

NOTE: As of 6/27, next meeting date has not yet been set.

MINUTES

SENATE FINANCE COMMITTEE

June 18, 1986

1:30 - 3:00

Regents Room, Morrill Hall

Members of 1985-86 and 1986-87 SFC present: Gerald Bauer, David Hamilton, William Hanson, Wendell Johnson, Sally Jorgensen, Ron Kubik, Geoffrey Maruyama, Thomas Scott, Phillips Shively, and Acting Vice President V. Rama Murthy.

Guest: Maureen Smith.

Professor Shively, 1986-87 chair of the Finance Committee, convened and chaired the meeting.

1. Minutes of June 5 meeting: no corrections were offered.
2. The biennial budget request.

Dr. Murthy distributed copies of the latest preliminary iteration of the biennial budget request and told the Committee that the University would submit this version to the governor's staff on June 30. (Handout entitled, "FY 1988 & 1989 Appropriation Request -- Working Schedule #6 -- Some Amounts Tentative.") If the Finance Committee felt strongly about recommending some changes in this version, SFC could present such a request to the Management Committee prior to the University's later submission of the Red Book to the legislature itself. The preliminary capital request had by June 18 already gone to the governor's office.

A. Requests on faculty salaries; comparison of the tentative appropriation request and the recommendation from the Senate Committee on Faculty Affairs.

Dr. Murthy said he had received the SCFA proposal very late and the Management Committee had not discussed it formally. SCFA's recommendation totals 16% over the two years, while that of the University totals 14%.

Professor Shively said the SCFA rationale for stipulating an additional 4% increase in the first year of the biennium is the need to recover from the University's slippage with respect to peer institutions. SCFA believes this new element needs to be introduced even as the continuing purchasing power catch-up policy is carried through to its end. The University should explain to the legislature that even though the state did very well for the faculty in the last biennium, similar institutions were getting even more from their state legislatures so that Minnesota has actually fallen behind in salaries.

Since faculty salary improvement is part of the rank funding adjustment request, SFC members and Dr. Murthy considered whether a higher request for salary improvement would be likely to come at the expense of other items on the rank funding list.

The Finance Committee members present leaned strongly toward recommending that line 45 of the Appropriations Request, "Faculty Market and Retention, be upped from 1.7% in each year to 2% in each year. "Market" was understood to be defined by a comparison of salaries, department by department, with their equivalents in the comparison group of universities.

Dr. Murthy pointed out that in the draft request being taken to the governor's staff, the increase is 15% over the previous appropriation. Yet in the last biennium, in rather difficult times, the legislature awarded a 17% increase over the base. He said he would suggest to the Management Committee that the University try for a total increase this time of around 18% and put a priority on faculty salary items.

B. Other line items in the preliminary request.

The committee and the vice president briefly examined the other items on the list. Dr. Murthy said most changes resulted from improved information.

Comments - Dr. Murthy pointed out that Neurosciences and Geriatric Medicine had been moved from State Specials on an earlier iteration to Rank Funding on the reasoning that they are newly established programs needing program money.

- Graduate Tuition Fellowships and Graduate School Fellowships are increased, but not yet to full funding.

- Request to eliminate entirely the state's offset for recovered indirect costs. In reference to the University Senate's May 1986 request that University policy be changed from assuring distribution to units of 1/3 available ICR's to assuring distribution of 1/2 the available ICR's except in unusual circumstances, Dr. Murthy reported that the exponential increase in the cost of set-ups is posing a serious problem. In 1984-85, he said, set-ups totaled \$1 million; this year's came to \$5.6 million. That sum is all of this year's ICR but the ICR was not exhausted in set-ups because costs were shared between central administration and the units. Nevertheless, because the units are doing more, the demand for those funds has shot up.

3. SCFA proposal for sabbatical support.

Major budgetary aspects of the SCFA proposal are to raise maximum support for faculty salaries under the Bush sabbatical program from the current 80% limit to 100%, and to provide \$500,000 a year funding for up to 100% faculty salary support for sabbaticals not tied to undergraduate instruction. Professor Shively acknowledged that it is probably too late to incorporate this into the current biennial request; he added, however, that SCFA would like to discuss some internal reallocation to improve sabbatical support during the upcoming biennium.

4. NEXT MEETING DATE STILL TO BE DETERMINED.

Discussion about when the committee should meet again was inconclusive. Professor Shively will talk further with Dr. Murthy after the June 30 submission of the preliminary request to the Commissioner of Finance.

The meeting adjourned at 3:00 p.m.