$7.5 million. This money is not lost but must be reallocated. Therefore, an additional \$12 million cut looks like the maximum manageable.

There are several reasons to reach decisions soon, he said, even though the amount of the cut is still uncertain. The most important are (1) to be ready when the cut is imposed and (2) to make the pain of the cuts visible and public so the University will be recognized as doing its fair part. The state Senate-recommended 15% tuition raise cannot yet be assumed since the Regents have not acted on tuition and student oppose a raise.

\$3.5 million in savings can be achieved over the biennium through academic programmatic cuts which have emerged from Keller's planning discussions with the collegiate units. He does not want to push those cuts beyond what is achievable by the rational planning process. Consequently, administrative costs and student and academic support services are to be hit very hard. Their cut of approximately 10% will yield over \$5 million, and will represent about 500 employees. The coordinate campuses will be cut about 5% of their budgets, for a total of \$1.5 million, determined by a weighted average of the make-up of their budget. The balance of about \$3 million central administration has said must come from state specials, some of which will be eliminated. The University has realized some savings this year, which will ease the above-cited cuts somewhat. Keller said he believes this cut and distribution push the University to the limit beyond which it would have to declare financial emergency or do something with no logic to recommend it. Some cutbacks will be initiated about February 1.

Rick Purple warned against firing people without certainty that it is necessary. He moved to amend the Swan motion above by adding, "those savings to be guided by criteria to be specified in the next motion." The amendment was not voted upon. Lehmberg and Brasted spoke for moving swiftly, saying in the end fewer people may then have to lose their jobs.

The motion, "that the committees take immediate action to recommend steps to be taken to achieve savings from items currently budgeted for expenditure before June 30, 1982," carried without dissent.

Spring asked for clarification on when the SCC should be prepared to recommend cuts. Keller said the administration plans to bring to the Regents in January considerable information on administrative cuts. He would appreciate advice from the SCC and SFC on where to make cuts in academic programs. He would be satisfied if \$1 million in academic costs could be saved by June 30, 1982.

Keller outlined the kinds of support service cuts under serious discussion: tremendously reducing or removing central subsidies to central support services including the photo labs, flight, and audio-visual. Such a transfer of responsibility would not be to other 0100 budgets. Units would have the choice of paying or of not using the services. There could be a 10-20% cut in custodial services, and cuts in the departments of police, personnel, student counseling and Center for Educational Development--at least temporarily.

Making savings in academic units along functional lines (freezes on travel, hiring, etc.,) raises fewer objections than other means of savings but, said Keller, has mechanical difficulties. Deans would prefer the flexibility of requiring savings on a discretionary basis at the departmental level to meet an across-the-board assessment. Some money could be saved without lay-offs by not hiring to fill positions open in the current academic year.

Lehmborg stated that some departments essentially stripped their travel allowance to achieve the 2.16% cut this fall; with 90% of their 0100 money in salaries (e.g., History department), no flexibility remains.

Keller stated that certain hard-won funds now held centrally--the 2.16% across-the-board reversion, \$750,000 legislative appropriation for equipment replacement, and about \$100,000 in research-associated administrative cost monies--have not been distributed, and suggested it is possible to use these monies in easing the need for immediate savings. Educational development funds awarded but not yet spent could be delayed for a year.

Purple asked for a system for submission and consideration of suggestions from the University community on ways to save or recoup losses. He proposed consideration of sale of the golf course. Keller voiced the Regents' opposition to using capital assets to pay operating costs.

There was some discussion of not letting the cuts and their consequences remain invisible. Keller suggested a halt in the purchase of undergraduate equipment, specifying publicly what such equipment is and means.

Swan moved that the Finance and Consultative Committees recommend to the Vice President for Academic Affairs that, to save money from this year's budget, funds normally distributed to academic units for various functions but not yet distributed be retained centrally, that a freeze on travel be instituted with a mechanism to consider exceptions, and that a hiring freeze be instituted for positions on 0100 budgets now open for which searches are not legally committed, with a mechanism to review hardship cases. Recommending such means to achieve savings is not intended to exclude programmatic or other changes.

Keller said that money saved by not filling positions now open should revert centrally. He estimated that \$200,000 might be saved from an immediate travel freeze (out of about \$2 million per year for travel from 0100 funds).

The Budget Executive meets on December 29 and 30 with President Magrath to discuss budgeting for the rest of the year, and can report to these committees right after that. They will bring the committees a plan which takes into consideration the values expressed by the SCC and SFC.

Members also asked that the Budget Executive seriously consider cuts in unspent educational development funds, international programs, and graduate research programs. Brasted requested that University-owned land be left alone.

The motion on specific means to save money from the FY 1982 budget was tabled.

Report on visit to University of Washington (continuation of item 1).

The University of Washington sent notices early in September, 1981, to faculty on T-appointments. 150 sections normally staffed by T-faculty were cancelled. No students filed claims that their rights were being violated. Similar notices were sent to support services personnel.

The University of Washington is making a similar effort to the University of Minnesota's to enhance early retirement. Howe requested the SCC/SFC to continue to ask central administration for progress reports in their attempts to persuade faculty to early retirements--an exercise which is occurring now on an ad hoc basis. The process is potentially subject to abuses.

Hugh Kabat reported that a week earlier central administration had presented its guidelines to the Faculty Affairs Committee, and that SCFA has submitted its recommendations for modifications.

3. Recommendations regarding consultation re declaration of a financial emergency.

The tenure code says that the President, the Council of Academic Officers, and the Senate Consultative Committee shall make recommendations to the Regents. If the prospect of this emergency becomes real, the University would probably have only about two weeks to consider the declaration. Swan expressed concern that other Senate Committees SFC/SCC would want to consult with would not be steeped in the budgetary study. Members pointed out that while on the one hand, the Senate approved the new tenure code and hence there is reason for its provisions to guide current proceedings, the language of that code may not still be entirely appropriate. Brasted and Eaton said there is wide concern over the need for clear and prompt appeals procedures. Howe asked that there also be devised a means of suspending a state of financial emergency.

Washington's documents, said Swan and Howe, demonstrate that Minnesota is far behind where it should be in terms of preparedness for dealing with short-term emergency procedures and long-term non-emergency procedures for programmatic changes.

Swan and Spring recommended telling the administration the committees intend to follow the appropriate sections of the 1973 tenure code regarding consultations and terminations under financial emergency, noting that the document is a product of the Faculty Senate.

Swan moved that the Chair of SCC, after talking with the Chair of the Student SCC, establish a subcommittee to bring to this joint committee by the second week in January a recommendation on the consulting process to follow regarding any declaration of a financial emergency. This motion was not voted upon, but there was a consensus of agreement.

4. Criteria for determining the need to declare a financial emergency.

Swan said that for the SFC/SCC to weigh the criteria for declaring a financial emergency they must know the alternatives and their ramifications. They need good answers to the questions posed in her November 24 letter to Vice President Keller--on how a declaration of financial emergency will affect the total quality and quantity of teaching, research and service at the University, how it will affect accessibility to the University, the composition of the student body, faculty and administration, academic support services, non-academic support services; what will be the longevity of these effects, and any specific individual hardships which would be imposed.

Howe pointed out that these committees cannot take a fully independent role, being dependent on scenarios laid out by central administration plus the answers to the committees' questions.

The discussion implied that there must be some limit to the degree to which the University can be dismantled before declaring a financial emergency which permits the release of tenured faculty.

Swan moved that the Chairs of the Faculty SCC and Student SCC appoint a small group, to include SFC members, to begin exploration of the components of possible solutions to budget reductions required in this biennium, and request of the Vice Presidents for Finance, Academic Affairs, and Planning that they make their staffs available to this subgroup to provide them with figures and analyses regarding the budget and the personnel and programs involved; and that this group should be able to develop plans for budget reductions that are alternatives to the declaration of financial emergency. She recommended that the subcommittee get dollar figures particularly from Chester Grygar's office for each kind of budget category that might contribute to savings.

Purple spoke against the motion, contending that the task relates directly to the Finance Committee's intrinsic charge of examining the University's budget. Howe reiterated that the University of Washington's process suffered because its consultative committee was inadequately informed on budget realities. Swan recommended that the proposed subcommittee report back to SFC and SCC on a continuing basis but make no final report or recommendation until and unless the President announces his intention to declare a financial emergency.

Spring recommended the Finance and Consultative committees avail themselves of the Senate via a report in the docket for the February 18 Senate meeting and time scheduled for discussion at that meeting. There was considerable support within the SFC/SCC for this suggestion.

Eaton moved a temporary adjournment of the joint meeting. The motion was carried without dissent. The joint SFC/SCC meeting adjourned.

Pratt convened a meeting of the Senate Consultative Committee. Eaton moved the Swan motion, as stated above, for creation of a subcommittee to determine alternatives to declaration of financial emergency. Purple opposed the motion on the grounds that it gives responsibility to the SCC for business which the SFC should perform and report on to the SCC. The motion was carried with one dissent. The SCC meeting was adjourned.

The joint SFC/SCC meeting was reconvened.

5. Consulting within the University on "Master List" of Program Priorities - January, 1982. Plans for "appeals," explanations.

Pratt read the request of the Senate Planning Committee that the SCC schedule a number of meetings at which faculty and students can question members of the Budget Executive regarding their recommendations. This item was moved to the agenda of the December 22 meeting.

Vice President French will be invited for December 22 to describe Health Sciences' criteria for program prioritizing to achieve cuts outside the academic area.

The joint meeting was adjourned at 1:10 p.m.

Respectfully submitted,

Meredith B. Poppele

Meredith B. Poppele, Secretary,
Senate Consultative Committee

Dec. 1981

SUMMARY OF REPORT ON VISIT TO U. WASHINGTON

I. General Background

1. There have been retrenchments of 2% and 3% within the past 16 months.
2. There is a general belief that U. Washington (and higher ed. in state) is over-extended.
3. U. Washington does not set tuition; the Legislature sets tuition and last year they increased it markedly.
4. The State of Washington has a shortfall in revenue of over \$1 billion during the 81-83 biennium.

II. Planning for Educational Reorganization at U. Washington

1. In October 1980 the President discussed decreased financial support with the Faculty Senate and asked them to begin a review of programs (as specified in the faculty code) for reduction or elimination.
2. The Senate approved a set of principles and criteria for resource allocation to be used in this process in January 1981.
3. Reviews were begun by units (12% reduction) - assessments were reviewed by faculty task forces.
4. Provost met with deans through the summer to talk about program changes.
5. Specific targets for reduction were provided each dean in October, 1981.
6. The Senate will discuss the plans for changes in non-academic units in February 1982 and for academic units in May 1982.
7. The regular planning for educational reorganization has become confused somewhat with emergency planning.

III. Financial Emergency

1. The State of Washington has a revenue shortfall this fall estimated variously to be between $\$450 \times 10^6$ to $\$6-700 \times 10^6$.
2. The Governor is required by the State Constitution to order across the board reductions in spending when there is a shortfall.
3. On September 17th the Governor issued an Executive Order for 10.1% reduction in spending and gave the U. about 3 weeks to show how the reduction would be accomplished ($\$32 \times 10^6$ for U.)

4. The President called the Financial Emergency Committee into session the night of Sept. 17. This committee is specified in the Faculty Code and consists of elected members of the Senate Executive Committee and the Senate's Special Budget Committee. The Finance component had been meeting regularly with the Provost; the Executive Committee component had no recent experience in looking at the budget.
5. The President requested the FEC to consider recommending whether or not to declare a financial emergency. They made a decision to do so and the decision was taken by the President to the Board at its regular meeting on Sept. 18. The Board declared a financial emergency.
6. Reasons given for the recommendation to immediately declare a financial emergency include:
 - a. Needed to get on with the business of preparing an emergency process for program cuts.
 - b. Political advantage in being first to make declaration.
 - c. Put pressure on the Governor.

IV. Preparing Emergency Process

1. The FEC set up policies and procedures for the emergency reduction adapted from the Faculty Code for educational reorganization.
2. The FEC divided into 3 parts and with staff help produced documents that went to the faculty senate for discussion. The entire FEC met 23 times (2 hours each) and the Senate met 6 times (13 hours) during this period. Three working sub-groups met for many hours in addition.
3. The policies and procedures were adopted by the Board on November 3. One major division occurred between faculty and administration over retaining a non-tenured faculty member of exceptional merit while dismissing a tenured faculty member in the same program.
4. The actual specific plans for reduction in the units were prepared by the FEC but were never publicly reviewed.
5. Alternative plans suggested by faculty members were sent to the FEC and a sub-group of that committee developed a fact sheet on each. (The most recent one was developed as a statement of advocacy).
6. There is one student member of the FEC and the two (undergraduate and graduate) student association presidents were invited to join it as non-voting members.

V. Cancelling or suspending the financial emergency.

1. The Legislature passed legislation in a special session (Nov. 9- Dec. 3) requiring a 5.1% reduction of the U. budget. It is generally believed that this amount will not require dismissal of tenured people.

2. Arguments to immediately cancel the financial emergency emphasized the devastating psychological effects it was having.
3. Arguments to maintain (or only suspend) the financial emergency were based on the fact that the State's problems had not been completely solved and another reduction might be ordered in the Spring. There was some doubt as to whether the whole process could be repeated at that time.

Reflection:

There was one major point of disagreement in the way the potential emergency was handled. Many faculty members believe that the decision by the FEC to recommend declaration of a financial emergency was made hastily without proper consideration of alternatives. Others believe the declaration was politically helpful and therefore a wise decision.



UNIVERSITY OF MINNESOTA
TWIN CITIES

Department of Food Science and Nutrition
1334 Eckles Avenue
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November 24, 1981

Vice President Kenneth H. Keller
213 Morrill Hall
University of Minnesota
Minneapolis 55455

Dear Vice President Keller:

In anticipation of continuing conversations between you and the Senate Finance Committee I offer the following:

There are at least three items on our continuing agenda for consultation that seem to be difficult ones for us to handle. They are:

1. The timing and mode of consultation that will occur with regard to the statement of program priorities in the next two-year budget cycle.
2. The mode of consultation that would occur should there need to be consideration of declaring a financial emergency.
3. Criteria whereby we would judge whether or not the declaration of financial emergency would be in the best interest of the University.

To advance our continuing conversations on these three items, I am hereby making the following proposals. I hope and expect that we will be able to accept, modify or make a substitute for these proposals such that we will progress in our work together.

Proposal #1. Consultation on Program Priorities

The Senate Finance Committee has seen no planning documents that contain concrete bases for statements of priority in programs. Neither have we seen anything like peer review documents, statements (or documentation) of demand and/or other evidence as to quality and importance of programs. We have discussed criteria such as quality, connectedness, demand, etc. and to some limited extent have discussed parameters of these criteria. I think we all agree that in the last analysis many aspects of these judgments are, of necessity, subjective. Therefore, there must be some way of assuring that informed judgments have been made without bias. Because of their participation the deans and other unit heads will have some perspective on how judgments have been made in this matter, and the three vice-presidents who form the Budget Executive will also have some perspective on the quality of these judgments. Faculty and student members of the Finance Committee and other consulting groups will not have this perspective. Among the various ways in which such perspective could be developed, I wish to propose two for consideration:

- a) Faculty/student participation in discussions with the Budget Executive before a final priority listing is developed. This participation should include discussion of alternatives and decisions between alternatives. Thus, through participation the Committee would develop understanding of the quality of the decisions being made.

- b) At the time the Budget Principles are made available for consultation, the Budget Executive would provide a complete list of the factors which have been considered and a statement of their relative importance. The information available to judge each factor for programs receiving either high or low priority would be completely documented. Within a minimum of three weeks the Finance Committee would examine this evidence (and perhaps evidence received directly from programs, if the evidence provided is sparse) and determine whether, in the Committee's judgment, the evidence at hand supports the idea that the decisions represented in the Budget Principles have been made through informed judgments and with equanimity.

There are merits and demerits connected with each of the above. Perhaps we can find a way that is clearly more meritorious? In any case there must be a way for the Senate Finance Committee to develop its own perspective in order that it can support the Budget Principles. Without such perspective, it will be impossible for the Committee to give its support.

Proposal #2. Consultation on Declaring a Financial Emergency

At such time as the President believes that it is necessary to consider declaring a financial emergency he will inform the Senate Consultative Committee of his belief and a schedule will be set up for talks between the President, the Budget Executive, and the SCC. All realistic alternatives to declaring financial emergency will be identified and put on the agenda for discussion. In addition, probable consequences of declaring a financial emergency in the particular situation at hand will be identified and examined. The President will present analyses of the alternatives under discussion and solicit expressions of student and faculty perspectives on these alternatives. The SCC will enlist the aid of other Senate Committees in considering a declaration of financial emergency. The Finance Committee will be asked to examine the budget analyses made available and to indicate in writing to the Consultative Committee their reaction to the President's analyses and any other pertinent information or recommendations that they may have. (The Senate Committee on Educational Policy) will be asked to provide in writing to the Consultative Committee their reaction to analyses of impacts on academic programs and additional pertinent information they may have. Likewise, (Faculty Affairs and the Tenure Committee could be asked to contribute. Both the Senate Planning Committee) and the Finance Committee could be asked to comment on effects of the alternatives on the normal planning decisions. Other assignments might be directed to still other Senate Committees, such as (Physical Plant and Research.) The Senate Consultative Committee, after considering reaction, information and recommendations from other Senate Committees and after completing the scheduled consultations with the President will advise the President in writing of its judgment on the merits of a declaration of a financial emergency. If the President should decide to make a different recommendation to the Regents, he will at the same time provide the SCC statement of its position to the Regents.

Proposal #3. Criteria for Declaring a Financial Emergency.

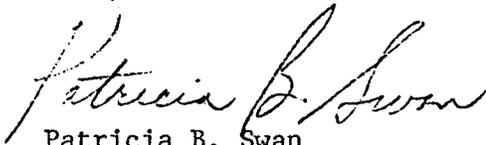
It is clear that the only circumstances under which the University Regents will declare a financial emergency will be those in which dismissal of tenured faculty is clearly the best alternative for preserving as much as possible the total quality and usefulness of University programs. Thus, criteria used to judge alternative approaches to meeting severe budget deficits will focus on measurements of the anticipated effects of these alternatives on the quality of University teaching, research and service. In addition to effects on quality, effects on accessibility and the usefulness of (or demand for) the total University program will be considered. Thus, for each identifiable alternative for making up deficits the following analyses will be provided:

- 1) How will it affect the total quality and quantity of teaching, research and service at the University?
- 2) How will it affect accessibility to the University?
- 3) How will it affect the composition of the student body, the faculty, the administration?
- 4) How will it affect academic support services?
- 5) How will it affect non-academic support services?
- 6) Will these effects be long-lived or short-lived?
- 7) Will there be particular, unique hardships imposed on any particular members of the University community?

Answers to these questions (and perhaps others) will be integrated in the minds (and conversations) of those involved in consulting and on this basis judgments will be reached. The process of integration will be made as explicit as possible, as will the reasoning leading to a recommendation that financial emergency should or should not be declared.

I believe that we will be able to begin a discussion of these proposals at our meeting on December 2. At that time we may also wish to discuss the December 3 report to the Senate on our budget situation.

Sincerely yours,



Patricia B. Swan
Chr. Senate Finance Committee

PBS/elh

December 21, 1981

To: Vice Presidents Bohlen, French, Hasselmo and Keller
From: Doug Pratt, Chair, Senate Consultative Committee
Re: Senate Finance Committee budget studies

The Senate Consultative Committee on December 18 directed the Senate Finance Committee to begin to explore the components of possible budget reductions which will be required in the current biennium. Our hope is that the Finance Committee ~~members~~ will become sufficiently informed to be able to analyze plans for budget reductions which are alternatives to a declaration of financial emergency.

We urge you to ask your staffs to cooperate with the committee and assist it in its requests for budget figures and analyses.

:mbp

cc: Pat Swan, Chair,
Senate Finance Committee

December 31, 1953

To: Vice President John, Branch, Finance and Administration
From: Board of Directors, Finance Committee
Re: Finance Committee Budget Studies

The Finance Committee on November 18 directed the Finance Committee to begin to explore the possibility of possible budget reductions which will be required in the current fiscal year. It is the Finance Committee's policy to immediately inform the Board of any budget reductions which are deemed to be a potential financial emergency.

We urge you to ask your staff to cooperate with the committee and assist it in its research for budget figures and analyses.

Very truly,
Yours,
John

John, Vice President
Finance Committee