UNIVERSITY OF MINNESOTA
TWIN CITIES

All University Senate Consultative Committee

220 Biological Sciences Center
1445 Gortner Avenue
St. Paul, Minnesota 55108

Telephone (612)373-3226

AGENDA

FACULTY CONSULTATIVE COMMITTEE
January 14, 1982
11:00 - 12:30, Room 300, Morrill Hall

1. Report from Peter Robinson.

1.a.*

2. Name a special faculty nominating committee of 5 responsible for developing a double slate of candidates for the places which will be vacated on Committee on Committees in '82-'83. FCC must submit these names January 14 for the Assembly docket so the Assembly can vote on the nominating committee on January 28.

3. Confirm faculty replacement member for Student Fees Committee. Larry Conroy (IT) has agreed to serve.

4. Conversation with the President. (See letter attached)

1.a* Report from Donald Spring on pre-financial emergency declaration consultation document, and from Marcia Eaton on the next step.

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MINUTES
Faculty Consultative Committee
January 14, 1982

Bob Brasted, Vice Chair of the SCC, convened the Faculty Consultative Committee meeting at 11:00 a.m. on January 14 in Room 300 of Morrill Hall. The other members present were Marcia Eaton, Virginia Fredricks, John Howe, Marv Mattson, Rick Purple, Paul Quie, Donald Spring and Pat Swan. Guests attending were Peter Robinson, Carol Pazandak, Maureen Smith, and a Daily reporter.

1. The FCC's winter quarter dinner meeting with the Regents will be Thursday, March 11.

2. Peter Robinson, faculty legislative liaison, reported and answered questions:

The University's key spokespersons at the legislature in the past four to six months have been President Magrath, Vice President Kegler, George Robb and Bob Anderson of Institutional Relations, Robinson, Rick Purple and Phil Shively of the University of Minnesota Faculty Association, and Deon Stuthman of the AAUP. They have been able to educate the legislature to what fiscal exigency would mean for the University and avert the legislature from causing that condition.

If Governor Quie signs the budget bill which cuts University appropriations $25.6 million over the biennium, the University must consider what to ask in the regular legislative session. Normally this would be a capital request year. The budget deficit, Robinson cautioned, is not solved, and in part is deferred to the next biennium. Should revenue projections fall short, the present bill will not balance the budget for the biennium.

Faculty evenings with legislators by districts should be postponed a month or two until there is a coordination of efforts.

There was brief discussion of the wisdom and propriety of submitting any capital request in this session and of requesting a supplement for faculty salaries (since the reserve for all higher education salaries has been cut in the budget-balancing scheme). Robinson urged, and the FCC concurred, that there should be a presentation to this legislative session since salaries have repeatedly been identified and termed the University's highest priority.

Rick Purple commended Robinson for his work at the legislature. He said the faculty has borne a retrenchment in salary appropriations over the past twelve years. Purple moved, and Virginia Fredricks seconded, that the FCC ask President Magrath to request that the Regents forward a faculty salary augmentation request to the legislature in the current session.

Discussion. John Howe posed the dilemma: If we put the case for faculty salaries on record again and keep it alive as the University's highest priority do we risk arousing the resentment of the legislators?

Robinson said every state institution of higher education is called upon to make a presentation of needs. The President will temper the wishes of the faculty constituency with those of the University's other constituencies. Some legislators are skeptical about the salary request being the top priority since they observed University lobbyists spending an "inordinately long time" pushin buildings last year.

The motion carried without dissent.

Peter Robinson reminded the FCC that the University enjoys favor with outstate legislators because of the outstate campuses. The faculty, he cautioned, should take the position that it values the outstate campuses and should not imply in any way that the University should go to any lengths, including closing all coordinate campuses, to preserve the Twin Cities campuses.

3. Student Services Fees Committee. The FCC approved Larry Conroy (IT) to replace Catherine Norris (Nursing) who resigned from the Fees Committee.

4. Nominating committee to name a double slate for Twin Cities vacancies on the Committee on Committees. The FCC proposed nine names, from whom the Chair and Vice Chair were directed to select five. The nominating committee, all of whom subsequently agreed to serve, consists of:

Robert Beck
Laura Cooper
Ida Martinson
Donald Rasmusson
Gary Wynia, Chair.

They are to submit their double slate of four names to the Assembly meeting of April 29.

This portion of the meeting concluded at 11:40 a.m., when the conversation with President Magrath and Vice President Keller began.

Meredith B. Poppele
Secretary, SCC

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FACULTY CONSULTATIVE COMMITTEE
CONVERSATION WITH THE PRESIDENT

January 14, 1982

The FCC Conversation with President Magrath and Vice President Keller began at 11:40 a.m. in Morrill Hall Room 300.

1. Faculty salary increases for FY 1983: legislative intent to reduce reserved funds available.

President Magrath said there has never been any thought of not going ahead with the FY '82 raises, already announced and approved by the Regents.

Vice President Keller stated that during earlier discussions, when the University was not sure it would get its entire appropriation for the biennium, the FCC was among the groups agreeing that the faculty should get all it could this year even if that meant there would be less for increases next year. If the bill before the governor becomes law, the amount remaining in the salary increase reserve would seem to make available an increase of roughly 5% for next year for faculty salaries. The civil service increase rate, however, is mandated and must be paid in full.

The President said once the amount available is known, the University will have at least three options in adjusting:

(a) Make only token faculty salary adjustments for '82-'83;

(b) Retrench and reallocate further to make up for the loss;

(c) Examine whether tuition should be raised and other measures taken to raise salaries to the level we believe necessary.

John Howe asked the President's opinion on requesting the legislature to appropriate a special faculty salary adjustment. The President replied that while that was an option, there would not really be time to take the necessary steps before the session adjourns, presumably by the end of March.

Bob Brasted asked the President's views on the balance between the University's capital request and its salary request.

President Magrath stated that he doesn't believe there is a relationship. Technically, the capital request item the Regents have just approved on a 7-5 split vote is an amendment to the item submitted last year. It includes an escalation to cover inflation, and relatively minor new requests. He and the Regents have repeatedly said that salaries are the top request. The University will await calls from the appropriations committees for testimony.

Capital expenditures, he pointed out, are from public money bonded and funded over a long period of time. The state's economy will be healthy again. Other state agencies, such as the Highway Department, certainly will be seeking funds for highways and bridges, etc., and the University should restate its own needs. The music facilities, for example, he called shocking.

Vice President Keller asked the FCC to consider the impression made when the legislature holds hearings on capital needs and the University says it has no capital needs. He thinks such silence would not make a point regarding the University's other needs, but would only absent the University from capital considerations.

Peter Robinson asked to what extent the University can use the earlier part of the session, prior to the hearings, to present its other needs. The President said that in his letter of transmittal of the capital request to the governor, he will call attention to the other needs.

2. Draft: "Proposed Options for Encouraging Voluntary Separation" (from Academic Affairs, 1/11/82), and Michigan State's plans and proposals.

Vice President Keller distributed copies of the University's proposal to apply to faculty in programs targeted for phasing out. He has asked the Senate Committee on Faculty Affairs to study it. It is intended to go to the Regents for information in February and for action in March.

He described Professor Kreinen's proposals for MSU as interesting and dealing with the "global issue" of retrenchment.

Pat Swan said that while options for phased and early retirements could be desirable even in the best of times, the manner of implementation may raise concerns. She inquired whether central administration has thought about how to help deans deal thoughtfully with implementing the proposed policy. The President stated that he favors assembling all deans to collectively study the document and discuss sensitivity.

Swan cautioned that if we create an atmosphere in which the "good citizen" feels expected to help the University by early or phased retirement, then we are doing ourselves a disfavor. The President indicated his agreement with that point.

Keller said that if a professor in a program not targeted for phasing out wants to take advantage of the option, it is up to that person to initiate the discussions and to prove mutual advantage. Such individual cases remain negotiable, and are easier to accomplish if the individual need not be replaced. But, noted Virginia Fredricks, perhaps the University could afford to replace full professors in their sixties with assistant professors and have at least enough money left over to cover necessary benefits to the retiring individuals.

Brasted asked whether, in the case of an individually-sought early retirement, the savings would be applied centrally or in the department. Keller said that has yet to be determined.

There was brief discussion of the concept of compulsory sabbatical leaves, one of the Kreinen proposals for MSU. They would be too costly if several departmental members had to use them in a given year. As a response to a financial emergency, forced sabbaticals can affect people unequally. Use of the existing sabbatical policy should be encouraged.

3. The 1973 Faculty Senate-approved Tenure Code. The President said the Regents Faculty and Staff Affairs Committee is prepared to study this document. It was agreed that so much has occurred since the Senate approved the document that extensive changes may be required. The FCC would like to have the Senate and the Regents study the document in parallel and communicate to one another, or the appropriate committees, about the problems each body sees.

4. Faculty consulting policy. The President and Vice President announced that they will soon present a document to the Regents on faculty consulting policy.

5. Continuing SFC and SCC discussions with Vice President Keller on budget cuts. Keller said that the Budget Executive will not have ready by the time of the SFC meeting on January 21 a proposal on their intentions regarding cuts in the state specials, They will, however, have sent their report on program priorities to each collegiate unit by that time.

The conversation concluded at 12:50 p.m.

Meredith B. Poppele,
Secretary, SCC

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January 8, 1981

President C. Peter Magrath
202 Morrill Hall

Dear Peter:

The Faculty Consultative Committee looks forward to our first opportunity for conversation with you in some time. The extensive series of meetings between the Finance and Consultative Committees and Vice President Keller has been extremely valuable for information and for the sharing of views and priorities. I expect that all of us at our 11:30 a.m. meeting with you on January 14 will want to spend the major part of our time discussing the University's financial outlook as we can discern it on that date, and the means by which to continue consultation and develop further plans and policies as required by circumstances. Peter Robinson will attend.

1. Legislative stances regarding the 1982-83 faculty salary increase have provoked rumors among the faculty. We hope you can clarify the picture for us. What is the relative authority of the Legislature and the Finance Commission in establishing salary supplements? Would you discuss possible faculty salary increase adjustments as a way of helping to meet a budget cut larger than the minimum we have been preparing for?

2. We would also appreciate hearing you comment upon the Michigan State documents developed by Professor Mordechai Kreinin and forwarded to you and to us by Professor Craig Swan--both the "buy-out" plan MSU has adopted and the rather dramatic series of steps Kreinin proposes to deal with a financial emergency. Most specifically, we understand the University's current policy is to encourage early retirement where this is desired by the faculty member in question, and we would like to discuss with you implementation of that policy. Talk of early retirement and "forced sabbaticals" inadvertently brings great pressure to bear on some people in the affected age group.

3. On a different note, now that the faculty have elected to have no bargaining agent, we presume the court's cease and desist order is lifted. The FCC raised the topic of the 1973

Faculty Senate-approved Tenure Code with the Regents last November. The Tenure Committee has the document under study for any desirable revisions. Have you put the revised Tenure Code on the docket for consideration by a committee of the Regents in the near future?

As always we welcome any questions and information you wish to bring before the group.

Sincerely yours,

Doug

Douglas C. Pratt, Chair,
Faculty Consultative Committee

DCP:mbp

cc: Faculty Consultative Committee
Peter Robinson
Carol Pazandak

January 20, 1982

President C. Peter Magrath
202 Morrill Hall

Dear Peter:

At its meeting on January 14 the Faculty Consultative Committee passed a resolution requesting that you as President ask approval from the Board of Regents to seek a supplementary salary appropriation from the current session of the State Legislature. The committee took note of the Regents' resolution recorded in the minutes of their June 11-12, 1981 meeting reaffirming their "continuing commitment to the improvement of faculty salaries as the number one priority need for the University of Minnesota." At that time the Regents indicated an intention to assess the final outcome of the salary appropriation with a view toward the possibility of seeking a special salary appropriation from the Legislature in the 1982 Session.

Considering the Regents' recent decision to submit a capital request at this time to keep this issue before the Legislature even though the chances for success seem vanishingly small, the Faculty Consultative Committee feels that it is equally important to reaffirm our needs in the area of highest priority, that of faculty salaries.

With best wishes,

Sincerely yours,

Douglas C. Pratt, Chair,
Senate Consultative Committee

DCP:mbp

JAN 29 1982

UNIVERSITY OF MINNESOTA

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

January 28, 1982

Professor Douglas C. Pratt, Chair
Senate Consultative Committee
220 Biological Sciences Center
1445 Gortner Avenue
St. Paul Campus

Dear Doug:

I have given some very considerable consideration to the Faculty Consultative Committee Resolution that I go to the Board of Regents and seek their action for a resolution seeking a supplementary salary appropriation from the current (1982) session of the State Legislature. I want to explain why I do not think that that precise action would be wise or helpful, even though I agree with FCC that we must continue to push hard on the salary issue, and there are ways that I believe we can try to further this objective.

Although the notion of seeking a supplementary appropriation was something I myself proposed last spring as you will recall, this was before the most recent State fiscal crisis. I am absolutely convinced that a Regental resolution at this time seeking a special appropriation would not accomplish anything in the Legislature in terms either of results (a special appropriation) or in terms of creating an even better climate of understanding with regard to our faculty salary needs. In fact, I am convinced that it would hurt our credibility.

On the other hand, I am dedicated to the proposition, as the Regents' resolutions clearly indicate, that faculty salaries must continue to be our number one priority. We have certainly tried to act this out within our own limited resources (10 percent average faculty salary increase) and in other ways. The Regents are still on record as having favored and sought faculty salary increases of 17 and 14 percent in the 1981-83 biennium. As the legislative committees that oversee our appropriations are anxious to learn about the impact of the budget cutbacks on the University, we are working with their chairs and staff to assure a discussion and review, if at all possible in a public setting, of our faculty salary situation. Both in our informal contact with these committees and in any formal hearings they schedule, we propose to raise the faculty salary issue as our overriding concern. In addition, we are exploring the possibility of special hearings to discuss this need, to emphasize the Regents' resolution, and to call attention to the Regents' 17-14 percent request. Naturally, I will be more than happy to comment on and discuss this issue with FCC or SCC at our next meeting.

With regard to the Capital Request, that is really fairly consistent with the rest of our legislative strategy. The Capital Request that the Regents endorsed was simply a resubmission of their previous request with some amendments added. The source of funding for capital items is different, though I will be very surprised if there is any significant activity with regard to capital appropriations during the current session. In any event, even if there is, we propose to make it explicitly clear that our overriding preoccupation in terms of the general health of the University is related to the faculty salary structure.

Cordially,

Peter

C. Peter Magrath
President

CPM:kb

UNIVERSITY OF MINNESOTA

Office of the Vice President for Academic Affairs
213 Morrill Hall
100 Church Street S.E.
Minneapolis, Minnesota 55455

January 11, 1982

TO: Provosts, Deans, Directors and Department Heads

FROM: Kenneth H. Keller, Vice President

SUBJECT: Proposed Options for Encouraging Voluntary Separation

I have enclosed a draft of a document describing separation pay, phased retirement, and early retirement options for encouraging voluntary separation from the University on the part of faculty members in programs designated for de-emphasis. I believe that the severance pay and phase retirement options are spelled out fairly well in this draft, but I think that we have to go somewhat further with respect to early retirement. I would welcome your comments and suggestions on any of the options.

Our present plan is to refine the wording in the document, to make any changes that result from comments we receive from you, and to present the document to the Regents at their February meeting. If all goes well, they would approve it at the March meeting which is the same meeting at which they would approve the proposed programmatic cuts.

:lme
Enclosure

cc: Dr. C. Peter Magrath, President
University Vice Presidents
Mr. Duane A. Wilson, Secretary to the Board of Regents

Draft 1/8/82

SEPARATION PAY, PHASED RETIREMENT, AND EARLY RETIREMENT OPTIONS

It is expected that over the next several years, certain programs or program components will be specially designated for curtailment or termination, either as a gradual phasing out process or as part of a contingency plan to cope with retrenchment. This memorandum identifies three options that colleges may wish to make available to faculty members in designated programs. The options have been designed to facilitate program changes that would affect tenured faculty members. The faculty members would be informed of the special status of a program as soon as the program was designated for curtailment or termination, and the appropriate option or options could be offered to any faculty members who wished to leave the University before a given date.

The President may also authorize application of these options generally within a collegiate unit to create flexibility for change.

It should be stressed that the options are voluntary and are intended for use in situations where programs are being designated for curtailment or termination without a declaration of financial exigency. Under no circumstances should a faculty member be pressured to elect one of these options.

If financial exigency is declared, other rules may obtain; they are not addressed in this memorandum.

The two retirement options, phased and early retirement, are available in somewhat modified form to the faculty in general, the former on an individually negotiated basis, the latter as a general plan. The separation pay option is limited to situations where programs have been specially designated for curtailment or termination.

In all instances, it must be demonstrated that the use of any option not available to the faculty in general is in the best interest of the University.

The extent to which each option may be used, as well as the specific financial arrangements, will depend on the particular circumstances of each case. In all instances, deans and directors should consult the Office of Employee Benefits concerning the specific benefits that would be available in a particular case before initiating discussions with faculty members. Any proposed arrangements, before they can become binding, must have the <u>written</u> approval of the appropriate Vice President.

Separation Pay

The separation pay option is equivalent to the granting of a terminal leave of absence with full pay under which the normal requirement for repayment of salary and benefit costs for failure to return is waived.

Separation pay equivalent to a leave with pay of up to two years could be granted if a faculty member in a program designated for curtailment or termination left by a stipulated date. For each month that departure was delayed beyond the date specified, the separation pay would be reduced by the equivalent of one month's pay.

Several different options for payment of separation pay could be offered, including:

- -- the payment of full salary for two years (A or B term depending on the faculty members appointment)
- -- the payment of partial salary over a longer period of time
- -- the payment of a lump sum.

The University would continue to pay health insurance premiums for the faculty member and his or her dependents as long as he or she remained on the payroll of the University; the coverage could be continued at the faculty member's own expense for six months after he or she was taken off the payroll.

The University would continue to make contributions to a faculty member's retirement plan as long as he or she remained on the payroll for no less than 50% time.

Payment in excess of two years' full pay could be negotiated, if the faculty member continued to provide service to the University for a specific period of time. (Cf. phased retirement, below).

Phased Retirement

Phased retirement is a partial leave without salary during a specified period of time, but with full accumulation of retirement benefits and continuation of health insurance benefits. The following conditions should obtain before phased retirement is considered.

1. A faculty member must be at least 52 years of age.
2. Any agreement must include the proviso that the faculty member agrees to take full retirement no later than ten years after commencement of the phased retirement, and in no event later than when reaching the mandatory retirement age of 70.
3. The leave without salary should be for at least 25% of a faculty member's annual appointment.
4. Contributions to the Faculty Retirement Plan and other benefits would be based on the unreduced salary during the phased retirement period. If the leave were for more than 50% time, a portion of the University's contribution may have to be reported as taxable income. Full contributions to social security or Mills II could not be maintained.
5. Any phased retirement agreement will require a written agreement which will not permit unilateral changes by either the faculty member or the University. An agreement may, however, be changed by mutual consent.

Early Retirement

a) Available generally.

It is possible to commence receipt of an annuity at any age. However, what is normally referred to as "early retirement" is available only to those faculty members who have reached the June 30 which coincides with, or follows, the sixty-second birthday. Younger faculty members are not precluded from receiving annuity payments but such arrangements are not normally considered retirement. As far as the existing retirement system is concerned, the distinction is important only for faculty who have been in the Faculty Retirement Plan continuously since prior to 1963 and whose benefits do not reach a formula minimum. For those faculty members, the University will, commencing at age 62, pay a supplement to the retirement benefits that would accrue from annuities. For faculty members who entered the Faculty Retirement Plan after 1963, no such additional payments are made under the existing system.

b) Available in designated areas only.

In order to encourage early retirement in designated areas, the University will, on a negotiated basis, make available to individuals 62 or older an income equal to the estimated annuity that would have been available at age 65, calculated on a single life, fixed dollar basis. In recognition of the reduced social security benefit available, an additional supplemental annual payment of $2,000 will be made, reduced proportionately for each month the retiree is over age 62. (The amount available at age 62 is expected to be adjusted from time to time).

The University will also pay health insurance premiums for the faculty member and his or her dependents until the retiree is age 65.

Financial Notes

Control of the line item for someone who goes on phased or early retirement, or who accepts separation pay, may revert to Academic Affairs or

Health Sciences or stay with the college in accordance with specific agreements reached between the Vice President and the college.

Individuals who choose separation pay will be continued in their line items for as long as is required to fulfill the agreement; if a lump sum settlement is chosen, the funds may be advanced by the Vice President with the understanding that the liability would be covered from the line item.

For phased retirees, the cost of the actual salary paid, and the cost of the unreduced fringe benefits, would continue to be covered from the phased retiree's line item.

The cost of early retirement for faculty members (individuals who have reached age 62-64) would be covered by retirement annuities, social security, and a University supplement. The supplement would be a liability against the line item. While each case requires an individual calculation to determine the appropriate early retirement cost to be covered from the line item, individual costs over the last two years have ranged from no cost to a high of $7,000 per year for life, not including the special arrangements outlined above.

Under separation pay arrangements, a written resignation would be required to ensure that the University would not incur unemployment compensation liabilities.