

Minutes*

Faculty Consultative Committee
Thursday, March 6, 2003
1:15 – 3:00
238A Morrill Hall

- Present: Dan Feeney (chair), Susan Brorson, Tom Clayton, Gary Davis, John Fossum, Marti Hope Gonzales, Mary Jo Kane, Candace Kruttschnitt, Marvin Marshak, Judith Martin, Fred Morrison, Jeff Ratliff-Crain, Martin Sampson, Charles Speaks
- Absent: Gary Balas, Muriel Bebeau, Arthur Erdman, Marc Jenkins
- Guests: Executive Vice President and Provost Christine Maziar; President Robert Bruininks
- Other: Katie Stuckert (Office of the Vice President and Chief of Staff); Elizabeth Wroblewski (Office of the Executive Vice President and Provost)

[In these minutes: (1) the budget and FCC budget principles for the administration; (2) discussion with President Bruininks and Executive Vice President Maziar]

1. The Budget

Professor Martin convened the meeting at noon because Professor Feeney had a teaching commitment until 12:15. The Committee voted unanimously to close the discussion in order to take up budget principles. At the close of the discussion, and after slight editing by email after the meeting, the Committee concurred in recommending the following set of budget principles to the administration.

1. A growing proportion of University funding now comes from tuition; this trend will necessarily continue as state support declines. The University should consider (1) differential tuition models for undergraduate, graduate, and profession programs depending on elasticity of demand, effects on the academic program, and options for local/regional partnerships--or completely different funding models (private model for undergraduate, public model for graduate and professional education); and (2) reducing or eliminating O&M support for at least some professional schools and some specialty degrees and programs. Differential tuition rates in undergraduate colleges should not entail O&M funds being proportionally reduced as tuition goes up relative to other colleges; otherwise high-priced programs will have to use a greater proportion of their resources to deliver their programs.
2. The University must maintain its recently improved teaching and research quality, mindful of its role as a land-grant institution and of the conclusions of the Commission on Excellence report concerning the University's breadth: the University may have to stop doing certain things or face deterioration and mediocrity. It may need to redefine the meaning of "land grant" under changing

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financial circumstances and funding sources. Institutional quality and accountability must be appropriately assessed, based on teaching, research and outreach missions.

3. There must be a reduction in overhead and administrative costs, including a reduction of administrative staffing at all levels, especially central administration, across all campuses. Consolidation of collegiate administrations and reduction, consolidation, or elimination of programs must be considered. Increasingly expanded administration and support unit funding compared to expenditures for research and instruction must be closely examined. Funding for support units should not necessarily be across the board; if particular units use support services more heavily than others, those users should perhaps be charged. If money is to be saved as a result of administrative efficiencies, the funds should be removed from a budget.
4. There should be targeted cuts and targeted reinvestments, and minimal (if any) across-the-board cuts.
5. Costs of using and maintaining University property and space need to be reevaluated. The University should dispose of all real estate that is not directly related to its academic mission-- assuring that no land mines, such as environmental cleanup, exist.
6. The University must consider "good financial stewardship" in assessing the need for and size of unit reserves, and there should be a policy on the level and types of reserves to be held. Reserves should be subdivided to identify funds committed for new faculty, for start-ups, for equipment, etc. There appear to be incentives for units to stockpile money (to avoid negative balances), but there is no penalty for missed opportunities (for research not done, for faculty not hired). Units could move to accrual accounting for expenditures, and the cash in reserves could be used to help recover from cuts and meet challenges the first year of the biennium. The administration should consider taxing reserves if they are not used, just as it penalizes units for overdrafts. The administration should consider taking excess reserves and issuing interest-bearing notes in exchange--with a clear commitment to repay these by a certain time.

The University should also reassess the distribution of O&M funds to units on the basis of efficient overhead, streamlined operations, tuition elasticity, and non-O&M, non-tuition revenue source options that might exist for some units.

7. The University should explore converting some A-base faculty appointments to B-base, and some of the University's employment rules should be altered.
8. Subsidies to all non-academic units need to be scrupulously evaluated and held where they are or be reduced.
9. The University should encourage the adoption of state-wide planning for higher education to ensure a rational allocation of state resources.
10. The University should consider system-wide admissions to eliminate competition between campuses and to smooth out enrollments between campuses and programs; it should inventory capacity and quality across campuses and balance costs, quality, breadth, availability, and enrollments.

2. Discussion with the Executive Vice President and Provost and with the President

The Committee voted unanimously to close the meeting for a discussion of sensitive political and budget issues with, first, the Executive Vice President and Provost and then with the President. The President discussed with the Committee the process he intends to use to develop budget proposals that will be brought to the Board of Regents.

There was agreement that the time for faculty and students to express support for the University's budget is now.

The Committee and the President also discussed the resolution concerning a student strike in the event of a U.S.-led attack on Iraq. It was agreed that the members of this Committee, when the issue was discussed at the Senate Consultative Committee, would endorse asking the Provost to write a letter to the faculty about the proposed strike indicating that the faculty support the right to the exercise of free speech and student academic responsibilities.

Professor Feeney thanked Drs. Maziar and Bruininks for joining the meeting and adjourned it at 3:00.

-- Gary Engstrand

University of Minnesota