



UNIVERSITY OF MINNESOTA
TWIN CITIES

All University Senate Consultative Committee

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DRAFT
MINUTES

Approved 9/25/80

Joint meeting of SCC, UCBRRB and the Budget Executive
August 6, 1980

SCC Chairman Marcia Eaton called to order a meeting of the Senate Consultative Committee and the University Committee on Biennial Request and Budget Review with the Budget Executive at 1:55 p.m. on Wednesday, August 6, in the Regents Room. Also present were, from SCC, Orhan Arkan, Russell Hobbie, Bryan Jamison, Judy Nord, Douglas Pratt, Vera Schletzer, Donald Spring and Allan Ward; from UCBRRB Jack Merwin and Robert Lambert; the Budget Executive-- Vice Presidents French, Johnson and Keller; Vice President Kegler; Associate Vice President Linck; special assistant to the President, Borgestad; Professor Walter Runge; Trish Van Pilsum of the Daily.

The purpose of the meeting was to discuss the final priority rankings the Budget Executive, after receiving SCC's and UCBRRB's rankings, had assigned to the items in the 1981-81 biennial capital request and the biennial O & M and specials request. SCC and UCBRRB members had received those capital request rankings in advance of the meeting.

I. Capital Request.

A. Planning.

1. Sports Facilities. Professor Spring noted that this was an item on which the consulting committees had lacked essential information. Was the sports facilities planning an all-University or a Minneapolis campus item? Vice President Kegler explained that the budget executive had initially assigned a committee to determine recreational sports needs for the Twin Cities campuses. The Regents and others then asked how the outstate campuses would benefit, and the President asked the committee to study outstate campus needs. That larger study started July 1. The proposed '81-'83 planning request, for \$1,750,000, might cover some planning for outstate campus facilities too, he said. He described it as an attempt at front-end planning which would also yield a figure for building.

2. Institute of Technology. Vice President Keller acknowledged SCC's and UCBRRB's urging that academic planning precede construction planning for IT, and said the current request (\$500,000) was an attempt to put in the money necessary to get a logical plan for IT. Vice President French underscored that the program must be solidly planned before building begins.

B. Construction.

1. Agronomy/Music. Professor Schletzer noted that the SCC had ranked the Music building first, ahead of Agronomy, and that the budget executive

had reversed the order. Keller described the change as an academic judgment, saying that the Agronomy plans have been in place for a much longer time and are associated with a very logical academic program.

2. Transportation. Professor Pratt repeated a question raised in Chairman Eaton's July 10 prioritizing letter for the SCC to President Magrath as to whether the inter-campus transportation item is linked to federal dollars. Vice President Kegler said the federal government would pay 10%, with the University being the largest single contributor of the remaining 10%, in which the MTC and others would also share costs. The proposed bus lane, he affirmed, would save time, money, energy, and needless duplication of services. It would connect campus to campus and peripheral parking lot to peripheral lot; there might be feeder lines to other locations, such as University Grove.

3. Williams Arena. Judy Nord asked whether construction had already begun. She pointed out that SCC had assigned a lower rank than did the budget executive to this item. Kegler replied that a safety inspection had determined that full code compliance would cost close to \$3,000,000. The University negotiated with the Minneapolis Fire Department on steps to take for minimal acceptable fire safety. The cost of those steps was \$275,000, which was taken from the men's intercollegiate athletic department. The University hopes to be reimbursed by the state. Spring asked if code compliance varies with the building's uses. Kegler replied that the University is aiming at certification for all the building's present uses, including accommodating 17,000 spectators. In response to Spring's asking if Williams' use would be affected by the completion of the new domed stadium, Kegler and Keller replied there would be no effect since the domed stadium will not house basketball or hockey.

C. Remodeling--Working Drawings.

1. Appleby, Fraser. Keller explained that working drawings for remodeling Appleby were moved to the top of the list to accommodate General College since the plan to remodel Nicholson cannot be carried out. He expects that Appleby and Fraser Halls will be linked for flexibility in space use.

2. Walter Library. Spring asked whether there had yet been collegiate planning regarding Walter Library, noting that the SCC and UCBRR had questioned last winter the fact that the units whose collections would be moved had not been consulted. French responded that the consultation is beginning and all affected units will be consulted. Spring emphasized that it is essential to coordinate the interrelated questions on Walter, "whose facade will be part of the Mall for a long time."

D. General Questions. Eaton asked how a unit gets an item onto the request list. Keller said the process is changing. Academic Affairs is the key. A unit's pre-programming committee states its support for particular needs in a proposed building. When Academic Affairs finds that need justified, it brings the request to the budget executive. He said that the history of the current capital request items reflects academic planning. French added that various items have been developing, along with their programmatic plans, capital plans to fit their program. Eaton said that she supported the music program and building, but observed that there had been very little consultation within CLA on Music's needs and where they fit within CLA.

II. 1981-83 Biennial Request, O & M Fund and Special Appropriations.

Keller distributed the budget executive's draft ranking of the biennial request items. He explained that the priority list integrated O & M items with old state specials being continued, then added new specials unranked. (Kegler noted that in the past, O & M items had all been listed together, followed by all state special items.) The budget executive gave clear priority to those items with clear instructional impact, Keller said. He added that President Magrath had not yet studied the list and might make small changes. These requests are all for increases over the 1980-81 appropriations.

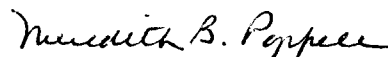
Spring observed that the budget executive had ranked handicapped student access (19) lower than had the SCC. Keller said the reason was that the University's compliance has been pretty good and failure to get an increase would not hurt much. Arkan asked if the University will be entirely accessible to the handicapped by 1983 as required by law. Keller replied that program access, not building access, is required, and a program can be moved if necessary. He thinks the increase called for will allow the University to attain full compliance by 1983.

Nord pointed out that the budget executive ranked increases for women's intercollegiate athletics (29) somewhat lower than did the SCC. Keller responded that he did not view an increase here as legally required because at this university men's intercollegiate athletics is required to support the women's program. The item was therefore ranked in terms of its academic priority.

Spring referred to Eaton's July 10 letter to the President expressing SCC's concern that the University be stuck with continuing full funding of programs to which it has committed itself when the federal grants for those programs are discontinued. The vice presidents indicated that the present projects do not carry that danger. Keller pointed out that the micro-wave tower is not a continuing, but is a one-time project; the sea grant project is based on matching funds, however. French described item 24, the Title XII "Agricultural Extension Field Staff Workload Communication System" as a project to send specialists to North Africa. If the funds were not continued, the people would simply no longer go.

The meeting was adjourned at 3:00 p.m.

Respectfully submitted,



Meredith B. Poppele,
Secretary, SCC



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Joint meeting of the Senate Consultative Committee and the University
Committee on Biennial Request and Budget Review with President Magrath
and the Budget Executive

August 6, 1980

A special meeting of the Senate Consultative Committee and the University Committee on Biennial Request and Budget Review with the President and the Budget Executive was called to order by SCC Chairman Marcia Eaton at 1:05 p.m. in the Regents Room on August 6, 1980. Committee members attending were, from SCC, Orhan Arkan, Russell Hobbie, Judy Nord, Douglas Pratt, Vera Schletzer, Donald Spring and Allan Ward; from UCBRBR, Robert Lambert and Jack Merwin. From the administration there were President C. Peter Magrath; Vice Presidents Lyle French, Clinton Johnson and Kenneth Keller (Budget Executive); Vice Presidents Nils Hasselmo, Stanley Kegler and Frank Wilderson; Associate Vice President Al Linck, Assistant Vice Presidents George Robb and Cherie Perlmutter, Special Assistant to the President Jim Borgestad; Handicapped Resource Coordinator Roger Drewicke; Professor Walter Runge, and several camera persons and other members of the press including Liz Petrangelo and Paul Dienart of University Relations, Mary Stuckey, Minnesota Public Radio; Trish Van Pilsum, Minnesota Daily; Joe Kimball and Chip Magid, and others. The President had specifically informed the press of the meeting.

Professor Eaton immediately turned the conduct of the meeting over to President Magrath who had requested the expansion of the previously-scheduled SCC/UCBRBR/Budget Executive meeting.

The President explained that he was taking this opportunity with the consulting groups to discuss Minnesota's very serious financial problem as it relates to the University. He presented the following background:

On July 11 Governor Quie announced to the state that the prospective deficit for the year 1980-81 could be as much as \$90 million. The state is prohibited by law from ending the year with a deficit. A few days after the governor's announcement, the State Finance Commission sent to the University a copy of its contingency planning memorandum that was sent to all state agencies. It states that "no agency will be exempted" from the cutbacks. The cuts will apply to the University of Minnesota. The Department of Finance would determine, after completing its analysis, what part of each agency's budget would be subject to cuts. The University has submitted figures to the Commissioner of Finance and had some dialogue with that office. Beginning in October, there will be fewer funds to draw on per month, in order to avoid a deficit. If the deficit turns out to be less than projected or non-existent, closer-to-normal or normal funds will be sent

to the agencies. No exact figure per agency has yet been determined. The University's share of the cut is estimated at \$5 million.

President Magrath stated that his purpose today was to inform the consultative groups of the situation and give them the opportunity for comment today or after having had more time to consider. The Regents will meet September 4 and 5, by which time there will be more information available.

The President told the assembly that he believes the University of Minnesota to be a very special enterprise within the state which generates great benefits including research, ideas, cultural stimulation and numerous practical contributions. The University has been hard hit in recent years by inflation and hard decisions have been taken to retrench. We don't, he said, in any real sense, have a margin of flexibility left. The quality of this University must not be impaired. Our basic educational budgets, starting with operations and maintenance, and certain other operations, cannot stand reduction. He asked Vice President Kegler for further comments.

Kegler stated that ultimately the University's reduction in spending will depend on persuading the Finance Commissioner that certain items simply cannot be touched, and on the actual size of the deficit, which will possibly turn out to be less than the currently projected ninety million dollars.

Professor Eaton asked what options the administration intended to consider, such as divesting itself of some investments, or increasing tuition. Is a tuition surcharge, similar to Wisconsin's, one of the possibilities being considered?

The President replied that they want to consider everything, and remarked that certain "state special" items could possibly, in terms of priority, be trimmed. Wisconsin had a first semester tuition surcharge last year which brought in about \$4 million. He described a surcharge as an option that has to be discussed. Other possibilities include deferring certain costs, and borrowing. He added that it could be argued that tuition is in itself a form of taxation. Since the University is a public institution and should be broadly accessible, a surcharge would be one of the last things he would want to look at.

Professor Schletzer asked whether the state university system, the community colleges and area vocational technical institutes would be similarly affected, since higher tuition at the University might drive some students to those alternatives. The President replied that all educational institutions would be affected, and said he would make the point with the finance office that while there are points of comparability, the University is significantly different from the other schools. An important distinction is that it receives the major proportion of its funds from sources other than the state treasury. Schletzer emphasized that if the University recovers funds or chooses a solution different from other schools, for instance, a tuition surcharge, that could make a difference in the number of students who attend here. Kegler replied that the University and other institutions will work together and try to proceed in a uniform way, intending to have the impact relatively equal throughout the system.

Professor Pratt said that since any increase in tuition would obviously have some effect on enrollment, it was essential to get data on what that

impact would be. He said he would hate to see the University erode accessibility to all qualified students. French and Keller said they could obtain the data. Pratt recommended cuts in specials over cuts in O & M and Kegler stated that the cuts can be selective.

Eaton inquired whether the University should sell some of its stocks, to which the President replied that many of the investments are vested to benefit particular programs. Keller pointed out that since the University's investment income is subtracted from the state appropriation, if the University sold stock and had less investment income, it would require even more state support.

Vice President French pointed out that the University could keep income from a surcharge. The University estimates tuition when it makes its biennial request. When more is collected than anticipated, the University keeps the surplus.

Eaton asked if this cut is something to worry about for only one year. The President reminded the assembly of the state's standing demand for the University and every agency to submit a 90% contingency budget for the 1981-82 biennium. Professor Merwin asked if the President saw the contingency budget as developing independently of the biennial request. President Magrath responded that the biennial requests and the materials indicating the consequences of a 10% budget reduction will be, as previously planned, before the Regents in September. The administration continues to work on all other plans on schedule--notably the six-year capital plans the state has requested.

Professor Spring inquired whether it would be feasible to postpone some budgeted expenditures, if rules of legislative intent could be relaxed. Keller and Kegler replied that most funds cannot be accessed to each other.

Eaton asked what information and what reports of consultation the President will have to present to the Board of Regents in September. President Magrath said that would depend on the information the University gets from the state. He anticipates the administration will have options to lay before the Regents. While the administration wants the consultative advice, he recognizes that the SCC and UCBRR cannot offer advice until they have more data. He hopes the two committees can at least provide principles and policies to apply.

Eaton stated that she was quite troubled at students not having an opportunity to be involved in the process, particularly with the talk of a possible surcharge. Judy Nord, one of the two SCC student members able to attend, asked whether, in the 90% contingency budget document, the cuts would be selective or across the board. The President replied that he did not think the Budget Executive would propose any cuts. Rather, they intend to lay out what the consequences of any cuts would be. He does not believe the University can tolerate any cuts. Keller underscored the point that no one is considering across-the-board cuts.

Professor Schletzer asked if the estimate of a \$90 million Minnesota state deficit and a \$5 million share assessed the University were part of the same set of estimates. The President replied that he did not know what share the Finance Commissioner would recommend from the University, and Kegler added that the administration arrived at its \$5 million guess from a series of assumptions.

Pratt stated that no one relishes making decisions of this sort, and making them in haste. He forwarded the suggestion of a colleague that the University might be able to isolate these cuts by using some of its endowments as a cushion, giving a temporary respite so as not to have to make the decisions in a panic.

The President replied that the planning process addresses that question. Because current fiscal circumstances are so constraining, the University does not have discretionary reserves. The Regents, he added, will want to discuss all aspects of the issues. Keller said that the University needs flexibility in planning and making decisions.

The President explained that the current crisis is not a matter of the University reverting funds to the state, but of its not being able to draw down budgeted funds from 1980-81.

Orhan Arkan, SCC student member, asked what the relation was between tuition rates and inflation, and also how much a one percent increase in tuition would contribute. The President responded that the University's policy is that tuition is not to increase more than the consumer price index, and that in fact it has increased somewhat less than that.

It was noted that a \$5 million assessment, if divided equally among 50,000 students, would amount to \$100 per student. How such a tax might actually be shared is open to discussion.

President Magrath concluded by stressing that it was important that the administration and the consultative groups work together on the problem.

The meeting with the President was adjourned at 1:50 p.m.

Respectfully submitted,

Meredith B. Poppele

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Secretary, SCC