

SCC Meeting

Thursday, January 4, 1979

606 Campus Club, 1:00 - 3:30

AGENDA

- ✓ 1. Approval of Minutes - November 2, 21, 30 already distributed
- December 12

- ✓ 2. Chairman's Report
 - ✓ A. Biennial Request related items
 - ✓ 1. President Magrath's remarks at the Department of Finance hearing concerning the University Budget, December 13, 1978 (already distributed)
 - ✓ 2. President Magrath's memo to UCBRBR and SCC dated December 21, 1978 concerning priority ranking of biennial request proposals (already distributed)
 - ✓ 3. Middle Income Student Assistance Act: Letter from Mr. Patrick Eckman to President Magrath, December 12, 1978 (Not distributed)
 - ✓ 4. Letter from Mr. Patrick Eckman to President Magrath, December 12, 1978 and President Magrath's response December 18, 1978 (Not distributed)
 - ✓ 5. News Service release dated December 14, 1978 concerning the University Budget Request (Already distributed)
 - ✓ 6. President Magrath's comments dated December 18, 1978 concerning matters which arose at the SCC meeting with the President on December 12 (To be distributed)
 - ✓ B. Report of the Study Group on University Outreach (To be mailed)
 - ✓ C. President Magrath's letter of December 20, 1978 concerning mandatory retirement age of 70 (Not distributed)
 - ✓ D. Dean James Tammen's letter to Professor Zaidi December 20, 1978 concerning the agriculture meeting with SCC on November 2, 1978 (Not distributed)

AGENDA
SCC Meeting
January 4, 1979

- ✓ E. Institute for Research on Learning Disabilities space allocation,
James Ysseldyke's letter to President Magrath, December 4, 1978
- ✓ F. Senate meeting, January 18, 1979
- ✓ G. Meeting with the graduate school and CLA
- ✓ H. Meetings at coordinate campuses
- ✓ I. Vice President Stein's letter dated January 2, 1979 to Professor
Zaidi concerning the activities of the Planning Council *(Already distributed)*
- ✓ 3. Matching Fund Reserve: Professor Morrison *(already distributed)*
- ✓ 4. Replacement for Messrs. Marchiniak and Potter--Mr. Richard Kottke
- ✓ 5. Old Business
- ✓ 6. New Business



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 4, 1979

APPROVED 2/1/79

The All University Senate Consultative Committee convened its ninth meeting of the academic year, 1978-79 on January 4, 1979, Room 606, Campus Club, at 1:00.

Members present were Professor George Blake, Mr. Steve Carlson, Professor Wendell Glick, Professor Ken Keller, Mr. Richard Kottke, Professor Vera Schletzer, Ms. Liz Sands, Professor Don Spring, Professor Richard Purple, Mr. Richard Rydberg, Professor Betty Robinett, and Professor Mahmood Zaidi, Chairman.

1. The minutes for November 2, 21, and 30 were approved, and the minutes for December 12 were approved with corrections.

2. Professor Zaidi began the chairman's report:

A1. In order to keep committee members up to date, Professor Zaidi drew to their attention the material received by members from President Magrath (12/13/78) in which were contained his comments to the Department of Finance concerning the University budget. Professors Zaidi and Morrison were invited to attend the University presentation to the Department of Finance.

A2. Professor Zaidi indicated that the Governor's office requested that all agencies prioritize budget proposals and that the University biennial request, therefore, had to be prioritized. Even though the University had asked that the budget not be prioritized because it is not possible to show comparability in items requested, this was not approved by the State. Prioritizing was completed and sent to the Commissioner of Finance. Professor Zaidi could not attend the presentation to the Department of Finance, therefore, at his request, Professors Keller and Morrison attended the meeting called by the Central Administration which dealt with prioritizing.

In relation to the prioritizing, Mr. Carlson indicated that he thought the budget should be viewed as unified and that in a period of retrenchment he was concerned that salaries were listed as first priority. He did not disagree that salaries were important only that given University retrenchment policy that he saw this as difficult to justify.

Professor Keller stressed that salaries had not been central in that salaries would not be a top priority at the expense of University programs.

Professor Schletzer also pointed out in response to Mr. Carlson that we are not retrenching to meet salaries; Mr. Carlson asked how we can retrench yet ask for increases. In essence, Mr. Carlson said that he did not view this as two separate issues.

Professor Zaidi indicated that retrenchment was not based on salaries but rather that retrenchment was an effort to improve internal allocation of present resources.

Mr. Carlson suggested that the Committee had been "bought off"; this was challenged by Professors Keller and Zaidi. Professor Keller stressed again that salaries would not receive priority that would jeopardize the University; Professor Zaidi emphasized that Mr. Carlson seemed to be questioning motivation and that, in his estimation, this was not valid.

A3 and 4. Professor Zaidi passed around two letters from Mr. Patrick Eckman to President Magrath concerning Middle Income Student Assistance Act and Biennial Request Priorities and the role of the Academic Vice President. President Magrath's responses to these letters were read to the committee-- 1) implementation of the Middle Income Student Assistance Act was recognized as an important administrative priority and 2) the role of the Academic Vice President as necessary to the budget consultation process was recognized.

A5. Professor Zaidi reviewed the News Release, 12/14/78, concerning the University Budget Request. He indicated he had spoken to the Office of University of Relations concerning the release.

A6. Professor Zaidi drew SCC's attention to the comments made by President Magrath, 12/18/78, concerning matters which arose at the SCC meeting with the President 12/12/78. This material was circulated to Committee members.

B. The final report of the Study Group on University Outreach will be mailed to Committee members. It was decided that SCC should not act on the Report until SCEP and appropriate committees associated with SCEP review the Report and forward their comments to SCC. The Chair will inform SCEP and other appropriate Committees concerning this action by SCC in dealing with the University Outreach Report. Because Mr. Carlson expressed concern that other Committees may well have an interest in this matter, Professor Zaidi designated that he ask other committees for their written comments and bring them to SCC.

C. Professor Zaidi circulated President Magrath's letter of 12/20/78 to retirees concerning mandatory retirement age of 70.

D. Dean James Tammen's letter to Professor Zaidi, 12/20/78, indicating appreciation for the College of Agriculture meeting with SCC on November 2, 1978 was read to the Committee.

E. Dr. James Ysseldyke, Director for the Institute for Research on Learning Disabilities sent a letter to President Magrath dated 12/4/78 in which he expressed concern that the Institute would be moved from its present quarters. This raised again the issue of how space is assigned, and Professor Robinett indicated that perhaps SCC should watch this situation and consider, at a future time, looking into the matter of space allocation again. The Chairman was directed to notify Mr. Ysseldyke of SCC action and to place space allocation on the agenda of a future SCC meeting.

F. Professor Zaidi informed the Committee that he has discussed with Professor Joseph Altholz, Chairman, Rules Committee, the possibility of rescheduling the January 18th Senate meeting to February 15th or 22nd since only one agenda item had so far been submitted to the Clerk of the Senate. He went on to say that postponement of the meeting will also permit the presentation of the Report of the Select Committee of the Senate. The Committee concluded that either of these dates are acceptable, and Professor Zaidi should so indicate to Professor Altholz. Professor Zaidi said that he would also explain the reasons for postponement to Professor McClaskey, Chairman, Library Committee.

G. After some discussion, it was decided that the Chairperson should try and arrange it so that the Graduate School Deans meet with SCC on February 1, 1979 and that the CLA Deans meet with SCC on March 1, 1979. In order to accomodate these two meetings, the Committee agreed to the following schedules: SCC meeting on February 1, 1979 ----- 12:30-3:00p.m.
Campus Club., 608
SCC meeting on March 1, 1979 ----- 1:00-4:00p.m.
Regents Room.

H. Following considerable discussion on whether SCC should visit coordinate campuses this academic year, a motion was made and passed stating that SCC make two coordinate campus visits each year. Professor Zaidi was directed by the Committee to make arrangements and, after consultation with Professor Spring, to make the decision concerning the visits to the two coordinate campuses.

I. The SCC reviewed Vice President Stein's letter of January 2, 1979 concerning the activities of the Planning Council and the relationship between the Council, SCRAP, and SCEP. The Committee decided that at this time no action is required by the SCC since the procedures outlined in the letter for this year are only in the preliminary stage. Planning Council minutes, communications, and Professor Morrison's reports should be sufficient to keep SCC informed of the Council's activities.

3. The Matching Fund Reserve material will be discussed 1/18/78 preceding the meeting with President Magrath.

4. Mr. Kottke was recognized to explain the procedure for replacing Messrs. Marchiniak and Potter on the SCC. He indicated that nominations would be received from those eligible in TCSA and that the Student Consultative Committee would appoint two people from among those nominated to fill the vacated positions.

Professor Zaidi asked that the Committee recognize Mr. Potter's contribution to SCC work and wish him success in his new endeavor.

5. Old business - none.

6. New business - none.

The meeting was adjourned at 3:15.

Respectfully submitted,

Elizabeth Martin, Administrative Fellow



UNIVERSITY OF MINNESOTA
TWIN CITIES

Institute for Research on Learning Disabilities
Department of Psychoeducational Studies
223 Fraser Hall
106 Pleasant Street S.E.
Minneapolis, Minnesota 55455

December 4, 1978

TO: President C. Peter McGrath
FROM: James E. Ysseldyke, Director, Institute for
Research on Learning Disabilities

A handwritten signature in cursive script, appearing to read 'Ysseldyke'.

I'd like to call your attention to a series of difficulties that have been, and continue to be, experienced by the University of Minnesota's Institute for Research on Learning Disabilities. All relate to the stability of space assigned to the Institute and to Central Administration commitment to the smooth functioning of this important research endeavor. I am requesting your direct and immediate intervention to alleviate current threats to once again remove us from our assigned University space and to relocate our offices.

The Institute for Research on Learning Disabilities is one of five nationally funded Institutes (others are located at the Universities of Kansas, Virginia, Illinois-Chicago Circle, and Columbia University) designed to conduct long-term programmatic research on children with learning disabilities. The Institute is funded for three years (1977-1980) at \$1,039,332, and will receive continuation funding for an additional three years (1980-1983) at \$1,350,000. Funds come from the Bureau of Education for the Handicapped; the funding of Institutes is congressionally mandated as part of Title VIg and Public Law 94-142, the Education for All Handicapped Children Act. We will be eligible to apply for a second six year funding cycle at \$2,400,000. The Institute is funded at an indirect cost rate of 53%; the University has already received \$56,784.77 in indirect costs, and will, over the duration of this effort receive an additional \$1,552,774.20 in indirect costs.

We have had, and continue to have difficulties regarding space assigned to the Institute. While we are currently adequately housed, our space is again being threatened and considered as a potential location for the offices of student aid. During the last week, we have had, with no prior discussion, engineering and space management personnel touring our facilities and "sizing up" space for potential use by student aid.

We find the cavalier manner in which this matter is being handled to be without precedent in University affairs. At the least, Institute faculty and staff were owed the courtesy of some discussion prior to the

invasion of the second floor of Fraser Hall by engineering and space management personnel during working hours and without prior notification of their arrival. Such visits obviously have a significant impact on personnel working for the Institute and result in my spending an incredible amount of time trying to answer questions without knowledge of what is going on.

The events of the last week are only the most recent in a continuing saga of moves and inconveniences experienced by the Institute since its inception on September 29, 1977. The Institute had no office space during the first two months of funding, and was assigned limited space on the first floor of Morrill Hall on December 1, 1977. While that space was defined as temporary, we were told that we would be housed in Morrill until October 1978.

We were required to make all arrangements for, and to pay for, the moving of furniture from offices and storage rooms located in Elliott, Pattee, and Burton Halls, and at 11 Oak Street. We were required, appropriately, to pay the costs of installing telephone equipment. Yet, we were also charged for the painting of the Morrill Hall space. Because we did not have adequate space to house 11 faculty, 7 research assistants, and 3 Civil Service staff, we occupied space in Ford, Burton, Pattee, Morrill, and Elliott Halls, and in the Child Development Institute. It was not until February, 1978 that we were able to complete dealing with logistical matters and start attending to our research efforts.

Immediately after we occupied space in Morrill Hall, a series of very frequent interruptions in the form of visits by University personnel began. We were repeatedly "visited" by Vice President Wilderson, his Assistant, Professor Biggs, personnel from their offices, space management personnel, telephone company personnel, and engineers. All visits were without prior notification and were conducted for the purpose of inspecting the offices in which we were housed or measuring said offices. Discussion went on all about us regarding ways in which the facilities could be renovated. I recall two instances where I was interrupted while meeting with students.

In April 1978 we received notice that we would be moving to the second floor of Fraser Hall, and completed that move on June 24, 1978. I would estimate that the move cost the Institute staff a minimum of two weeks research work. Because University funds were "not available" we painted our own offices, removed hundreds of linear feet of shelving to create additional space, and even did some of our own re-wiring.

During the first two months at Fraser we endured workmen repairing and painting the old Law library to make space available for the registration area. We were, in addition, besieged by the movie crew for "Fooling Around". The inconveniences and interruptions have hardly created an atmosphere for serious academic pursuits.

The Institute currently has 30 faculty and staff occupying 10 offices. The Institute provides support for 14 graduate research assistants, and

research training experiences for an additional five graduate students who are on either NIMH or graduate school fellowships.

The stability of location of the Institute is obviously important. We currently are conducting field-based research in 25 Minnesota school systems (Minneapolis, Moundsview, Bloomington, St. Anthony, Osseo, South St. Paul, Eden Prairie, Brownsdale, Duluth, Benson, St. Paul, Roseville, Wayzata, Rosemount, Minnesota River Valley, Inver Grove Heights, Columbia Heights, Spring Lake Park, Crow River Cooperative, Rochester, Bemidji, Crookston, Mankato, St. Cloud, and Moorhead). In addition, we are conducting five national surveys and working with 44 federally funded Child Service Demonstration Centers. We cannot continue to change our location and mailing address every six months, and still have our constituents believe we are a stable entity. Section 504 of the Rehabilitation Act makes it impossible for an Institute funded by the Bureau of Education for the Handicapped to occupy space in locations that are inaccessible to handicapped individuals.

Our most recent move was described as temporary, but space management personnel promised us that we would be housed in Fraser for "at least two to three years". I respectfully ask your intervention to alleviate the repeated hassles we have with space. Part of the condition of receiving this award was central administrative support. Prior to June, 1979 we anticipate a federal site visit, a visit in which such support would quite clearly be seen as missing. Let's not jeopardize this effort.

at

cc: Robert Bruininks, Department Chairman
Dean Gardner, Dean
Michaeleen Fox, Space Management
Henry Koeffler, Vice Pres. of Academic Affairs
Peter Roll, Asst. to Vice Pres. of Acad. Affairs
Maynard Reynolds, Professor (LTI/NSS)



UNIVERSITY OF MINNESOTA

Office of the Vice President
for Administration and Planning
200 Morrill Hall
100 Church Street S.E.
Minneapolis, Minnesota 55455

21

January 2, 1979

Professor Mahmood Zaidi
Chair, The Consultative Committee
537 Business Administration
West Bank

Dear Mahmood:

In my capacity as chair of the Planning Council, I want to share my thoughts about interaction between the Planning Council and the Senate Committees.

First, I have requested that you, as chair of the Consultative Committee, receive minutes of all Planning Council meetings and, as well, all written materials related to both the Council and the educational seminar series on long range planning.

Second, I would like to extend an invitation to you to sit in on the planning seminar series if and when your schedule permits.

Third, I would like, officially, to extend to the SCC an open invitation to comment, at any point that it seems appropriate, on the direction and activities of the Planning Council. Your comments and reactions could be formal and directed through the President or could be more informal in nature and be relayed directly to me.

These steps will, I hope, offer a means of effective exchange of information between SCC and Planning Council. In addition, as you know, the Planning Council has ties to the Senate Committee on Resources and Planning through the fact that its chair, Paul Grambsch, and SCRAP members Norine Odland, Doug Pratt, and Bob Lambert all serve as members of both groups. Although in so doing I perhaps am reiterating the obvious, I am requesting by copy of this letter to Paul that he and

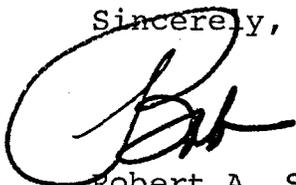
Professor Zaidi
Page Two
January 2, 1979

Norine, Doug and Bob continuously act as a liaison between the Planning Council and SCRAP. I will expect from SCRAP an ongoing reactive and, if it so desires, a proactive commentary on Planning Council activities. It has been my assumption that, as far as the Senate structure is concerned, the primary liaison relationship between itself and the Planning Council would be through SCRAP.

I recognize, however, that the Planning Council may consider some issues which are of interest to SCEP and therefore, I have arranged for Planning Council minutes and seminar materials to be regularly forwarded to Don Browne in his capacity as the chair of the Senate Committee on Educational Policy. To that group as well, I extend a standing invitation to comment on Planning Council activities though, again, I am assuming that, in a practical sense, the leadership in the interrelationship between the Senate structure and the Planning Council will, in fact, come from SCRAP.

My intention in communicating all this is to make certain that you are aware of my understanding of these relationships and to give you a chance to discuss this further if you feel it appropriate.

Sincerely,



Robert A. Stein
Vice President for
Administration & Planning

RAS:eah

cc: Professor Paul Grambsch
Professor Donald Browne
Ms. Ann Pflaum
Members, Planning Council

UNIVERSITY OF MINNESOTA

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

December 18, 1978

Dr. Mahmood Zaidi
Chairman, Senate Consultative Committee
537 Business Administration

Dear Mahmood:

I am commenting on a couple of issues that came up at our last meeting.

One question concerned the status of the University of Minnesota court action on the collective bargaining issues that restrain the University from acting on the proposed change in the tenure code and the changes in the consulting procedures. Unfortunately, it will be several months before the court will decide the issues. According to Vice President Stein, a stipulation of facts will be given to the court within the next week or two, and then perhaps in February actual arguments will be heard. It's simply impossible to know when a decision will be made, but we are undertaking efforts to try to hasten the process.

I appreciated the comments pointing out problems with regard to some of the examples given for the retrenchment and reallocation process. I've mentioned this matter to Vice President Koffler and Associate Vice President Linck, and Al Linck will be trying to put together a few more illustrations that take into account the concerns that Professors Robinett and Glick raised the other day.

Finally, I should comment on the concerns that Professor Glick raised regarding the UMD situation on retrenchment and reallocation. I discussed this further with Vice President Koffler and Associate Vice President Linck, and we concurred that the proposed retrenchment at UMD does not violate the guidelines, nor does the elimination of a particular program or programs. Similarly, we do not believe that the proposal to distribute reallocation funds between units at UMD, which is the current suggestion of Provost Heller, violates any of the guidelines. Whether or not these decisions are wise or prudent in terms of feelings and judgments that various faculty have at UMD is another matter entirely. I have alerted Provost Heller to the concerns that Professor Glick has raised.

Cordially,



C. Peter Magrath
President



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

TO: Members, SCC

FROM: Betty Martin

SUBJECT: Biennial Request Hearings

I have listed below the individuals who participated at the Biennial Request Hearing on Wednesday, December 13, 1978. This is for your information.

Norm Dybdahl - Deputy Commissioner, Department of Finance

Tom Lavelle - Department of Administration, Assistant
Commissioner's Support Services

Bob Renner - Governor's Staff

Governor-Elect Quie

Lou Wangberg - Lieutenant Governor

Tom Maloy - Assistant Commissioner, Department of Finance

Dale Nelson - Department of Finance, liaison with the University
(agency controller)



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December 13, 1978

To: Professor Ken Keller
Professor Wendell Glick
Professor Richard Purple

From: Mahmood A. Zaidi, Chairperson
FCC

Subject: Presentation of the Biennial Request

I did not learn until very late that none of you will be present at the first hearing of our Biennial Request. Fortunately I was able to rearrange my schedule and attend the presentation of the Request before Governor-Elect Quie. I am a little concerned that we are not coordinating our activities!

In order to keep our credibility with the faculty, I feel that at least one of us should monitor the hearings. If none of us is able to attend a particular meeting, we should try to solicit help from other members of the FCC. I suggest that we discuss this matter at one of our FCC meetings sometime in the near future.

cc: Members, Faculty Consultative Committee



UNIVERSITY OF MINNESOTA

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

2A2

December 21, 1978

TO: Senate Consultative Committee
University Committee on Biennial Request and Budget Review

FROM: C. Peter Magrath

SUBJECT: Biennial Request Priorities

As some of you are aware, the Governor's Office, through the Department of Finance, recently called upon all state agencies to submit a priority ranking of their biennial request proposals. Because of the diversity and non-comparability of the University's requests, we sought an exemption from the executive order. However, state officials were unwilling both to grant any exemption or to accept the general priorities that the Regents adopted during the November meeting of the Board.

Since the list of priorities was due on Wednesday, December 20, it was necessary to develop the specific rankings over the brief span of two days. Although this short notice prohibited consultation with the entire membership of SCC and UCBRR, I did ask some committee members to participate in the meetings at which the priorities were again reviewed and proposed. Specifically, Professors Fred Morrison and Ken Keller were able to attend the meetings and contributed significantly in the development of the required list.

Upon the recommendation of Professor Mahmood Zaidi, I am sending you a copy of the proposed priorities. Please bear in mind that the task of ranking specific items was extremely difficult, and that disagreements regarding certain priorities are inevitable. The list is not "carved in granite," nor do the senior officers and I intend to argue any less strongly for the items that are not top ranked.

CPM

CPM:kb

Enclosure



UNIVERSITY OF MINNESOTA

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

December 20, 1978

Mr. Norman Dybdahl
Deputy Commissioner
Department of Finance
State of Minnesota
309 Administration Building
St. Paul, Minnesota 55155

Dear Norman:

You have requested, through Vice President Brown, that we develop a supplemental report which details the priorities within our 1979-81 Biennial Request. As you know, assigning priorities top to bottom through such a complicated and diverse request poses serious problems for us, but we are attempting by this letter to comply with both the spirit and intent of your request.

I must point out that we have, in the past few months, engaged in very serious discussions within the administration and with the Board of Regents about the very question which you have posed. At the November meeting of the Board I submitted a carefully-reasoned proposal for their review and comment. That proposal suggested that, in general, the University priorities were:

1. Academic Compensation
2. Mandated Expenditures
3. Quality/Workload (Maintaining quality of programs and services with increased workloads)
4. Maintain Current Level of Quality and Service
5. Improve Current Level of Quality and Service

As I mentioned to the Board and to the Governor-Elect, that sort of general ranking will not hold up if one compares specific requests in those categories. Some of the "improvement" requests might well be more important than certain requests in the "quality/workload" category. A copy of this document is attached for your review and analysis.

It is my understanding that we are now requested to provide even more detailed rankings within the overall framework of the previous discussions. With the caveat that this document has not been reviewed by the Board of Regents, I will attempt to provide my judgment based upon some consultation with my senior colleagues and with individual members of the two faculty senate committees which have added immeasurably to our development of the Request.

Throughout all of our internal discussions, and during our hearing before Governor-elect Quie, I have repeatedly and emphatically stressed that our first priority in this request is, and must be, a faculty pay plan which allows us to retain and recruit a faculty which is commensurate with the ongoing mission of this institution. We are and hope to continue to be one of the premier public institutions of higher education in the country, and in order to do so, it is imperative that we be able to provide a compensation package which is attractive and competitive. I stand by this previously-stated position and strongly urge that this item be given the most careful and thoughtful consideration in your deliberations.

Academic Compensation (p. 136) \$41,893,000 *

The second priority within our request covers those items over which we literally have no control. In our discussions with the Board of Regents, we refer to them as "mandated expenditures" and in reviewing the document which I submitted to the Board, you will find our definition of this term.

The items which appear below fit that definition of "mandated". They are items which in our judgment we will be compelled to expend if we are to continue to operate the University. They are as follows:

Social Security Cost Changes (p. 140)	\$5,011,104
Fuel and Utilities (p. 67)	2,361,000
Skilled Trades (p. 67)	1,081,000
Hazardous Waste Disposal (p. 67)	167,000
Unemployment Compensation (p. 62)	2,069,625
Workers Compensation (p. 62)	346,286

This list of mandated items has been restricted to expenditures we will have to make, so it differs somewhat from the earlier list of "mandated" programs. The term "mandate" means different things to different people and agencies, and our earlier list contained at least two other varieties of "mandates"--- compliance issues like athletics and handicapped access, where the issues are determining how much we should be doing and how much will be interpreted as satisfactory compliance by an agency or a court, and matching issues, where the requests for State funds are designed to meet Federal matching requirements, and the issue is whether the designated and potential Federal money and the value of the activity is worth the State investment. We have ranked these items within the total list of requests, but obviously these programs involve judgmental factors that are more complicated than many of the other requests.

The third item in our priority ranking must be the inflation adjustment for our supply and expense base. Certainly we have discussed this amply in the past, and the importance of preserving our purchasing power is critical if we are to continue to offer quality instructional programs.

General Price Level Increase (p. 138) \$11,151,000

Our fourth priority relates to the two base adjustments made necessary as a result of the 1977-79 appropriation. These are:

Fringe Benefit Funding Adjustment	(p. 142)	\$ 648,273
Base Adjustment	(p. 144)	\$ 2,559,662

Beyond these items I will simply rank order all of the remaining items in the request with the caveat, again, that this process is extremely difficult in a document as complex as our Biennial Request. Consistent with your instructions, I have ranked the Operations and Maintenance items separate from the State Specials. Certainly, there are those who will place different emphases on various parts of the request, and that is fully understandable. This document is my personal effort at responding to the directive that we provide priority ranking.

Operations and Maintenance Fund

Rank	Item	Amount
1.	Handicapped Student Services (p. 53)	\$ 477,000
2.	Duluth (p. 54)	52,854
3.	Waseca Regular Instruction (p. 18)	266,000
4.	Duluth Regular Instruction (p. 17)	192,236
5.	Crookston Regular Instruction (p. 17)	100,000
6.	Medical School, Instruct. Workload (p. 20)	398,880
7.	Professional & Technical Programs (p. 19)	600,000
8.	Core Programs (p. 19)	600,000
9.	Dentistry, Federal Replacement (p. 20)	340,000
10.	Student Aid Administration (p. 53)	748,814
11.	Student Aid Administration, Part-Time Students (p. 53)	102,500
12.	Operation of New Facilities (p. 67)	2,378,000

Rank	Item	Amount
13.	Instructional Equipment (p. 19)	\$ 1,910,000
14.	University Computer Services (p. 44)	300,000
15.	Repairs and Betterments (p. 69)	2,500,000
16.	Leased Property (p. 67)	535,000
17.	Faculty Travel (p. 47)	400,000
18.	Graduate School Fellowships (p. 56) see also item 37	458,000
19.	School of Public Health (p. 21)	420,114
20.	Nursing (p. 21)	298,164
21.	Medical School, Fed. Replacement (p. 20)	200,000
22.	Pharmacy, Federal Replacement (p. 21)	300,000
23.	Public Health, Federal Replacement (p. 21)	63,704
24.	Morris Regular Instruction (p. 17)	68,070
25.	Duluth (p. 46)	144,910
27.	Dentistry, Capitation Replacement (p. 20) see also item 2 (State Specials)	2,084,344
28.	Management & Services (p. 63)	178,000
29.	Admin. Data Processing (p. 63)	120,000
30.	Personnel Department (p. 63)	61,000
31.	Transit Service (p. 67)	421,000
32.	Coordinate Campuses Travel (p. 47)	40,000
33.	Registration System Improvement (p. 53)	494,000
34.	Student Accounts Receivable (p. 62)	141,000
35.	Educational Development (p. 46)	250,000

Rank	Item	Amount
36.	Instructional Supplies (p. 18)	\$ 200,000
37.	Graduate School Scholarships (p. 56); see also item 18	50,000
38.	Financial Aid, International Students (p. 56)	564,310
40.	Aid, Grad. and Professional Students (p. 56)	410,000
41.	International Programs (p. 47)	80,000
42.	Statewide Testing Program (p. 54)	(70,280)

It is especially difficult for the University to rank many of the Special Appropriations, either in a separate listing or within the total list of University requests. Specials represent highly diverse activities, often involving clientele groups outside the University who may well depend very heavily on the work of one or more of the Specials. Our placing these activities in priority order has the effect of imposing University judgments in ways that will affect those clientele groups, and this makes ranking very difficult. If our judgment is based on greatest potential economic benefit to the State, clearly Agricultural Research must be a high priority. On the other hand, the activities of the FIRE Center are of critical importance to fire departments all over the State. I use the latter example deliberately, because a few years ago the University made the decision that the FIRE Center was not central to the University of Minnesota and might more appropriately be shifted to some other agency. The firefighters subsequently made it clear to the Governor and to us that they regarded University sponsorship to be extremely important. Examples like these can be cited throughout the list and somehow must be given consideration. However, we have been asked to prioritize, and our rankings are as follows:

State Specials

Rank	Item	Amount
1.	Libraries Supplement (p. 120)	\$ 1,566,000
2.	Contingency, Capitation Replacement (p. 97); see item 27 (Operations & Maint.)	(1,168,925)
3.	Equipment Replacement (p. 105)	1,000,000
4.	Disadvantaged Students Retention (p. 99)	1,035,000
5.	Mineral Resources Research Center (p. 122)	800,000
6.	Sea Grant (p. 124)	300,000
7.	Graduate School Research (p. 109)	250,000

Rank	Item	Amount
8.	Graduate School Research, Med-Cancer (p. 89)	\$ 90,000
9.	General Agricultural Research (p. 75)	2,470,000
10.	Ag. Exten. (Non-staffing portion) (p. 77)	892,096
11.	Ag. Extension (Staffing portion) (p. 77)	912,904
12.	Health Services Research Center (p. 89)	220,000
13.	Nursing, External Master's Degree (p. 91).	550,000
14.	Duluth Medical School (p. 79)	137,144
15.	Pub. Health, Nurse Practitioner (p. 91)	103,600
16.	Rochester Extension Center (l. 126)	70,000
17.	Vet. Med. Diagnostic Lab/Vet Hosp. (p. 132)	280,000
18.	Special Hosp. Serv. Ed. Offset (p. 93)	200,000
19.	Intercollegiate Athletics (p. 118)	1,424,000
20.	SS/CEE Supplement (p. 126)	400,000
21.	Energy Research Ip. 103)	300,000
22.	Freshwater Biological Research (p. 107)	90,000
23.	Duluth Medical Preceptor Program (p. 79)	82,000
24.	Industrial Relations Education (p. 116)	70,000
25.	Bureau of Business Research (p. 109)	100,000
26.	UMD Business & Econ. Research (p. 110)	10,000
27.	MN Geological Survey (p. 112)	190,000
28.	Lake Superior Basin Studies (p. 85)	104,000
29.	Center for Urban & Regional Affairs (p. 109)	120,000
30.	Bell Museum (p. 109)	120,000
31.	Alcohol & Other Drug Abuse Prog. (p. 91)	310,000
32.	Community Epilepsy Program (p. 91)	85,000

Mr. Norman Dybdahl

-7-

December 20, 1978

Rank	Item	Amount
33.	UMD Tweed Gallery (p. 130)	\$ 36,000
34.	University Gallery (p. 130)	100,000
35.	Economic Development Center (p. 101)	100,000
36.	Hormel Institute (p. 114)	20,000
37.	Dental Research (p. 89)	100,000
38.	F. I. R. E. Center	16,000

As always, my colleagues and I stand ready to meet with you or to discuss any portion of this document which is unclear or for which you would like further information. We appreciate very much the consideration which has been afforded us to provide our own input as to detailed priorities and do hope that in your deliberations careful consideration will be given to the considered judgments which are expressed in both the total request and in this supplemental data.

Cordially,

C. Peter Magrath
President

CPM/pj.

Attachment

cc: Vice Presidents
Board of Regents
Professor Fred L. Morrison
Professor Kenneth H. Keller
Professor Mahmood Zaidi

2AS
UNIVERSITY OF MINNESOTA
NEWS SERVICE, S-68 MORRILL HALL
100 CHURCH ST. S.E.
MINNEAPOLIS, MINNESOTA 55455
DECEMBER 14, 1978

Agenda

NEWS PEOPLE: For further information
contact BILL HUNTZICKER, (612) 373-7512

U OF M OUTLINES DETAILS
OF 1979-81 REQUEST

(FOR IMMEDIATE RELEASE)

Details of the University of Minnesota's \$97.5 million requested increase in its operating budget for the 1979-81 biennium were outlined Wednesday by President C. Peter Magrath to Governor-elect Al Quie and members of his administration.

The University's \$639 million total request includes some 113 new academic positions and about 114 new civil service positions, Magrath said. The requested increase is about 18 percent above the appropriation of the last biennium.

Magrath told Quie that the University's request does not follow some of the guidelines Quie and outgoing Gov. Rudy Perpich gave to state agencies to hold the line on increases in staff and budget.

"In some specifics," Magrath said, "we are not in conformity with the guidelines but we believe we are within the spirit of the guidelines."

Magrath said that most of the requested increase--about 61 percent--is needed because of inflation. Another 10 percent is necessary to comply with various kinds of government regulations, such as access for the handicapped, occupational health and safety, and women's athletics, he said.

The "inflation-related" portion of the request includes \$41.9 million for 11 percent faculty salary increases in each year of the biennium.

In response to a question, Magrath said that he is waiting for details on President Carter's voluntary 7 percent wage increase guidelines, which may allow for situations in which salaries have not kept pace with inflation.

"We feel that there are some provisions in President Carter's guidelines that cover our request," Magrath said. "I'm not proposing to throw over our salary proposal at this time."

Magrath said that between 7 and 8 percent of the salary request is related to projected inflation while an additional 3 percent is to "somewhat mitigate the losses in purchasing power the faculty have lost in the last three years." The percentages include fringe benefits, he said.

Magrath said that the 7 percent and 6.5 percent increases the faculty received over the past two years were not enough to keep pace with the inflation rate. In 1977, the University had requested 13.5 and 8 percent increases for the two years of the current biennium.

(MORE)

The University's operating budget request--which does not include civil service salaries, a requested subsidy to hold tuition down, and some \$100 million sought for new buildings and other capital improvements--will be presented to the 1979 Legislature in January.

Quie will have to take the University's request into account when he prepares his budget message for next month. The governor's recommendations frequently become the basis for discussion at legislative hearings on the request.

Quie attended about the first hour of the day-long presentation by University officials. Lt. Governor-elect Lou Wangberg presided over most of the day's discussion, which was confined solely to increases the University has proposed in its budget.

Cutbacks in the current base are being undertaken through an internal process of "retrenchment and reallocation" in which some budget cuts will be made to allow the University to match legislative appropriations in some areas and add other programs without additional state aid, Magrath said.

Increased state investments in some areas such as agriculture, business and mineral technology could have economic payoffs to the state, Magrath said. He cited the example of Era wheat which, he said, was developed for \$300,000. Increased yields since 1970 have boosted farm income by \$220 million.

"There are some areas in which increased activity--modest but increased--would have big payoffs," Magrath said.

A Bureau of Business Research request for an additional \$100,000 would "pay off many times" if a single business decided to locate in Minnesota, and an additional \$800,000 for the Mineral Resources Research Center would be matched with federal money and could help in the development of Minnesota's copper nickel resources, Magrath said.

Basic research money helps generate projects that then attract federal money, he said. Basic research involves studies that have no foreseeable practical applications.

"We get a tremendous multiplier from basic research money but it is very hard to get," Magrath said.

-UNS-

(AO,1;B1,10;CO,1)



UNIVERSITY OF MINNESOTA

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

Agenda Item

December 18, 1978

Mr. Patrick Eckman, Chairperson
Student Lobby Advisory Committee
240 Coffman Memorial Union

Dear Pat:

You have recently sent me two letters and in the spirit of cost saving I will respond to both of them with one letter.

On the subject of the needs of the Financial Aid Office, we are all aware that there are problems there in terms of inadequate space and staffing. Unfortunately, this is a problem that affects many University operations these days for reasons that I am sure are well understood by you. In view of the latest decisions that have just come out (tentatively) of the Federal Office of Management and Budget, which drastically reduce appropriations for federal student financial aid, our concern as to how to implement the Middle Income Student Assistance Act seems a little ironic. The struggle is not over yet, however, as a major lobbying campaign is being waged by the national higher education associations to reverse the OMB recommendations.

I've taken the liberty of sending a copy of your letter on the financial aid question to Vice President Wilderson and Associate Vice President Zander so that they can take account of your comments, including your suggestions with regard to space. By the way, many handicapped students do not wish to be segregated out from other students, and I am told that they resist the notion of being consolidated into one special section. That question, too, is a complicated one, but it is useful to have your thoughts.

I've also read with interest your other comments relating to reallocation and budget questions. There is simply no way that the final budget can be acted on until after the appropriation process is complete. Most of the reallocation decisions can be made prior to the final appropriation process since they will stand on their own merits, but a total complete budget has to await the final appropriations. I do not share your fears concerning how the Legislature and State Government will view our reallocation efforts; quite to the contrary, I suspect that it will assist our credibility in St. Paul. On your fears concerning communications externally and internally, that has not been a problem in recent years and Vice President Kegler's office stays closely attuned to what is going on internally.

Mr. Patrick Edkman
December 18, 1978
Page Two

I have commented adequately and completely on the subject of how I choose to structure the final decisions on retrenchment and reallocation. You are correct in inferring what I thought was explicit: namely the Vice President for Academic Affairs will have access to all of the reallocation and retrenchment proposals, and will be in a position to recommend decisions for all budgeting units. All of the University Vice Presidents are concerned with the ultimate academic and educational mission of the University of Minnesota; I believe that is the work we are all mutually about, and I for one have always regarded the University at its best to be an interrelated operation and have tried to gear my decisions in terms of the best interests of the total University of Minnesota.

Finally, I do share your view of the efforts of Professor Morrison and UCBRRB. They have done good work and have been most helpful in many respects in this process, as has also the University Senate Consultative Committee.

Cordially,



C. Peter Magrath
President

CPM:kb

cc: Jeanne Hvass
Colleen Kelley
Fred Morrison
Mahmood Zaidi
Jim Clark
Stan Kegler
Ken Keller
Henry Koffler



UNIVERSITY OF MINNESOTA

University Student Senate
Student Lobby Advisory Committee
240 Coffman Memorial Union
300 Washington Avenue S.E.
Minneapolis, Minnesota 55455

(612) 373-2414

Agenda Item
2A3

December 12, 1978

President C. Peter Magrath
202 Morrill Hall
100 Church St. S.E.
Minneapolis, MN 55455

Dear President Magrath,

With regard to your December 5th letter to Professor Zaidi which discussed the Middle Income Student Assistance Act and the associated administration required, I would like to comment.

Your proposal to increase financial aid personnel through internal reallocation of Student Affairs, and provide additional space to handle the increased load is at best a stop-gap measure. I realize that funds were not made available by the Congress when it enacted this legislation. However, this degree of aid is a long overdue and hopefully, long term measure.

This University has existed for many years with inadequate space and personnel in the Financial Aid Office. I defy anyone to get anything but a busy signal when they attempt to call the financial aid phone number. This situation has existed for an extended period of time, and any increase in funding that seeks only to maintain the status quo is unacceptable to students.

I believe that a strong case can be made for relocating the Financial Aid Office. I realize that space management is a complex operation, and that Fraser Hall is inaccessible to physically impaired students - but it is empty. Further might I suggest a consolidation of all financial aid and registration facilities into one office for handicapped students? The ease of access and utilization would offset the interaction with other students that such an office would preclude.

Finally, I share your hope that Congress will appropriate administrative funds for the Middle Income Student Assistance Act with reservations. As I've been invited to participate in the Student Commissioner Conference on Financial Aid Issues in Washington, and since I am a member

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Magrath
December 12, 1978

of the Board of Directors of the United States Student Association; I too, through my national work in Washington, know that students have mixed feelings as to who should pay for administrative costs. If these costs would be subtracted from the appropriated aid, I personally would find this unacceptable and would hope that the States could come up with the bucks to administer the massive amount of aid available.

Cordially,



Patrick Eckman, Chairperson
Student Lobby Advisory Committee

cc: Jeanne Hvass
Colleen Kelley
Fred Morrison
Mahmood Zaidi

pe/kp



UNIVERSITY OF MINNESOTA
TWIN CITIES

Student Representatives to the Board of Regents
240 Coffman Memorial Union
300 Washington Avenue S.E.
Minneapolis, Minnesota 55455

Age de Glen

2A4

December 12, 1978

President C. Peter Magrath
202 Morrill Hall
100 Church St. S.E.
Minneapolis, MN 55455

Dear President Magrath,

I read with interest your letter to SCC and UCBRRB discussing the "Interim Guidelines and Decision-Making Criteria for the 1979-80 Annual Budget." As I participated in the work of UCBRRB that made recommendations regarding the Guidelines I found it gratifying that you considered and incorporated many of the suggestions in the final document.

However, I do have two concerns. First, on our recommendation #9, timing. Your letter states in the middle of page two that "... no final decisions on the 1979-80 budget will be made until after the appropriation from the Legislature is known." I find this rather ambiguous. I am well aware that the regents cannot act to approve the final 1979-80 budget until the appropriation process has concluded, but when will the decisions of reallocation be made? When I suggested the language for recommendation #9, I was thinking about the problems of a process that would outline low-priority items internally, while the Legislature was making decisions that could save these items. My fear was that the Legislature would tend not to fund items that the University assigned low priority. This is unhealthy. The decisions that internally determine reallocation should not be used to justify Legislative non-appropriation. This year we may have little choice given the time restraints and the need for units to have adequate warning regarding their 1979-80 budgets. In the long run I would hope that decisions for the R and R of the 1981-82 budget, as an example, could be made sometime in 1980 to the benefit of all concerned. Also, I hope that there will be good communication between the 1979-80 R and R process and Vice President Kegler's Office of Institutional Relations during the upcoming session. The hazard of one arm of the University saying one thing to the Legislature while another arm is saying something else must be avoided at all costs.

My second concern is the role of the Vice President of Academic Affairs in retrenchment and reallocation of non-academic units. On page three of the aforementioned letter to SCC and UCBRRB of December 6th, you state that, "All Vice Presidents will be asked to evaluate all of the de-

page 2
Magrath
December 12, 1978

cision items for their impact on the operations which are their responsibility and they will be given the opportunity to comment on any of the decision items with respect to [their] contribution to support of the academic programs of the University." Further, you ask that Academic Affairs and Health Sciences "...review carefully and comment upon all matters pertaining to academic programs." I hope this means that you perceive the University as completely inter-related and therefore the Vice President for Academic Affairs could review the entire package of R and R and present an Academic Affairs' recommendation for R and R that would encompass all budgeting units. I feel the value of having a pervasive rather than piecemeal recommendation that incorporates the academic perspective on all decision items is vital to the future of this University.

Finally, I would like to commend the efforts of Professor Morrison and UCBRRR. The fact that you incorporated many of their suggestions into the final document applauds the concern and hard work that went into the recommendations you received from them.

Sincerely,



Patrick Eckman
Student Representative to the
Board of Regents

cc: Jim Clark
Stan Kegler
Ken Keller
Henry Koffler
Fred Morrison
Mahmood Zaidi

pe/kp

DRAFT

December 1, 1978

TO: Provosts, Vice Presidents, Deans, Directors
FROM: President C. Peter Magrath
SUBJECT: Interim Guidelines and Decision-Making Criteria
for the 1979-80 Annual Budget

Purpose of this Memorandum

This memorandum outlines the process and criteria to be used in planning our internal budget for 1979-80.

Resource Allocation Processes - Long Term - Short Term - This Year

Led by the Planning Council, efforts are being made to produce a long-term participative planning system and the continuously updated plans which should flow from such a system. When available, these will provide a basis against which short-term budget making can occur. It is important that this long-term effort proceed carefully and deliberately. If the best procedural and substantive products are to emerge from the efforts now underway, it is desirable that the long-term activity not become unduly enmeshed in the problems of the intervening annual budgets, the issues and exigencies of which might indefinitely delay progress toward a permanent planning system effectively linked to resource allocation procedures.

If the long-term effort can be sufficiently insulated from current problems, the day may not be far off when we will have a permanent budgeting approach designed to mesh with the permanent planning system and a continuously reviewed set of plans

to use in budgeting. Meanwhile, we must budget every year, and it is necessary to have a surrogate for the more formal planning system and for the long-range plans to insure that budgeting begins to move toward consistent, goal-directed resource allocation. The administration draft paper of September 8, 1978, "Reallocation and Consultation Procedures in the Resource Allocation Process" set forth my initial thinking about how we should proceed pending agreement on permanent budgeting procedures. That paper is under review by various consulting and advisory groups. It is my hope that before the end of this academic year we can reach agreement on the approach to be used.

Budget planning for 1979-80, however, must begin now. The University of Minnesota should be committed to the concept of annual examination of the existing budget base and internal reallocation of resources. Such examination and reallocation will occur in the making of our 1979-80 annual budget. The resource allocation pattern of any organization tends to become less than optimal if unexamined; internal reallocation is a necessity regardless of the fiscal situation. We must discipline ourselves to budgetary self-analysis this year, and every year. The precise processes or criteria used may vary in subsequent years as a result of current consultation and, eventually, the availability of a permanent planning system, but an examination of the existing base will also be part of our budgeting for 1980-81 and for every succeeding year in the foreseeable future.

For the 1979-80 budget we will proceed, with some modifications resulting from consultation which has already occurred, on the basis of the approach outlined in the September 8 draft paper. This memorandum represents the first steps

in the process outlined in that paper. It may contribute to the longer-range planning and budgeting efforts but it is in no way meant to preempt those efforts or foreclose other approaches. Ideas appearing here may be endorsed or contradicted in later, more carefully considered reports. We must attempt, however, to introduce more explicit goals, overt criteria, and greater consistency into the budget process which must occur in the next seven months. While what follows here may inevitably be tentative in any longer frame of reference, it is a first step, an initial attempt to translate the generalities of mission and goal statements into operational guides for decision making in the resource allocation process.

In spite of the difficulty and the hazards of what is attempted here, the attempt must be made. The alternative is to again make a budget without any pre-stated guidelines or criteria for choice-making. Even if some of the guidelines and criteria which follow are not confirmed in the long-term planning documents, we will have made better use of available resources if we can say what we are attempting to do in this period. Furthermore, there are certain budget guidelines having to do with cost-effectiveness which are not dependent on long-term planning but are desirable in the accomplishment of any programmatic statement.

The rest of this memorandum is organized in two major sections: Guidelines for the Budgeting Process and Guidelines and Criteria for Decision Making.

I. Guidelines for the Budgeting Process

Preliminary Resources Statement

In conducting a budget planning process for 1979-80, we are dealing with the

first year of a biennium, the year following a legislative appropriation session. We cannot anticipate the results of that session at this time. We will, of course, comply with specific legislative intent when it is known. Meanwhile, we must prepare to make good decisions about the disposition of our resources whether those resources increase or decrease. Reallocation within our base should occur even if the Governor and Legislature were to fund all of our requests. Indeed, nearly half a million dollars of those requests are accompanied by a promise of matching internal reallocations.

Estimation of the resources that will be available in 1979-80 is very difficult at this time. Legislative funding is an unknown as are increases in tuition rates. While revenue derived from increased numbers of students paying tuition would represent flexible resources, current projections do not indicate any significant increase in student numbers. Other sources of general income such as temporary investment income are not expected to vary greatly from present estimates. It seems, then, that a retrenchment amount should be selected on the provisional assumption that our real Operations and Maintenance budget for 1979-80 may not differ greatly from 1978-79. The retrenchment target selected should be large enough to provide internal reallocation. It should not be so large as to present overwhelming difficulties in carrying out this pilot effort at a reallocation process. Short lead time in a first effort limits the flexibility that can be expected of the budgetary units. In future budget cycles examination of larger or smaller fraction of the base may be deemed advisable.

DRAFT

Interim Guidelines Memo

Page 5

The gross retrenchment in the 1972-73 budget process involved about \$6 million, (6% of the base), of which \$500,000 was eliminated from the institutional budget and \$5.5 million was internally reallocated. The eligible base was then about \$100 million; it is now close to \$175 million. One of the recurrent criticisms of that process was that the volume of retrenchment and reallocation "packages" which had to be dealt with was unmanageable. Limiting the size of the formula retrenchment can partially address that problem, and keeping it to a more modest proportion of the budget base may also permit a more thorough examination of the relative merits of the budget proposals received. Careful review of a smaller proportion of the base is to be preferred to dealing with a larger amount hastily. It is also far more likely to result in well chosen and meaningful decisions.

Accordingly, I have determined that our retrenchment target be \$3 million or about 1.7% of the eligible budget base. On the basis of my best current judgment, that target meets, this year, the requirements that have been outlined.

The Retrenchment Base

The subject of the budgeting process under discussion is the Operations and Maintenance Fund (01XX). This is not to imply that we are uninterested in examination of other funds in terms of their effectiveness and efficiency. In the future we may wish to include at least some of the non-O&M funds in a single base examination process. For the present, we do not want to complicate the pilot process excessively. Either legally or because of administrative regulations, it is not possible to transfer funding among Operations and Maintenance, State Specials and other funds. Thus there is little point in applying the present process beyond

the Operations and Maintenance Fund. Reallocation must necessarily occur within funds, not between funds, in an annual budget.

In the case of the State Special Funds, there is a different dimension of substitutability. Since, like the Operations and Maintenance Fund, they are appropriated by the Legislature, it is reasonable to believe that all of these funds compete with each other. However, once appropriations are made, the University cannot change them. Therefore, discussion of the relative priorities of State Special and Operations and Maintenance Funds should occur during the Biennial Request process, not the annual budget.

The 1978-79 gross Operations and Maintenance budget is \$234,893,531. From this we propose to make certain exclusions to reach an eligible retrenchment base. The proposed exclusions are of five types.

- 1) Staff Benefits (\$27,170,922). As a matter of prior policy decision, we will not consider programmatic reduction of staff benefits. Nearly all of these funds are legally or contractually required as in the case of employer's share of Social Security and the faculty and civil service retirement plans. To the extent that other budgetary decisions affect the required level of these funds, they will be adjusted, but no reduction in the level of benefits will be considered.
- 2) Dedicated Income (\$17,277,014). This represents portions of the O1XX base supported from the sale of goods and services where the proceeds of such sales are dedicated to the cost of production of the goods or services. Examples are the Dental Clinic and the crop and livestock sales activities of the Agricultural Experiment Station. Retrenchment of this part of the base removes the incentive

for production of the income and is judged to be counterproductive.

3) Fuel and Utilities (\$10,784,491). Under existing arrangements with the state government, these budgets are under regular executive and legislative review and constitute, in effect, a separate line item appropriation within the 01XX fund. Deficits or surpluses in the fuel and utility budgets are adjusted for in the ensuing appropriation. Reallocation from these budgets would result in subsequent appropriation reductions. They do not escape review; inclusion in an annual budget retrenchment exercise is pointless.

4) Rental Properties (\$1,256,760). These budgets are managed under the same kinds of conditions as apply to fuel and utilities and are excluded from the retrenchment base on identical grounds.

5) Specific Reserves (\$3,774,900). These funds are set aside for budget changes to be made during fiscal year 1978-79 as a result of statute, administrative regulation, or legislative intent. Included are reserves for civil service pay changes covering reclassification and range changes, maintenance of comparability with the state pay plan, and performance pay adjustments as well as the funds for academic merit and equity adjustments and a reserve for price level increases on the State Special funds which will be removed in F.Y. 1980. None of these reserves may be retrenched without violating legislative intent or compromising our ability to meet that intent.

When the adjustments cited have been made, the eligible retrenchment base is \$174,629,444.

Retrenchment Plan

Heads of the following units and aggregations of units are asked to prepare by January 26, 1979 a description of how the following amounts of retrenchment would be achieved for the 1979-80 budget:

	<u>Eligible Retrenchment Base</u>	<u>Proportional Formula Retrenchment</u>
Central Administration and Reserves*	\$ 3,071,067	\$ 52,758
Noncollegiate Units - Academic Affairs	8,653,669	148,664
Noncollegiate Units - Health Sciences	3,242,197	55,698
Units Reporting to V.P. Student Affairs	6,488,602	111,469
Student Aid	2,176,872	37,397
Units Reporting to V.P. Finance	29,888,812	513,467
Units Reporting to V.P. Adm. and Planning	3,300,790	56,705
Noncollegiate Units - Duluth	5,358,870	92,061
Noncollegiate Units - Morris	2,249,510	38,645
Noncollegiate Units - Crookston	1,326,341	22,786
Noncollegiate Units - Waseca	1,380,938	23,723
Twin City Libraries	6,508,696	111,814
<u>Collegiate</u>		
Agriculture	5,564,314	95,591
Biological Sciences	3,369,101	57,879
Business Administration	2,962,023	50,885
Business and Economics/UMD	819,618	14,080
Continuing Education and Extension	2,396,824	41,176
Crookston Instructional	1,475,228	25,343
Dentistry	4,407,509	75,718
Education	7,365,496	126,534

	<u>Eligible Retrenchment Base</u>	<u>Proportional Formula Retrenchment</u>
<u>Collegiate con't.</u>		
Education/UMD	\$ 1,736,226	\$ 29,827
Fine Arts/UMD	767,031	13,177
Forestry	899,206	15,448
General College	2,193,696	37,686
Graduate School	941,936	16,182
Graduate Fellowships	821,000	14,104
Home Economics	1,641,687	28,203
Law	2,281,920	39,202
Letters and Science/UMD	3,533,022	60,695
Liberal Arts	19,900,120	341,869
Medicine	14,101,210	242,248
Morris Academic	1,966,063	33,775
Nursing	1,212,761	20,834
Pharmacy	1,316,611	22,618
Public Health	1,276,322	21,926
Technology	13,733,982	235,939
Veterinary Medicine	3,118,412	53,572
Waseca Instructional	1,181,762	20,302
	<u>\$174,629,444</u>	<u>\$3,000,000</u>
		(1.717923% of eligible base)

* These are discretionary reserves in the amount of \$467,883, held mostly for adjustment to enrollment fluctuations.

The following rules and guidelines will apply:

1. Within any one of the budgeting units listed above, retrenchment need not be proportional. It is intended that college and service unit plans and judgments be used to make the retrenchment process selective within budgetary units.
2. Retrenchment plans are to be structured in one or more decision packages representing discrete retrenchment steps. They should be thought of as the successive steps that would be taken to achieve a budget reduced by the indicated amount.
3. Each retrenchment decision package should state concisely the probable effects of the action proposed and should be justified in terms of the decision-making guidelines and criteria given in Section II of this memorandum.
4. In every case, the first retrenchment sought should be actions which can reduce cost without damaging programs or services or compromising their quality or timeliness. Only when such possibilities are exhausted should changes in the array, volume, or timeliness of services be considered.
5. Retrenchment plans should be prepared on the assumption that the actions proposed will be carried out. They must be actions which could, as a practical matter, be taken in Fiscal Year 1979-80.
6. This retrenchment will not reach filled tenure and tenure track positions. Because the 1979-80 process is the first in a series of such efforts and because of the lack of institutional long-term planning against which to

- operate, unit heads must be careful to avoid retrenchment moves which might later have to be repaired at great cost.
7. Retrenchment plans must involve a reduction of net institutional expenditures; proposed user fees are acceptable, mere shifts of expenditure responsibility through internal recharging are not.
 8. Because salary rate questions are being considered through another process, proposals to retrench by reducing salary rates will not be accepted.
 9. Retrenchments which affect more than one budgetary unit should be proposed only if there has been consultation and thorough discussion of the implications.
 10. Student aid budget components of the Vice President-Student Affairs and the Graduate School have been shown separately. While these funds are not exempt from examination, I view net retrenchment of them as very unlikely. They should be separately addressed by the responsible unit heads.
 11. Retrenchment decision packages deemed unacceptable under these guidelines will be returned to the budgeting unit for further discussion and proposed alternatives.
 12. While I have every intention of decentralizing the responsibility for planning retrenchments, I reserve the right to recommend for discussion alternative retrenchment suggestions originating from any source.

Fund Allocation Requests

Concurrent with preparation of the retrenchment plans, heads of the listed budgetary units should prepare fund allocation requests to be available by January 26,

1979. The process we are going to use this time is a formula retrenchment combined with a judgmental, non-formula allocation. While no formal limits are placed on the number or dollar amount of allocation requests which may be made, inevitably, there will be many meritorious requests which cannot be funded. To keep the process manageable, we ask that discretion be exercised and that all budgetary units concentrate on the most pressing needs and the best justified proposals. Exercise of discretion should ordinarily limit allocation proposals to twice the units retrenchment amount or less. Above all, please do not complicate the process by submitting proposals which do not meet the priority guidelines of this memo. The following rules and guidelines will apply:

1. Fund allocation requests should be in decision package form and priority rated by the budgetary unit with the highest priority for additional funding labeled "Allocation 1," the next highest "Allocation 2," etc. Decision packages should be thought of as the successive decision steps that would be taken with successive fund increments above the budget as reduced by the retrenchment plan.
2. Fund allocation requests which are proportionally distributed within any one of the listed budgetary units will be regarded skeptically. It is unlikely that the activities, departments, or programs of any budgeting unit are all of equal merit and priority in requesting additional funding.
3. Each fund allocation decision package should state concisely the expected results of the proposed funding increment and should be justified in terms of the decision-making guidelines and criteria given in Section II of this memorandum.

4. It is recognized that in some cases, retrenchment decision packages may genuinely be among the high priorities for allocation requests and proposals for restoration of retrenchment are not prohibited. However, restoration requests will be subjected to particularly intense scrutiny. All restoration requests must be priority ranked among a unit's fund allocation requests.
5. There is no objection to fund allocation proposals which have the effect of shifting funds from one object of expenditure to another, e.g., a unit may request retrenchment of civil service salary lines and reallocation to supplies, expense, and equipment or to academic salary lines.
6. Specific funding requests in the 1979-81 Biennial Request should be included in internal fund allocation requests. If they are specifically funded by the Legislature, they will also be funded in the internal budget and other priority ratings will be advanced. If not specifically funded by the Legislature, they will compete for internal funds on the same basis as all other fund allocation requests.

7. Allocation proposals should include all additional program funds sought from Operations and Maintenance Fund resources for 1979-80 over the base after deduction of the proposed retrenchment. It is anticipated that all available recurring funds will be allocated so funds will not be available later. Centrally held reserves are minimal and only in the most exceptional circumstances will requests be considered or recurring allotments made outside this process.

The Preliminary Budget for 1979-80

Retrenchment plans and allocation proposals should be prepared in two copies. Not later than January 26, 1979, one copy should be mailed or delivered to the Vice President who has responsibility for the budgeting unit. The other copy should be mailed or delivered to the President's Office, 202 Morrill Hall. Management Planning and Information Services (MPIS) will be asked to collate and summarize all proposals and to furnish copies to all Vice Presidents, the relevant consultative bodies, budget examination staff, and such other persons or groups as I may designate.

I assume responsibility for making final decisions on allocation, and will consult with the Vice Presidents in this process. Meetings may be held with the heads of individual budgeting units as well. Priorities will be compared across all programs and activities. It is intended that the priorities and criteria outlined later in this memo be the principal guide in reaching decisions. It cannot, however, be expected that every factor affecting the decision process will be anticipated, and important arguments will be considered, whether or not they have been discussed in this memorandum. The basis of decision will be recorded and communicated in

writing both to the unit involved and to the consultative bodies. When criteria other than those mentioned in this memorandum are deemed influential, they will be specifically noted so that general criteria can be reviewed to include them in future years.

I shall, of course, request staff analysis of all budget proposals. I shall pay particular attention to the recommendations of the responsible Vice Presidents in determining the strength of competing claims. Each Vice President should be prepared to identify relative priorities of items within his own area of responsibility and to support those recommendations in terms of the criteria established. (This will place a particular responsibility on Vice Presidents responsible for independent collegiate budgeting units). All Vice Presidents will be asked to evaluate all of the decision items for their impact on the operations which are their responsibility and will be given the opportunity to comment on any of the decision items with respect to their contribution to support of the academic programs of the University --our prime mission.

Consultative Review of the Preliminary Budget

The advice I have received on this point is divided. My September 8 discussion draft proposes a two to three week formal consultation on the Preliminary Administration Budget prior to its submission for formal review by the Regents. The purpose is to suggest amendments. Most of the CAO and some members of Senate committees have suggested that it would be preferable to omit that step and rely on a post facto review which could be done in a more thorough and thoughtful way and could then inform the decisions of the succeeding budget cycles.

I do not wish to err on the side of too little consultation. Therefore we will try to carry out the suggestion of the draft document this year. What we propose to do is somewhat different from what occurred in 1972, and it may make the consultative phase of the process less chaotic and time-consuming while preserving the possibility of gaining valuable advice in time to modify the budget in process. If that does not happen, a consensus may arise about how to structure this phase of consultation in future budget cycles.

II. Guidelines and Criteria for Decision Making

Distinguishing Characteristics of the University

The Regents' Mission and Policy Statement of July 11, 1975 sets forth in general and comprehensive terms the broad and multiple commitments of the University. The document outlines our teaching, research, and service functions; our concerns with a spectrum of student populations from young to old, occasional to full time, undergraduate to post-doctoral; our obligations to state, nation, and international community. There is no intention, at this time, to alter any of the positions stated in that document.

The mission and goals are reflected in a number of characteristics of the University.

- . It has, in addition to its Twin Cities campus, responsibility for the operation of a comprehensive liberal arts college in western Minnesota, two college level technical-vocational institutions, and a major university level campus in northeastern Minnesota.
- . It is a university in the broadest sense, concerned with the universe of scholarly and intellectual activity, obligated to pursue learning as well as teaching, research as well as service, understanding as well as application. It plays a primary role in the search for meaning in

- the common experience of our humanity and contributes toward shaping a common culture, a common language of inquiry.
- . Its undergraduate instruction is distinguished in many areas in that it takes place in an atmosphere of disciplined inquiry, where courses constantly evolve as new knowledge becomes available, where opportunities for direct involvement in research can be an important ingredient of the undergraduate experience, and where individual student programs can be flexibly structured to benefit from the wide range of expertise and course offerings available.
 - . Its graduate and post-doctoral instruction are integrally related to and primarily dependent upon the currency and quality of its research activities, which also constitute the major source of financial support for graduate education.
 - . It has substantial involvement, responsibility and support at the national and international level.
 - . It is the land-grant university of the State of Minnesota and therefore has special responsibilities for applied research, public service, and extension instruction. It is committed to minimizing barriers (e.g. economic and geographical) that prevent qualified individuals from having access to its programs, and assisting them in attaining their educational goals.
 - . Its professional, semi-professional, and graduate programs in many instances are offered at no other institution in the state.
 - . It is a public educational institution whose total programs derive most of their support from sources other than state taxation.

Since these characteristics are manifestations of the University's mission and goals, budgetary decisions should support and perpetuate them. Thus, they provide a context within which the set of criteria outlined in the following section should be understood and interpreted.

Criteria for Assessing University Activities

In undertaking the process of assessing the various activities of the University in this interim period and under the existing time constraints, equity requires that a limited and common set of criteria, or parameters, be adopted which can be applied in part or in whole to each of the activities of the University and which will serve to establish a basis of intercomparison for budgetary purposes. These criteria should be used both in describing the present status, contributions, and importance of the activities, and in justifying the need or desirability of any proposed alteration in funding level (increase or decrease).

The set of criteria adopted as part of these interim guidelines are the following: Centrality; quality; demand; legal or public policy mandate.

Centrality

Each of the University's activities relates to greater or lesser extents to its mission and goals. In many instances, a program is so central to that mission that the character of the University would be changed by its loss. The quality and the contributions of the University to the state and nation are closely correlated with the quality of such programs. Clearly, then, centrality is a measure of great importance.

In general, such centrality is measured in terms of the extent to which the program reflects one or more of the characteristics outlined in the previous section. The uniqueness of a program as a state and national resource and the relation of the program to the obligations of the University are obvious dimensions of centrality which must be examined and documented. These characteristics gain greater importance to the extent that they are not otherwise available in the region or nation.

In a different sense, centrality may be attributed to programs which do not contribute directly to the mission and goals of the University, but which are essential to those units that do. Thus, many academic units may not represent unique national resources, but may nevertheless be vital to those programs that do, providing either an environment in which they can function or curricular support for these programs. This aspect of centrality is also applicable in the case of non-academic and support units.

Where this alternative sense of centrality is to be assessed, it is important to establish the sphere of influence of the program or unit (department, collegiate unit, campus, University), the specific groups or units affected, and the nature of the effect on those units. With respect to this latter consideration, emphasis should be placed on the effect of the support unit's activities on the ability of the academic units to carry out the missions of the University. In preparing documentation to support this assessment, it will be useful to consult with those academic units affected. In addition, particular attention should be given to the availability of similar programs or services within or outside the University and their possible usefulness as alternatives.

Quality

The quality of a program or activity is, clearly, an essential aspect of its value to the University, to be encouraged and fostered in every practical way. To

give it meaning in the context of this budgetary process, however, it is necessary to establish relationships between the particular measures or indications of quality in the unit, the functions of the unit, and the mission and goals of the University. It is the integration of these relationships that determines the ultimate importance and impact of the kind of quality that the unit exhibits. Thus, in an academic department strongly committed to graduate education, a faculty of national stature in research represents a significant dimension of quality. If that department offers programs and activities duplicated in few other institutions in the region or nation, that quality takes on substantial importance and high priority. Similarly, if a department faculty has particular expertise and success in the application of new knowledge and the department has a particularly strong role in the University's commitment, as a Land-Grant institution, to service in the community and state, that measure of quality is of primary importance. In all colleges, and in the units that comprise them, the quality of instruction, both direct and indirect, should be considered as a significant parameter. Indeed, the integration of teaching, research, and service will tend to increase the impact and importance of each.

In non-academic and support units, the measures of quality should be cast in terms of outcomes (e.g., effectiveness and timeliness of service, quality of product). The importance to be assigned to maintaining or improving this quality will be determined by the magnitude of its effect on the ability of the units and individuals served to carry out their functions. Thus, for example, an improvement of intercampus bus service which allows more flexibility in class scheduling by students, better utilization of classroom space on the separated parts of campuses, and a reduction in the need for sections of a course is an improvement in quality of significant impact.

While the primary test of quality for service units must be effective provision of desired and useful services to the units served, participation, innovation, and leadership in regional and national efforts to improve services may be contributory to the central goal and may also be weighed when assessing service unit quality.

For academic units, evidence of quality can come from various sources including program reviews, rankings by external organizations, faculty awards and recognition, research support, placement of graduates, and internal faculty and student evaluations. For non-academic units, external evaluations should be used, if available. Alternatively, comparisons can be made with the operation of similar activities in other universities or non-university organizations. For some non-academic units, external measures are difficult to obtain and quality is best judged through evaluations by the groups and individuals served by the activity. If none of these evaluations or comparisons are available, units should indicate the basis of their assessment.

Demand

Because of the multiple missions of the University, demand has many dimensions. The concept of demand clearly involves the desires of students for particular programs, but it also involves the needs of the state and nation for individuals trained in certain areas. Where student demand and career opportunities do not match, the latter considerations should be carefully assessed.

An associated consideration in determining the importance of this criterion is the availability of similar programs in the region and in the nation. Where the University is the only institution in the region in which the demand for a particular program can be met adequately, this factor takes on greater importance.

Moreover, since the University, in addition to its commitment to teaching, is also committed to research and service, a program that functions as a regional and/or national center for basic or applied research can be viewed as being in significant demand. The training of students may or may not be a central focus of the program, although its usefulness and priority as a University unit is enhanced when it does have such a component.

In interpreting the significance of demand to budgetary changes in a unit or program, it is important to assess and make the best possible judgments about marginal costs for such changes. Further, it should be recognized that since demand must be viewed in the several contexts described above, a reduction in program scope may not be possible or desirable simply on the basis of FYE or student head count numbers. Thus, demand should be used primarily as a measure of the priority of a program with budgetary decisions based primarily on actual costs associated with providing a balanced and appropriately comprehensive program.

While realism dictates that measures of delivery of teaching and advising be used in assessing demand changes, such measures should not be used as rigid formulas. Reports of student credit hours or full year equivalent students should distinguish lower division, upper division, and graduate components. In addition, number of graduate degrees produced annually is a relevant measure.

In assessing changes in demand, it is important to be sensitive to the imperfect correlation between actual needs, governmental projections of those needs, and public perception of them. Because of these considerations, and in view of the severely damaging effects on a program of rapid expansions or contractions, it is an appropriate element of unit planning to project future needs and potential demands for training and research in a particular area. The basis for these projections should be made explicit in any budgetary request based upon them.

Legal or Public Policy Mandate

The University's obligation to carry out particular programs may arise in a number of ways. These include: Federal or state laws and the administrative regulations which implement those laws; legislative intent as recorded in the public documents of the legislature; contractual obligations undertaken by the University in return for specific programs or equipment support by public or private agencies; and requirements of professional accrediting agencies.

In describing the University's obligations in any of these categories, or others of a similar nature, the source of the obligation, the degree to which the University is bound by it, and the consequences of failing to comply should be described. For example, in matters of law such as Occupational Safety and Health, certain aspects of accountability, and the expenditure of designated resources, the University would be in violation of law in not complying. On the other hand, where obligations arise as a contractual matter, it may be possible for the University to terminate the contract and, in such instances, a decision to do so or not to do so would rest on the relative costs and advantages. A related, though often less compelling situation arises where the issue is the professional accreditation of programs. The obligation in these instances relates to the consequences for graduates of those programs, and the legitimacy of offering a program that lacks such accreditation, issues which must be weighed on their merits.

Where applicable, the particular units or programs that benefited from the University's having incurred the obligation should be indicated in explicit terms so that the appropriateness of meeting increased costs with internal program reallocation can be assessed. Further, if the obligation applies only to part of a program, that part should be identified and distinguished from the rest.

Application of Criteria to Budgetary Decisions

The initial paragraphs of this document discussed the relationship of this year's budget process with that anticipated in the future. Depending on the nature of the planning and decision-making system that evolves, we can expect criteria to be developed that address more explicitly decisions involving issues of different types (e.g., support with expansion, academic program expansion, and financial aid maintenance) and decisions related to different administrative levels (e.g., department, college, and area). We would of course expect such explicit criteria to be consistent with more general criteria such as those outlined above. Unfortunately, in our present situation we cannot develop such criteria and thus it is recognized that the criteria presented in this memo, depending upon the particular circumstances, will have to be applied to a variety of activities in the University --in some instances to particular parts of programs, in other instances to units. This ambiguity is simply the result of our need to make budgetary decisions now without the benefits of a carefully constructed planning and decision-making structure. Nevertheless, the long-term consequences of whatever budgetary decisions are made must be considered to whatever extent is possible, so that these decisions do not limit the effectiveness of the permanent planning and decision-making process now being developed.

In making use of the criteria described in this paper, the relative weight to be given to each of the criteria depends on a number of factors. These relate, in part, to the importance of the unit to the mission of the University, and in part, to the nature of the proposed budgetary change. However, in all instances, the goals of the University, the flexibility for future planning, and the interests of the state would be protected by examining each activity from the point of view of cost-effectiveness. It should be emphasized that this term is not synonymous with low cost, but refers to a comparative judgment of the cost of a program relative to its

effectiveness as measured by the criteria outlined above. It attaches a positive value to minimization of that ratio once a desired level of effectiveness has been established. In certain instances, an increase in effectiveness may be desirable and a more optimal cost-effectiveness ratio may be obtainable by increasing funding. In such circumstances, the budgetary change should be considered and a priority established under one of the appropriate categories described below. On the other hand, where cost-effectiveness can be improved by cost reduction alone, one may infer that no change in program outcome will result and such action would represent the most desirable type of retrenchment.

The great difficulty in applying this criterion is that of establishing a data base against which to judge the performance of a unit. In the case of academic units, it is clear that internal comparisons among units are inadequate because of the markedly different nature of the various programs of the University. A preferable approach, when the data are available, is to provide comparisons with departments or programs of similar quality at other institutions. In non-academic units, inter-institutional comparisons would also be appropriate where the equivalence of units can be established. For units providing particular services, it may be more feasible to establish comparisons with non-academic units providing similar services in this region. In certain instances, it may be possible to establish historical trends in costs relative to appropriate economic indicators, but it should be borne in mind that these data are meaningful only where substantial changes in scope or in the costs associated with regulatory agency compliance have not occurred.

In the reallocation process envisioned for 1979-80, four kinds of programmatic changes can be identified: retrenchment, maintenance, restoration, and expansion. The process of retrenchment is somewhat separable from the others, constrained by the few options available for budgetary cuts in a single year, and by the level

at which it will be feasible to make intercomparisons (i.e., at the aggregated unit level). With respect to the other categories, in general, budgetary adjustments aimed at maintaining good programs will have a higher priority than restoring the quality of programs, and restoring program quality will take precedence over program expansion. However, it should be emphasized that these priorities overlap significantly and individual program differences may more than compensate for the difference in the category of the proposed budgetary changes. Within each category, the following sections suggest appropriate guidelines for ordering priorities.

Retrenchment

The first criterion to apply in determining the appropriateness of retrenchment is that of cost-effectiveness since it provides a way of reducing cost without affecting program. In this interim period it is hoped that the major part of the required retrenchment can be accomplished in this way.

Where programs have a low priority in terms of each of the criteria described above, they are also candidates for retrenchment. The orderly process of retrenchment in these programs is likely to take several years, emphasizing a gradual, coordinated reduction of program aimed at minimizing the effects on other aspects of unit operation. In this initial year, with the time constraints and lack of time for planning, retrenchment adjustments should be made where they can be accomplished conveniently, i.e., where line vacancies occur or demand is expected to diminish. To the extent that reallocation target amounts require retrenchment for 1979-1980 beyond that possible with these adjustments, the targeted programs should be further retrenched to the extent possible with minimal impact on related units or programs. If such undesirable impacts are unavoidable, it should be established that they are of short term and/or easily reversible.

For this initial retrenchment, it is not expected and it is undesirable for retrenchment to occur in programs other than those described above. However, where financial exigencies require it, further retrenchment should be directed only at those programs where reversibility is feasible without excessive cost when funds become available.

Maintenance

The constant evolution of programs necessary to meet demand and maintain quality in the face of expanding knowledge and an inflationary economy requires, in many instances, the allocation of additional funds to a unit simply for the purpose of maintaining its quality, responsiveness, or level of service.

Where the University is legally bound to maintain a program, the highest priority must be assigned to allocating appropriate funds to meet those obligations. Two exceptions should, however, be considered: Where the obligation arises out of a contractual relationship which the University may voluntarily abrogate, the priority of this allocation should be judged in terms of the consequences of abrogating the contract on the units affected; where the benefit that gave rise to the obligation was focused in a particular unit or group of units within the University, consideration should be given to meeting the additional funding needs by more localized reallocation, judging the priority on the basis of the effect on those units.

The second highest priority for reallocation of funds is that associated with maintaining high quality, cost-effective programs which serve as regional and national resources. The building of these programs is particularly difficult and erosions in their quality are frequently irreparable except at great cost and after a long time. Emphasis should be placed on those programs which may be beginning to slip as a direct or indirect result of funding restrictions.

Programs meeting other criteria of demand and centrality, and in similar danger of slippage, should also be considered of high priority for maintenance. The precise ordering of the priorities of these programs should reflect the long-term consequences of erosion of these programs as well as the effect on the University's mission of diminishing their effectiveness.

Restoration

The importance to be assigned to the restoration of a program or unit hurt by erosion will rest on a number of factors. It will have to be clear that an opportunity for restoration exists; that the program still retains a level of quality and activity on which to build; that faculty and students are available to build the program; that restoration can be accomplished in a relatively short time frame and that meaningful progress can be made with limited funding. Where these conditions are not met, the budgetary decisions are more appropriately made within the context of program expansion. Where these conditions are met, restoration should be assigned a priority only slightly below maintenance. Thus, it would be anticipated that a program rated particularly high by the interim criteria would gain priority for restoration over the maintenance of a program rated substantially lower by those criteria.

Expansion

Program expansion in response to societal needs, expanding knowledge, and the dynamic evolution of an academic institution is a necessary and vital process. The University encourages such developments when they are appropriate and is undertaking a reallocation process to insure that funds are available for this purpose. Its priority, however, must, in general, be somewhat lower than that assigned to maintenance and restoration in large part because it is a more costly and longer term process than that associated with maintaining or restoring programs which have already established their value and centrality to the University's mission.

However, the particular value of a program in terms of the interim criteria may well result in the assignment of a higher priority to an expansion of one program than that assigned to the restoration of another.

Among the important considerations in establishing the desirability of program expansion is establishing the need for the activity, the opportunity for expansion, and the capacity of the unit to absorb and integrate the new program. The need should be established in terms of the demand criterion described above. In establishing opportunity, it would be useful to describe the particular regional or national situation which makes this time particularly appropriate for recruiting faculty, attracting students of high quality, and receiving research funding or other appropriate external support. The capacity to absorb and integrate the program can be judged in terms of the relation of the existing facilities and level of expertise to the new program, the benefit to be derived by the existing program, and its ability to nurture the new program. It is also useful to establish the peripheral costs of the program (library facilities, etc.) and the long-term funding commitments necessary to insure its success.

With respect to priorities for expansion, those program expansions which the University is legally obligated to carry out must have the highest priority. However, the exceptional circumstances referred to in connection with program maintenance apply here as well. Expansion to meet demand should have the second highest priority, and expansion to take advantage of existing opportunities should be of next highest priority.

cc: SCC
UCBRBR



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January 23, 1979

TO: Professor Donald R. Browne, Chairman, Senate Committee on Educational Policy
Professor Paul Grambsch, Chairman, Senate Committee on Resources and Planning
Professor William E. Ranz, Chairman, University Committee on Extension
and Community Programs
Professor David Bjorkquist, Chairman, University Committee on Summer Sessions

FROM: Mahmood A. Zaidi, Chair, Senate Consultative Committee

SUBJECT: University Outreach Report

At its meeting on January 4, 1979 the SCC considered the Final Report of the Study Group on University Outreach and decided that the Committee should not act on the Report until SCEP and other appropriate committees have reviewed the Report and forwarded their comments to SCC. The SCC in its role as Steering Committee for the Senate will review your comments for Senate consideration.

CC: Member, SCC