

AGENDA

Faculty Consultative Committee
March 31, 1988 10:15 - 12:00
Room 300 Morrill Hall

1. Report of the Chair
2. Relationship with the Board of Regents
3. Letters Policy for Footnote
4. Discussion with President Sauer

Minutes
Faculty Consultative Committee
March 31, 1988

Present: Ellen Berscheid, Mark Brenner, Charles Campbell, Shirley Clark, Richard Goldstein, Lynnette Mullins, Ronald Phillips, M. Kathleen Price, W. Phillips Shively (chair), James VanAlstine

Guests: Provost Roger Benjamin, Monika Bauerlein (Daily), Gayle Grika (Footnote), Mary Bilek, Warren Ibele (new member, 1988-91), Vice President David Lilly, J. Bruce Overmier (new member, 1988-91), President Richard Sauer, Maureen Smith (Brief)

1. Search Committees

Professor Shively informed the Committee that President Sauer had requested that FCC react to suggestions from him about the search for the new Vice President for Finance and also that FCC forward to him the names of people who might serve on the search committee. It was suggested that there be appointed outstanding external people on the search committee to lend it credibility. It was also suggested that the committee should include a chancellor from one of the coordinate campuses and one of the deans. The FCC agreed to ask its nominating committee to come up with names, to be reported to the full Committee at a meeting scheduled on April 7. The Committee also concurred in the suggestion that there be a larger-than-usual number of distinguished outsiders on this search committee.

The presidential search, Professor Shively announced, would be SCC-based, but the faculty would nominate the faculty and the students would nominate the students. He also said that he assumed the membership and appointment procedure would be the same as with the 1984 search. Professor Shively was asked to speak with Regent Lebedoff to find out if the same procedure of nomination by SCC and appointment by the Regents would be used. The names of nominees will be discussed at the meeting on April 7.

2. Presidential Search Criteria

A question was raised about whether or not the proposed presidential search criteria which Professor Shively forwarded to Regent Lebedoff would be discussed any further with FCC or with the search advisory committee. Professor Shively agreed to ask Regent Lebedoff about the next steps.

3. Moving Planning Forward

Professor Shively said he believed the University, and the Interim President, had to keep Commitment to Focus moving forward. One item, the proposal for the semester system, should perhaps be delayed. Committee members concluded that a detailed proposal had to be provided by the administration, but that any action for this year was now unlikely. [The administration proposal was released to FCC and to SCEP on April 5.]

Generally, Committee members agreed that we could estimate what the legislature would do, and what funds were available internally, so there was a need for a timetable by year to determine what would be done. It was emphasized that the budgets had to be laid out in total, not in isolated and separate bundles. There was slight disagreement about whether or not the money had to be in hand before action could be taken; some of the money is available in centrally-held recurring funds.

Attention was given briefly to the role of participants (e.g., CLA) in exercising a veto over plans and the role of the faculty of FASE as against the whole faculty in setting educational policy. Granting policy-setting authority only to the FASE faculty, with "appropriate" participation by other

faculty, was seen as threatening to the whole plan.

The Committee concluded that at present there was considerable uncertainty about the funds available for implementing Commitment to Focus. It also decided that the administration must understand that "action" on planning items is dependent on the availability of clear data and information; without them, the Steering Committee would not take proposals to the Senate.

4. Faculty Senate Forum

Committee members decided to sponsor a Faculty Senate Forum before the Senate and Assembly meetings on April 14. The meeting will be open to all faculty and will be continued the following week if required.

5. Discussion with President Sauer

Professor Shively welcomed President Sauer and told him that there were three items the Committee wished to discuss with him: faculty salaries, the spend-down of the reserves, and implementation of Commitment to Focus.

President Sauer was asked first about his decision not to authorize faculty salary increases from the reserves, at least on a one-time basis, and about the possibility of paying the unexpectedly large increases in Blue Cross/Blue Shield premiums from the reserves (rather than from the salary pool) on a one-time basis and then asking the legislature to fund the increase in future years. President Sauer responded by saying that a big part of the problem, he was discovering, is that recurring commitments (of over \$20 million) have been made from non-recurring funds--mostly the "reserves"--and he was emphatic that he would not make any additional such commitments; he would not "bet on the come." \$20 million of the \$23 million the University had requested from the legislature would have been committed; as it is, the University is facing retrenchment, not a surplus of reserve funds.

Specifically on faculty salaries, Provost Benjamin said the University would meet the legislative intent of a 9% increase for the biennium (5% for the current year and 4% for 1988-89). Professor Shively said this was .5 % less than the 4.5% the faculty expected each year. The Provost added that even though the increase for next year would be 3.75% (with .25% of the increase held centrally for retention cases), the actual average increase delivered for this year was 6%. Several faculty insisted vehemently that a 3.75% increase, in light of the recent events, would be devastating for faculty morale and would feed faculty anger. Asked again about possible use of the reserves, President Sauer was firm that the University has too often spent soft money on academic items which the legislature has failed to subsequently fund and that he as Interim President would not continue the practice. The only source of salary increases, he repeated, were the faculty and civil service salary monies. In response to a comment that the faculty will feel that other commitments are more important than the 4.5%, the President said the University has been living on a credit card and that it has been overspending.

The question was raised about why graduate tuition remission came out of the salary pool; it was expanded upon to point out that the faculty have not had all the facts about the increase in fringe benefit costs, that tuition remission came from salary funds, and that the Senate Finance Committee and Senate Committee on Faculty Affairs had never been consulted about these issues. The faculty will feel they are being called upon to make sacrifices due to the poor management of funds.

The President was told that while the FCC was sympathetic to the problems with the soft funds, it was not a good time to hit the faculty and that there are serious morale problems; the faculty had to be dealt with as a fragile resource. President Sauer said he understood that but he

would not violate sound budget management principles to solve it.

Provost Benjamin asked FCC members about their view of the 2.5% SEE increase, and noted that if SEE budgets were held constant, the University could increase faculty salaries by another 1/2%. President Sauer observed that the University was already on the bottom of the Big Ten in SEE, and that if some of the money went for the faculty, he would also ask for an additional 1/4% for civil service staff. One Committee member pointed out that the University was 23rd out of the 30 top universities in faculty salaries--which were supposed to be the administration's top priority. President Sauer said we could have good salaries, but would have no support; another Committee member commented that it was hard to balance these two items and that in general this information had to be made available to the faculty because the Committee could not know what compromises might be acceptable to them.

Provost Benjamin suggested that he go to the Senate Finance Committee and propose a group composed of representatives from FCC and Senate Finance to work with the administration to sort out the situation and try to get a handle on the trade-offs.

To go below the 2.5% for SEE budgets would also demoralize the faculty, the Provost was told. The psychological importance of keeping the salary increases at 4% cannot be underestimated, one Committee member commented; let the units hold retention money they need. The distribution of funds should also be put in the context of retrenchment.

The President was asked why, on the most recent (3/31) version of the tentative recommendations for spending the reserves, there were \$20+ million of recurring commitments but faculty salaries were not among them. Those items, he said, will be eliminated soon; they have been on soft funds.

One Committee member summarized the conversation by saying that 1/2% or 1/4% not the issue, and that lots of ingenious schemes were probably possible; the central issue the administration must understand is the well-being of the faculty. The information presented at this meeting, it was reiterated, was devastating. Another added that the faculty will resent the fact that salary money is being used for Regents' scholarships and graduate student tuition.

The discussion moved on to the items of spending from the central reserves. President Sauer said the goal was to protect \$45 million in reserves; the Regents will want at least \$40 million. This plan therefore envisions spending \$34.4 million, with some of the life/safety items deferred over three years and the elimination of most construction planning (except for the heating plant). Asked if there were no new commitments, President Sauer and Ms. Bilek said there were not and that all of the recurring commitments had been funded at least two years (later in the meeting that was changed to one year, in some cases). President Sauer said they would be funded one more year, because of promises made, and then eliminated or funded in some other way. He agreed that the items on the list would need to be reviewed by the appropriate committees. He also said that the budget would never be straightened out until the University got these recurring commitments on soft funds fixed.

Professor Shively opined that these expenditures would be #2 of a 1 - 2 punch to the faculty, although it was not President Sauer's fault. There is nothing in the plans for Commitment to Focus; there was an expectation that the reserves could be used to start some of its initiatives. President Sauer repeated that these were not final, that he wanted the comments of FCC, and that if it wished to make additions, it also had to find cuts, because he could not recommend going below \$40 million. It did not seem to some Committee members that the criteria for inclusion on the D list were clear.

Professor Shively observed that while having reserves is good management, the political

realities make it unwise. If the legislature knows or thinks that we have reserves, then in times of stringency of the State, they will find a way to use the reserves. If we forego expenditures on the University in order to build up reserves, the money will eventually be spent, but not on the University. President Sauer recalled that at Kansas, where they had no reserves at all, life was hand-to-mouth and very poor. Vice President Lilly said the question was the degree of risk the University was willing to assume; his goal with the reserves had been to try to provide for a steadier state in turbulent times. There are "deallotments"--the sales tax, the bill for Blue Cross and Blue Shield--if there are no reserves, the alternative is immediate retrenchment to pay them. He recalled the impact of the 1981 retrenchments, and said he was unwilling to give up on retaining some reserves before the University did its best to educate legislators about the institution's budget. Education right now, asserted Professor Shively, was not very likely to prove possible.

Suspicion was expressed about the department reserves; President Sauer said he was trying to get a handle on them. He said it is unfortunate that the press used the \$221 million figure, because \$70 million is more appropriate and even that is too high because so many of the funds are committed, even if there is no paper trail. It was suggested that the President make clear what has been committed. The President also said he has asked Vice President Heydinger to think about how he--Sauer--should spend his public relations time, with what constituencies, and what messages he should carry. He summarized by noting that if there is a commitment to protect \$40 million in reserves, there are no reserves in the sense of discretionary dollars to spend. That, it was observed, is contrary to perceptions; the President agreed.

In response to a question, President Sauer assured the Committee that he would remain as Interim President at least through September.

The Committee adjourned at 12:10 p.m.

--Gary Engstrand