

SCC MEETING

January 18, 1979

Regents Room, 1:15-1:45

AGENDA

1 1979-80 Budget Principles

-- Material distributed by President Magrath, January 9, 1979

2 Matching Fund Reserve-- Professor Morrison

-- Material distributed at the SCC meeting, 1/4/79



UNIVERSITY OF MINNESOTA
TWIN CITIES

All University Senate Consultative Committee
554 Business Administration
271 19th Avenue S.
Minneapolis, Mn. 55455
Telephone (612) 373-3226

MINUTES OF THE SENATE CONSULTATIVE COMMITTEE

Meeting of January 18, 1979

The All University Senate Consultative Committee met on January 18, 1979 in the Regents Room, 1:15 - 1:45.

Members present were Professor George Blake, Professor Wendell Glick, Mr. Steve Carlson, Professor Ken Keller, Professor Fred Morrison, Professor Betty Robinett, Professor Don Spring, Professor Vera Schletzer, Professor L.E. Scriven, Ms. Liz Sands, and Mr. Doug Watson.

1. Professor Morrison introduced the recommendations of the UCBRBR concerning Budget Principles material distributed by President Magrath, 1/9/79. The SCC agreed with the UCBRBR recommendation that there should be reexamination of the basis for using the 40 % "soft" money principle in support of tenure-track positions and made the following additional points.

A. No. 4, Academic Salary Increases section requires an additional statement to show congruence with merit/equity procedures.

B. No. 10, Laboratory Fees, SCC stressed that reduction in such fees clearly allow for compensation in the units where fees are required. Unless the condition is made compensatory, this is, in effect, selective retrenchment.

C. No. 11 in President Magrath's document, Indirect Cost Recovery, SCC suggested that it would be more appropriate to make a substantive statement indicating that income generated by indirect costs recovery will be used by ~~those departments in which it was generated~~.

D. No. 13, Supplies, Expense and Equipment, should be made consistent with retrenchment/reallocation procedures.

2. These items represent key points made by SCC in response to President Magrath's document 1/9/79. Professor Keller stressed that this was a procedural document and that it would carry more weight were it to be more substantive. He felt that this would speak to the Regents interest in being involved in planning rather than simply procedural considerations.

3. Professor Morrison introduced the discussion of the Matching Fund Reserve and distributed the UCBRR document dealing with Matching Funds to the SCC for consideration. After some discussion it was decided that SCC transmit the document to President Magrath and stress the following two additional points.

1. The primary source for this item should be a legislative request rather than monies derived from retrenchment.
2. The allocation of recurring funds to this item should be considered in accordance with criteria similar to those used in the reallocation process. Because it is system-wide, an administrative officer will need to submit it as a decision package.

Professor Scriven and Zaidi felt that this report was excellent and met a long-standing need for clarification of the Matching Fund Reserve. This request should be system-wide and seen in comparison with system-wide claims.

4. The meeting adjourned at 1:45

Respectfully Submitted

E. B. Martin



UNIVERSITY OF MINNESOTA

Office of the President
202 Morrill Hall
100 Church Street S.E.
Minneapolis, Minnesota 55455

*Agenda Item
3*

December 13, 1978

Professor Fred Morrison, Chairman
University Committee on Biennial Request
and Budget Review
324 Law Building
West Bank

Dear Professor Morrison:

An important function that has been supported centrally in the past has been the provision of matching funds required by certain federal equipment and training programs -- for instance, the NSF's Instructional Scientific Equipment (ISEP) and Comprehensive Assistance to Undergraduate Science Education (CAUSE) programs; the HEW Title VI instructional equipment program; and various research equipment funding programs. For this purpose, the University has maintained a Matching Fund Reserve from which commitments and allocations could be made to support University proposals to such programs. For many years in the past, when this fund was supported from Regents' Reserve funds, a substantial balance was maintained which permitted us to commit matching funds to almost all good proposals which required them. Unfortunately, the recent condition of our budget has resulted in a depletion of the Matching Fund Reserve; if something is not done, we will have to drastically reduce the number of proposals we can permit to be submitted to federal programs which require matching funds from the University.

Attached are summaries of the current situation by Dr. Peter Roll, Special Assistant to the Vice President for Academic Affairs, and of the history of the Matching Fund Reserve by Associate Vice President C. T. Johnson. The Vice Presidents and I do not believe that, over the long run, the University can afford to cut itself off from between \$100,000 and \$250,000 per year of federal support for vitally needed equipment and curriculum improvements by an inability to provide matching funds. We do face an immediate problem, however, on which we would like the advice of the University Committee on Biennial Request and Budget Review.

The proposals submitted during the remainder of this year will require matching funds during the 1979-80 fiscal year. Matching funds for all or most of the largest anticipated program (NSF Instructional Scientific Equipment Program) can be provided from the legislative appropriation for equipment depreciation, assuming that this appropriation request is granted; this will permit us to submit ISEP and other equipment proposals this year, plus a few other training proposals to be covered from the small remaining balance in the Matching Fund

Professor Fred Morrison
December 13, 1978
Page Two

Reserve. If the Legislature does not approve the equipment depreciation request, however, we would have to view any proposals approved by the federal government in excess of available matching funds as a first call on reallocation of retrenched funds for 1979-80. The choice we face, then, is this:

Do we accept further proposals with matching fund requirements this year, thus running the risk of an off-the-top commitment of reallocation funds if the Legislature does not approve an equipment depreciation appropriation (the commitment here would be on the order of \$200,000, of which probably one-half to one-third would be approved by the federal government, leaving a potential call of \$65,000 to \$100,000 on reallocation funds)?

Or, do we refuse to submit further proposals for federal programs which require central matching funds, thus losing an opportunity to compete for \$200,000 or more of federal support for 1979-80?

Before we make a decision on this matter, we would appreciate UCBRRB's advice on which of these courses of action would be in the best interests of the University.

In the long run, matching funds are going to have to be generated from reallocation; hence, I would also appreciate your inclusion of this item in your consideration of reallocation priorities for the future (beyond 1980). We have time, however, to consider this within the scope of our overall budget and reallocation planning. The decision on whether or not to accept further proposals this year, however, must be made within the next few weeks. I will be most grateful for UCBRRB's consideration of this issue at the earliest opportunity.

Cordially,



C. Peter Magrath
President

CPM:nw

Enc: Matching Funds Reserve Commitments for 1978-79
C. T. Johnson Memorandum of November 1, 1978

cc: University Vice Presidents
Associate Vice President C. T. Johnson, Finance
Dr. Peter Roll, Special Assistant to the Vice President for Academic Affairs
Dr. Mahmood Zaidi, Chairman, SCC

MATCHING FUNDS RESERVE COMMITMENTS FOR 1978 - 79.

<u>Balance in fund, 10/20/78</u>	\$107,201
<u>Commitments to 10/20/78</u>	74,656

Requests known to be in preparation (amounts estimated)

- NSF Comprehensive Assistance to Undergraduate Science Education (CAUSE) (Crookston and Waseca)	12,000	
- NSF Instructional Scientific Equipment Program (ISEP) (all campuses)	200,000	
- Research equipment requests from Duluth:		
* Raman spectrometer (Chemistry)	15,000	
* Scanning electron microscope and gas chromatograph mass spectrometer (Lake Superior Basin Studies)	75,000	
	<hr/>	302,000

Commitments depending on congressional action (unlikely)

- Title VI instructional equipment (all campuses; proposals submitted 11/1/78)	71,300
--	--------

Other programs for which there is a significant probability of a proposal, based on past experience (allotments to these programs for FY 1979 are shown; the proposals on which these allotments are based were submitted in FY78)

- Chemistry equipment (Twin Cities)	42,400	
- Plasma chemistry center - equipment (Twin Cities)	15,000	
- Special research equipment for engineering (Twin Cities)	<u>15,000</u>	72,000
* * * * *		

The problem: Against a balance of \$107,201 in the matching reserve, there are or may be

definite commitments of	\$ 74,656
a possible commitment of	71,300
known requests in preparation for	302,000
and likely requests for at least another	<u>72,000</u>
	\$519,956

- How far beyond the available funds can (should) commitments be made? (Our success rate on proposals for which commitments are made averages between 33% and 50%.)

- Can (should) the matching fund reserve be increased?

- Should we stop making commitments from the matching reserve at a certain point? if so,

* When? (At what dollar amount?)

* On what basis should requests be rejected? (Across the board after commitments reach a certain dollar amount; accept instruction-related and reject research-related commitments or vice versa; etc.)

NOV 1 1978



UNIVERSITY OF MINNESOTA

Office of the Associate Vice President
for Finance and Treasurer
302 Morrill Hall
100 Church Street S.E.
Minneapolis, Minnesota 55455
(612) 373-2058

November 1, 1978

TO: Peter Roll

FROM: C. T. Johnson *CTJ*

As you requested, I have attached for your information two schedules having to do with the Matching Funds Reserve Account.

The first schedule shows the activity for the current year with a balance of \$32,545 as of October 20, 1978. The second schedule shows the activity in the Matching Funds Reserve Account over the past four years.

CTJ/pj

Attachments

UNIVERSITY OF MINNESOTA
Matching Funds Reserve
0100-1423-02
October 20, 1978

Balance July 1, 1978	\$215,058.23
1978-79 Budget Allotment	25,000.00
	<u>\$240,058.23</u>

Allotments 1978-79

EPA - Hallberg - 1978-79 (0100-4994)	\$12,732.00	
NSF - Gassman - Chemistry (0100-4932)	42,400.00	
NSF - Chem Engineering & Mat Sci (0100-2195)	9,125.00	
NSF - Oskam - Plasma Chemistry (0100-4931)	15,000.00	
USOE - Title VI Equip - UMD (0100-3799)	10,000.00	
NSF - Computer Science - Schneider (0100-2191)	19,800.00	
NSF - Chemistry - Carr (0100-2192)	19,300.00	
NSF - Ag. Industries & Svcs. - UMICW - Biggar (0100-3998)	<u>4,500.00</u>	132,857.00
		<u>\$107,201.23</u>

Commitments

NEH - Labeo's German Trans.-Ev Firchow 79-80	\$ 3,400.00	
" " " " " 80-81	3,300.00	
" " " " " 81-82	3,300.00	
Helium Liquefaction Proposal - IT	24,000.00	
Social Welfare Adm. 78-79 - Social Work	25,000.00	
NSF - LOCI Proposal - UMD - Dean Hendrickson	6,466.00	
NSF - LOCI Proposal - UMD - Donald Batkins	5,220.00	
NSF - LOCI Proposal - Chem.Engr. - M.V.Tirrell	<u>3,970.00</u>	<u>74,656.00</u>

Net Funds Available	<u>\$ 32,545.23</u>
---------------------	---------------------

UNIVERSITY OF MINNESOTA
Summary of Matching Fund Reserve
1974-75 to 1977-78
(0100-1423)

	<u>1974-75</u>	<u>1975-76</u>	<u>1976-77</u>	<u>1977-78</u>
Balance July 1	\$436,798.08	\$612,063.96	\$508,045.79	\$433,229.45
Budget Allotment	76,750.00	-0-	25,000.00	25,000.00
Allotments from Regents Reserve	335,000.00	275,000.00	-0-	-0-
Credit of unused allotments	-0-	3,023.83	11,498.66	34.78
Total Available	<u>\$848,548.08</u>	<u>\$890,087.79</u>	<u>\$544,544.45</u>	<u>\$458,264.23</u>
Allotments	<u>236,484.12</u>	<u>382,042.00</u>	<u>111,315.00</u>	<u>243,206.00</u>
Balance June 30	<u>\$612,063.96</u>	<u>\$508,045.79</u>	<u>\$433,229.45</u>	<u>\$215,058.23</u>



UNIVERSITY OF MINNESOTA
TWIN CITIES

Law School
285 Law Building
229 19th Avenue South
Minneapolis, Minnesota 55455
(612) 373-2717

January 16, 1979

Senate Consultative Committee
534 Business Administration
Campus

Dear Members of the Committee:

On December 13, President Magrath wrote to the University Committee on Biennial Request and Budget Review, and to the Senate Consultative Committee, concerning matching funds for scientific equipment. At its meeting of January 11, the University Committee on Biennial Request and Budget Review examined the President's request. We believe that the provision of matching funds for federal grants for scientific equipment is a matter of serious concern. Our recommended solution to the problem is somewhat complex and is set forth below.

We believe some of the matching costs which must be paid by the University can properly be charged to certain items in the current budget or in the biennial request. These items include the Instructional Equipment Fund for instructional equipment, the Equipment Replacement Fund for research equipment, and the fund for the operation of New Facilities, when the equipment is a consequence of occupation of new facilities. In addition, funds for this purpose might be made available through this year's reallocation process.

In principle we believe that new allocations of money for matching funds for scientific equipment should be considered ^{in the legislative request.} (as part of the ordinary reallocation process) We believe that ^{this is} ~~this is one example~~ of the kind of priorities which are "system-wide" which should be presented and evaluated in comparison with other claims, including both other system-wide claims and those of individual budgeting units. See section 8 of our letter of November 21. The matching fund was once replenished from Regent's Reserve. Since that bookkeeping device is now missing, we should place the provision of these monies into our regular budgeting plan, if we wish to provide them at all. ~~(This can properly be done only through the annual reallocation process.)~~

We believe That This is the kind

reaffirm
1. Comparatively to other ^{claims} 2/ believe primary source be legislative request, 3/ ~~SCC does not~~ ^{request} ~~provide~~ ^{at} ~~for~~ ^{the} ~~annual~~ ^{reallocation} ~~process~~

We wish to emphasize that a priority mechanism for individual matching fund requests must be established. Even gift horses must be examined with care. It is no longer necessarily true that the University will receive sufficient advantage from a particular piece of equipment to justify the matching expenditure. For this reason we suggest that two review mechanisms be created to establish priorities. For research equipment, we believe that the Graduate School Research Committee should have a role in identifying the need for requested matching-fund equipment and for assigning levels of priority to these requests. This would parallel its existing function for ordinary purchases. For instructional equipment, collegiate units could make this decision, subject to review by the Academic Affairs Office or an office designated by it.

In making such review, the reviewing bodies could identify whether the requested equipment was of a very high priority for the University, an intermediate level of priority, or a low level of priority. Based on this information, the responsible administrative officers could decide whether to submit the equipment request, defer, or reject them. Particularly in the intermediate category or categories, submission of requests might be made contingent upon the monetary level of other requests then outstanding, so as to provide some statistical likelihood that we would remain within our budget for matching.

This leads us to our specific response to the requests which the President makes to us. We believe that a qualitative evaluation of the need to the University of the equipment requested should be made. Some equipment requests may be denied initially, either because the need is not great or because other similar equipment is available within the institution. We believe that the rejection should be on a qualitative basis, rather than on a "time of filing basis". We must make qualitative judgments as we move into an era of priority allocation.

Within the scope of matching fund commitments, it may be necessary to reject some meritorious requests because the level of commitments is higher than we anticipate being able to meet. We believe that meritorious requests should continue to be forwarded so long as there is a reasonable possibility, based on past experience with such requests, that we would be able to meet the matching requirement from available funds. That is to say, we should run some risk that we will overrun the available matching funds.

This leads us to a question of contingency planning. Assuming a better than expected grant performance, what do we do? One possibility is to fail to make matching payments at that time. We believe that this would be an acceptable risk to run in light of the experience which we have, provided that

Members of SCC
January 16, 1979
Page 3

we do not do it too frequently. Our second suggestion in this regard is essentially to "borrow ahead" against equipment replacement or instructional equipment funds for future years, to meet matching fund requirements. The choice between these alternatives could be made at the time that the crunch occurs.

Sincerely,

Fred L. Morrison
Chairman, University Committee
on Biennial Request and Budget
Review

FLM:nmv



UNIVERSITY OF MINNESOTA

Office of the Vice President for Institutional Relations
232 Morrill Hall
100 Church Street S.E.
Minneapolis, Minnesota 55455
(612) 373-2054

January 18, 1979

TO: Legislative Lists A, B, C, D
FROM: Stan Kegler *SK*
SUBJECT: House and Senate Legislative Committee Lists

The following is a list of the legislative committees with which the University deals most often.

SENATE COMMITTEE ON FINANCE: Roger Moe, Chairman; Robert Lewis, Vice Chairman; Jerald Anderson; Robert Ashbach; John Chenoweth; Robert Dunn; Jerome Hughes; Humbert Humphrey III; John Keefe; Steve Keefe; William Kirchner; Jack Kleinbaum; William Luther; Mike Menning; Thomas Nelson; Harmon Ogdahl; George Perpich; George Pillsbury; Clarence Purfeerst; Earl Renneke; David Schaaf; Sam Solon; Allan Spear; Peter Stumpf; Robert Tennessen; Gerald Willet.

SUBCOMMITTEE ON EDUCATION: Roger Moe, Chairman; Jerald Anderson; Jerome Hughes; John Keefe; Robert Lewis; Harmon Ogdahl; Earl Renneke; Peter Stumpf; Robert Tennessen.

SENATE COMMITTEE ON EDUCATION: Jerome Hughes, Chairman; Peter Stumpf, Vice Chairman; Jerald Anderson; Neil Dieterich; Robert Dunn; Jerome Gunderson; Hubert Humphrey III; Delores Knaak; Howard Knutson; Gene Merriam; David Rued; Doug Sillers; E. Stokowski; Roger Strand; Arnulf Ueland; Myrton Wegener.

SUBCOMMITTEE ON POST-SECONDARY AND HIGHER EDUCATION: Neil Dieterich, Chairman; Jerome Gunderson; Howard Knutson; Roger Strand; Peter Stumpf; Arnulf Ueland; Myrton Wegener.

HOUSE APPROPRIATIONS COMMITTEE: Fred Norton, Chairman; Gordon Voss, Vice Chairman; Glen Anderson; Thomas Berkelman; John Corbid; Shirley Hokanson; Phyllis Kahn; Raymond Kempe; Paul McCarron; James Metzen; Lona Minne; C. Thomas Osthoff; James Rice; Mike Sieben; James Swanson; Eugene Waldorf; Richard Welch; Ann Wynia.

DIVISION ON EDUCATION: Wendell Erickson, Chairman; William Dean; Melvin Haukoos; James Metzen; Willard Munger; Bruce Nelson; C. Thomas Osthoff; Mike Sieben; Tony Stadum; James Swanson; John Weaver; Ann Wynia.

HOUSE EDUCATION COMMITTEE: Carl Johnson, Chairman

DIVISION ON HIGHER EDUCATION: Ken Zubay, Chairman, John Ainley, Vice Chairman; Bruce Anderson; Lyndon Carlson; John Drew; Dominic Elioff; David Fjoslien; James Heap; Dwaine Hoberg; Henry Kalis; Randy Kelly; Dee Long; Marlin Nelson; Todd Otis; Elton Redalen; Glen Sherwood.



UNIVERSITY OF MINNESOTA
TWIN CITIES

Law School
285 Law Building
229 19th Avenue South
Minneapolis, Minnesota 55455
(612) 373-2717

January 16, 1979

Senate Consultative Committee
537 Business Administration
CAMPUS

Dear Committee Members:

The University Committee on Biennial Request and Budget Review had a brief opportunity to review the President's budget principles for development of the 1979-80 annual budget. We assume that development of next year's budget will be a matter determined largely by the existing budget base, and by retrenchments and reallocations, as well as new legislative appropriations. We believe that the proposed budget principles are consistent with this view.

We believe that the time may be ripe for the administration to re-examine the premises on which forty percent of normally recurring "soft" money can be used to support tenure-track positions. The probability of continuing funding in many areas has changed radically since this policy was first adopted. We believe that it is time for its reconsideration, so that the University's policy can fit the present situation.

Otherwise, we see no basis for further discussion with regard to the budget priorities.

Sincerely yours,

UNIVERSITY COMMITTEE ON THE
BIENNIAL REQUEST AND BUDGET REVIEW

Fred L. Morrison
Chairman



UNIVERSITY OF MINNESOTA

Office of the President
202 Morrill Hall
100 Church Street S.E.
Minneapolis, Minnesota 55455

Approved 1/10/79

January 9, 1979

To: All-University Senate Consultative Committee
University Committee on Biennial Request and Budget Review

From: C. Peter Magrath

Subject: 1979-80 Budget Principles

Attached is a draft of the budget principles that I will be recommending to the Board of Regents during their February meeting. These principles, which are based upon those used in previous years, are to be followed in the development of the 1979-80 budget. These principles, I might also add, are consistent with the reallocation criteria and guidelines that were sent out to the academic colleges and other units in December.

Should you have any comments or recommendations concerning the attached materials, please let me know either as a group or individually by January 30.

CPM
CPM

CPM:djf

Attachment: Draft 1979-80 Budget Principles

1-10-79

UNIVERSITY OF MINNESOTA
Proposed Budget Principles 1979-80

In order to facilitate the preparation of the 1979-80 budget and to ensure that the subsequent operating budget for 1979-80 can proceed on schedule, the following set of general principles is recommended to the Board of Regents. The President will submit the precise dollar implications of these principles to the Board of Regents as a budget plan as soon as legislative appropriations are known. Final action on the budget will be recommended to the Board of Regents at its July meeting.

Consultation with the appropriate Senate Committee will take place prior to presentation of the final budget plan.

1. Enrollment and Tuition Projections

Actual enrollments for fall quarters of 1977-78, 1978-79, and the estimates upon which the 1979-80 legislative request was prepared are as follows:

	<u>Fall Registration</u>		<u>Legislative</u>
	<u>1977-78</u>	<u>1978-79</u>	<u>Estimate</u>
			<u>1979-80</u>
Twin Cities	44,778	44,829	44,874
Duluth	6,744	6,809	6,808
Morris	1,561	1,433	1,550
Crookston	1,036	1,083	1,070
Waseca	<u>958</u>	<u>1,050</u>	<u>1,100</u>
Total	55,077	55,204	55,402

The enrollment estimates presented here assume no change in admissions requirements or enrollment limitations except as dictated by normal admission standards, available teaching stations, and available housing. It is assumed that extended negotiations will take place with the Legislature regarding the extent to which workload increases will be funded from marginal tuition resources available from increased enrollment estimates for 1979-81. From whatever resources are available, some reserves will be established to provide resources for the anticipated teaching loads.

No tuition rate increases were estimated or projected for the 1979-81 biennial request. This decision will be made during the appropriation process. There is a presumption that probably there will be a tuition increase in the next biennium related to the approximate instructional cost increases in the appropriation. If the Legislature assumes a policy approved by H.E.C.B., a tuition increase of about 1% to a target of 25% of instructional costs is possible for 1979-80.

2. Financial Aid

The Board of Regents, in establishing budget principles for the 1979-80 budget, reaffirms its position that tuition increases have the effect of closing educational opportunities for large groups of students or potential students. For this reason, the Regents reaffirm their commitment to seek the maximum amount of funds, both public and private to meet these ever-increasing needs.

3. Student Services Fees

The Student Services Fee Committees are currently meeting and reviewing the structure of the Student Services Fee for the academic year 1979 on all campuses. Recommendation by the committees through the appropriate campus governing structures to the central administration and subsequently to the Board of Regents will be made prior to the approval of the budget.

4. Academic Salary Increases and Promotions

The total amount appropriated will be allotted to colleges and administrative units. The precise policy for making salary adjustments will be determined after the usual consultation by the President with the appropriate faculty and administrative groups and will be reported to the Regents in the budget plan.

The method of distributing whatever unit funds are allocated will be left to individual college discretion subject to customary guidelines. The President may set aside an amount to correct cases of manifest inequity. Salaries of administrative officers will be subject to Presidential review.

5. University Civil Service Pay Plan

The 1979 Legislature will appropriate funds to adjust Civil Service salaries. Traditionally, the University pays salaries and fringe benefits comparable to employees in the State Classified Service. The University Pay Plan will reflect this comparability and will become a part of the Budget Plan for 1979-80.

6. Faculty and Civil Service Fringe Benefits

The 1979 Legislature will be considering changes in fringe benefits for state employees as a part of a general state pay plan. Details will be reported to the Board of Regents in the budget plan.

7. Retrenchment and Reallocation

The University of Minnesota is engaging in an effort to produce a long range planning system which will provide a basic system against which annual budget making can occur. Budget planning for 1979-80 will recognize the concept of an annual examination of the budget base and the internal reallocations of resources. Since a long range plan is not available, the planning for reallocation for the 1979-80 budget will proceed on the basis of a set of interim guidelines and decision making criteria approved in principle by the Board of Regents at its December 8, 1978 meeting.

Since the concept of reallocations was endorsed in the Governor's guidelines for the preparation of the biennial request and since specific funding requests in the biennial request will be included in the reallocation requests, the exact plan for reallocation will not be known until legislative appropriations are completed.

The President will, after consultation with the administrative staff and appropriate Senate Committees, determine the final reordering of existing allocations in accordance with the approved criteria. The detail of the reallocation including the necessary retrenchment will be submitted to the Board of Regents as part of the Budget Plan for 1979-80.

8. Minimum and Fixed Rates of Compensation

Minimum rates of compensation for instructors and assistant professors will be included in instructions to collegiate units. Consideration will be given to compensation levels at comparable institutions and to the effect of inflation.

9. Retired Staff

The Board of Regents is asked to reaffirm a budget principle that the retirement pay of those staff who retired and their surviving spouses should be increased to compensate for rising levels of inflation. University supplements to retired staff are included in the salary base on which faculty salary appropriations are made. Increased payments to retired faculty reduce the existing retirement inequities. These increases are not charged to the funds available for faculty merit and promotions increases.

10. Laboratory Fees

The Board of Regents in 1977 agreed to the principle of eliminating laboratory fees. In the 1977-78 budget plan this fee was reduced from \$4.00 to \$2.00. The tuition schedule which will be submitted to the Board of Regents as part of the budget plan for 1979 and 1980 will be based upon the elimination of the remaining portion of the fee.

11. Indirect Cost Recovery

A portion of this income will be included in the regular recurring budget as general income, and a portion will be allocated for non-recurring items. ~~Smith~~ Keller

12. Funding of Permanent Staff for Instructional Replacement

Research and training activities performed under contracts and grants have become an integral function of the University. Many years ago, when the scope of these activities was quite small, the University experienced no problems in hiring part-time teaching replacements. Funds to hire these replacements were provided by charging contracts and grants for that portion of the regular staff member's time spent in the

performance of research and other duties. As the level of this activity rises, full-time replacements are needed if we are to assure the quality of teaching.

As a budget principle, full-time regular positions may be added to the printed budget up to 40 percent of the funds available through charges of regularly budgeted staff to contracts and grants. No requests for increases in budgeted staff from this source of funds will be honored without proof of clear expectation that the volume of contracts and grants will be recurring. (1)

13: Supplies, Expense and Equipment

The President is authorized to allocate any unrestricted appropriations on a judgemental basis to colleges and administrative units where they are determined ~~upon the basis of a Reallocation Review~~ by administrative review to be most needed.

14. Non-Legislative Budgets

In order to assure salary equity among all areas of the University, units which are funded from non-legislative funds must provide salary increases (within the guidelines as established above) comparable to those provided from the General Operations and Maintenance Fund. Programs must be reduced, if necessary, to accomplish this principle.

15. Adjustments

The President is authorized to make such further adjustments in the interpretations of these principles as are required to complete the budget plan with a report of such adjustment to the Board of Regents.