



UNIVERSITY OF MINNESOTA

University Senate Consultative Committee
164 Food Science and Nutrition
1334 Eckles Avenue
St. Paul, Minnesota 55108
Telephone (612)373-3226

FACULTY CONSULTATIVE COMMITTEE

Thursday, December 16, 1982
10:30 - 12:15
300 Morrill Hall

AGENDA

- 10:30 1. Approval of summary of 12/2 meeting (enclosed).
2. Naming of nominating committee for Committee on Committees (Twin Cities Campus Assembly portion).
- 11:00 3. Closed meeting with President Magrath:
a. For discussion of committee's disposition of a personal request from a faculty member;
b. For discussion of University's disposition of matters relating to collective bargaining;
c. For discussion of personnel matters related to changes in budget.



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MINUTES
FACULTY CONSULTATIVE COMMITTEE AND
FCC CONVERSATION WITH THE PRESIDENT

Thursday, December 16, 1982
300 Morrill Hall
10:30 - 1:00 p.m.

FOR DISTRIBUTION ONLY TO PARTICIPANTS

Members present: V. Fredricks, P. Freier, J. Howe, M. Mattson, D. Pratt, P. Quie, W. D. Spring, B. Sundquist, P. Swan (Chr.), J. Turner.

Guest in FCC meeting: C. Pazandak.

1. Nominating committee for Assembly Committee on Committees. FCC agreed it was desirable to have representation from the St. Paul campus, from CLA, and from the Medical School on the committee of five. P. Swan is first to ask Deon Stuthman (Agronomy), a former member of Committee on Committees, if he would chair the nominating committee, and to ask Shirley Garner (English) and Martin Dworkin (Microbiology) to serve on it. She will then secure two more members, or as needed to total five, from the following list: Norman Garmeczy (Psychology), Bob Kurdle (Humphrey Institute), Lorne Chanin (Electrical Engineering), Julie Carson (Management), Charles Walcott (Political Science), Lois Fiedler (Education), Frank Busta (Food Science & Nutrition), Richard Epley (Animal Science & FS&N), Frank Irving (Forest Resources), Bob Scott (Speech Communication), Judith Jellison (Music), and Jean Congdon (Theater Arts).

2. Faculty representation on committee for developing University-industry relationships policy. John Turner, emphasizing the enormous importance of this committee, recommended adding Professor Vernon Ruttan, an expert in patent administration. Virginia Fredricks moved the FCC request he be added. The motion carried without dissent. Pat Swan will propose the addition to Vice President Keller.

CLOSED MEETING WITH THE PRESIDENT AND ASSOCIATES.

Guests: President Magrath, Vice Presidents Kegler, Hasselmo, Vanselow; C. Pazandak, General Counsel Steve Dunham, Associate University Attorney Bill Donohue.

1. The University's budget cut for FY 82-83. Pat Swan asked Vice President Kegler to review the provisions of the bill passed December 10.

Kegler: A. \$3.0 million base cut with no restrictions on how University takes it.

B. \$1.512 million (est.) state contribution to MSRS for civil service employees (= 4% of employees' base salaries). Normally the University contributes 5.04% and the state an equal amount. For six months the state will contribute only 1.04%; employees will pay the balance through a 2% deduction taken over 12 months. AFSME has sued the state charging this is a violation of the workers' contract with the state; the state alleges the reduction is not in salaries but in benefits, which are not bargainable. Fairness and practicality are a difficulty for the University since there are at least five categories of civil service employees, only some of which are paid from state funds. Kegler added that Steve Dunham is trying to make equitable the unintentionally inequitable results from the legislation.

C. \$1.92 million academic pension fund reduction. The state will contribute 3.6% instead of 7.6% for the next six months. No method is specified other than that this cut must be taken out of academic compensation budgets.

Kegler told FCC the University established with the legislature the principle that it is very different from agencies and must determine for itself how to absorb the cuts. State Senate counsel felt it pretty clear civil service employees have no option but to contribute the extra to their pension funds. The situation for the faculty is less clear.

Kegler added there is a good chance of another state cut in March and possibly again in April.

President Magrath credited Kegler's work with preventing a strict formulaic application which could have made the U's base cut about \$1 million more.

Salaries. The President held out some hope that not all of the soft cut is irretrievably lost for this year, and he promised careful consultation on handling the faculty compensation reduction. Whatever salary increases will be due July 1 could be delayed to make up the loss, for example. Civil service employees will be unhappy that they do not have options as does the faculty.

John Turner, noting that faculty needs and interests differ, asked if faculty can have a choice on the way they take their cuts. The President replied that he thought so. Employee contributions to the pension fund may be treatable like Mills II (exempt from current income tax), but that opinion is subject to IRS review.

Burt Sundquist asked if the cut could be spread among all employees, whether paid from state or non-state funds, thus lessening the loss to each person. Kegler pointed out that most federal contracts do not allow transfer of money to other purposes.

Phyllis Freier reported that from her talks with faculty colleagues, she thinks faculty will be open to sharing the burden equally with civil service workers. She emphasized the need to keep up everyone's morale. Kegler answered "Yes" to her question of whether money can be taken out of a federal grant and put back into the same grant.

President Magrath said he gives no apology for having gained discretion on the treatment of faculty pensions. Civil service employees have benefitted from being part of the state system, he observed. Our civil service employees are not being discriminated against by any action the University took; University civil service could not have been excepted from the bill without the bill's collapsing.

John Turner reported hearing no suggestions faculty want to share with civil service the pain of any cut. They remember the past decade when civil service employees received cost-of-living increases while faculty pay lost ground to inflation.

How to take the \$3 million base cut: across the board or selectively?

The President said consultation will follow the Budget Executive's recommendation he presently awaits. He rejects taking library acquisition and equipment funds. He has asked the Budget Executive to look into every possibility, including across-the-board, selective (which he called virtually impossible in the current schedule) and borrowing or rolling forward the cut.

Vice President Kegler added the University may be able to take temporary cuts between now and June 30 by leaving lines open for these 6 months, and later make restoration. Whatever it does, the University will take into account the impact on the individual units.

President Magrath indicated considerable reluctance to borrow the \$3 million. "My instincts are against borrowing," he said. While he believes it is true and demonstrable that the University has suffered losses, he said he also believes that the public and much of the legislature does not believe that. We have done our best to protect essential functions and continue to do our job.

Kegler told FCC that since there may be further cuts before June, if it looks as though the University can always figure its way out, it will be hit again. Moreover, if we go on borrowing because we are permitted to and no other state agencies are permitted to borrow, eventually they will be shielded from further cuts because they simply cannot cut any more--while the University could be expected to again borrow.

Burt Sundquist listed principles a December 9 FCC discussion had emphasized for dealing with cuts:

A. The University should not digress from systematic long-term planning and priority setting: there should be no across-the-board cuts to academic units.

B. Despite large cuts in support services, we still see less return for our money in non-academic support services. The University should look carefully at this area and consider, for example, contracting out custodial services.

C. The University should look hard at future tuition policy and move toward cost-based tuition, particularly for the professional schools.

Swan and Turner both repeated their appeal for adherence to priorities based on quality and against across-the-board cutting.

The President said central administration agrees on the need to follow the priorities but finds options severely limited when the cut is forced suddenly. He said he intends to have dialog with the faculty and the regents over the fundamental, long-term issue of tuition policy. Over the next two to four years, if tuition increases are the only way to prevent the destruction of the University, we will have to start a serious discussion about raising tuition somewhat above the inflation rate and finding a way to assist students who cannot afford it.

John Howe called borrowing money eminently sensible as long as it is linked with programmatic decisions; it is not a means of avoiding cuts. He asked why we should be surprised at this point by state cuts since there has been much evidence cuts would and still will continue. We have to prepare built-in plans for the inevitable retrenchment decisions.

John Turner named possible specific actions to save the budget:

A. Reassess tuition policy. The University should probably provide four-year undergraduate education at a modest price; he is not sure the policy should be the same for professional schools, and he suggests raising those tuitions. It would be fair to raise all tuition and arrange with the legislature for a transfer of payment to needy students.

B. Use patent revenue to establish an endowment fund for specific purpose(s).

C. Tax each University unit differentially according to the quality criteria; receive payments centrally by increments as retirements, sabbaticals, etc., occur in each unit.

D. Explain to the legislature that the granting of indefinite tenure is like a contract and that tenure, like other contracts, can be bought up. Perhaps the legislature could be persuaded to provide a fund to buy out contracts and thus save personnel costs in the long run.

E. Close the Medical School at Duluth because (i) it was allegedly set up for political reasons, (ii) it is not of high quality, and (iii) its faculty have alternate careers open to them. The move would save money and create drama. Waseca could also be closed and probably many of its faculty also have alternate careers open.

Pat Swan said some support services do not show signs of good management planning. The Finance Committee has believed substantial changes should be considered, but they have yet to see any data on how decisions for non-academic support services are made and why the University spends money in the way it does in such areas. An example of a possible way to make a change would be the contracting-out of custodial services (depending on union rules) one department or one college at a time since there are reportedly no local providers now of a size to serve the entire University.

She favors buying time to take the cuts more wisely, but emphasizes that we need a lot of guts to actually make the cuts in line with established and developing priorities.

President Magrath agreed guts are important. He and Vice President Vanselow warned against putting a program on the cutting block unless we can make it stick. Cutting UMD's medical school is probably politically impossible, said Vanselow.

Vanselow said he has found the quality of the UMD program well above his expectations, by a variety of measures. Paul Quie added that the quality of basic science research is high and the students are coming here well-prepared for their clinical work.

John Turner observed that the University is reluctant to take politically risky stands which are for the good of the University and the state, yet expects statemanship from the legislators, asking them to act for the good of the state even if it may injure their re-election prospects.

President Magrath repeated that we have to have a reasonable chance of success when we propose ending a program. The Duluth legislative delegation historically has been generally supportive of the University's interests, he added.

Doug Pratt indicated his agreement with Turner on the seriousness of faculty salary erosion over the last decade. He is at the same time concerned that a public perception that the faculty are not bleeding a little at this time could have political costs.

There was a short further discussion on morale, popular perceptions, and civil service attitudes.

Planning. Vice President Hasselmo said his office has a system to track implementation of program plans and will offer updates on progress at regular intervals. He also said the planners' intention is to build in real expectations as they use the fiscal model for planning the second cycle.

The President told FCC that on December 15 the Budget Executive gave the vice presidents fairly specific assignments on dealing with the \$3 million cut. These included steeper cuts in support services. They are to report back in a few days.

2. University Education Association. The President announced he believes we are very close to a negotiated settlement with the UEA and thinks UEA is eager for a settlement. Associate Vice President Linck has been engaged in one-to-one negotiations. For the expected settlement, the University has offered the same salary increases as the rest of the University campuses received for '81-'82 and '82-'83. The University has insisted there can be no equalization formula and UEA has backed off from this demand. UEA has agreed to have Duluth salaries compared with those in the state university system and Waseca salaries with the community colleges. They will negotiate with the University to improve their salaries in these respects in the next biennium. This contract will contain no commitment for the '83-'85 biennium and the University will not guarantee to pay raises in '83-'85 that the legislature does not fund. The University intends to seek more from the legislature also for the Twin Cities, Morris, and Crookston campus faculties, relative to the comparative classes it thinks apt.

Vice President Hasselmo stressed the importance of apt comparisons for UMD and UMW and the stand that the salary policy regarding UEA is part of the whole University salary strategy.

President Magrath said central administration would be happy to arrange for an in-depth briefing on the anticipated contract with a subgroup of the FCC.

3. Consent Decree.

A. Legal Fees. (i). The President informed FCC that Steve Dunham and special master Lindquist have negotiated a fees settlement of \$1.475 million (as opposed to Lord's original award of \$2 million). Dunham described it as an agreement in principle; nothing will be signed for a while. The attorney's office considered very seriously the advantages and costs of appealing the award. Costs would have been heavy whether the University won or lost.

(ii). The University is continuing to fight for lower limits on its liability for legal fees of successful claimants.

B. Schick and Platt case. The President called the issue serious and said the decree contained language insulting to a number of persons at the University. He termed the decision as written by the master "appalling." The original case had been appealed on campus through the Judicial Committee, which recommended a review panel which in turn sustained the academic decision of non-promotion and forwarded that recommendation to the President, who subsequently also sustained it.

Dunham told FCC that the court refused to consider the Judicial Committee process and record as evidence, a piece of information to which the FCC responded with alarm. Swan noted the denial of the applicability of the University's judicial system might come to haunt us in the future.

The President and Dunham also reported that the court regarded the Koffler-Ibele memoranda on promotion and tenure to be documents which permitted discrimination because of their reliance on subjective data and because of decentralization.

4. Humphrey Institute. The President said he understands the FCC's message to Bradford regarding appeal channels if Bradford believes his academic freedom has been infringed; he also understands FCC's concern that the Institute establish its policies and procedures.

Swan concluded the remarks by stating that the FCC believes that the Institute faculty need to get on with taking responsibility for the Institute's own research.

The meeting adjourned at 1:00 p.m.

Respectfully submitted,

Meredith Poppele

Meredith Poppele, SCC
Executive Assistant