

Minutes*

**Senate Finance Committee
November 3, 1988**

Present: Warren Ibele (chair), David Biesboer, Bob Bruininks, John Clark, David Dittman, Arthur Erdman, Lael Gatewood, Eric Huang, Gerald Klement, Cleon Melsa, Rick Revoir, Walter Weyhmann

Guests: David Berg, Mark Brenner, Bruce Center, Ed Foster, Gregory Fox, Gayle Grika, Richard Heydinger, Sharon Krmpotich, Nick LaFontaine, Geoff Maruyama, Irwin Rubenstein, Maureen Smith, Frank Wilderson, others

1. The October 6 minutes were approved.

2. Legislative Request: Status Report

Guest: Associate Vice President Ed Foster

Operations and Maintenance

Dr. Foster reported several changes made since the Committee last saw the request, dated 10/3/88. Some were made by the Regents and others before the request was taken to the Board.

-- Civil Service The proposal for civil service increases was changed to 2% over inflation the first year of the biennium and 1% the second year. This portion of the request was raised from 3.3 million to 5.5 million.

-- Telecommunications Was changed from 2.3 million to 6.2 million because the original request did not include the cost of hardware.

The request shows percentage increases by campus, and changes in these include a slight decrease in Duluth, from 13.64% to 13.4% and a slight increase, because of the telecommunications item, for the Twin Cities, from 9.43% to 9.7%.

Several items were adjusted to offset those increases; e.g. a cut in hiring of personnel that report to Academic Affairs in the Twin Cities and Duluth in the first third of the biennium, as well as several smaller decreases. Overall the Operations and Maintenance total request has been raised from a 20.7% increase to a 21.2% increase. The implications for tuition, were this request granted, would be a 14% increase. Dr. Foster reported that students and Regents voiced concern over this, and the Board instructed President Sauer to pursue with other higher education systems a reexamination of the 33% of instructional costs tuition policy.

* These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate or Twin Cities Campus Assembly; none of the comments, conclusions, or actions reported in these minutes represent the views of, nor are they binding on, the Senate or Assembly, the Administration, or the Board of Regents.

Another change is that the administration has been alerted to a need for increased research money for the Graduate School which was not contained in the request. This item has been brought back to the management committee for review.

Capital Request

Item 2 on the list, Twin Cities Utilities - Planning Phase I, was removed for lack of information. All other items on the list, from 3 on, are therefore advanced in priority. There is a \$2.5 million increase in the Recreational Sports facility. Vice President Wilderson explained to the Committee the reasons for the increase in that item, which included the cost of air conditioning, the running of electrical lines, additional locker space, etc.

The Committee expressed concern that individual items in the request could be increased in this fashion. What restraints limit this practice? Rather than evaluating the Recreational Sports plan within the proposed budget, the Regents added to the proposed budget. One Committee member speculated that the legislature might hold, "they were able to find 2.5 million extra for this project, therefore they can find extra money for some of these other items."

3. Civil Service Salaries

Guests: Bruce Center and Sharon Krmpotich

Ms. Krmpotich began by saying that she and Dr. Center would provide information to convince the Committee that problems with civil service salaries are as important as those with faculty salaries. She outlined the history of the issue, starting with a Daily opinion piece, followed by meetings with Roger Forrester, Director of Personnel. She asserted that while the University is not technically in violation of the law they are in violation of the spirit and intent of the law. She indicated that the morale of civil service workers is very low, due in large part to low salary increases.

Dr. Center summarized his report, indicating that his objective was to report salary data rather than costs to the University. Basically state employees receive greater raises and higher salaries in general. According to Dr. Center the personnel office provided him with only a few state jobs which they considered were comparable to University jobs. Those five jobs were used in the comparison. Dr. Center described salary comparisons to the Committee and added that the actual situation is probably worse than is indicated in his report. Some questions were then asked regarding sample size, union positions, and research procedure.

Dr. Center said that two factors cause the salary differences: 1, state employees receive larger increases, because the state provides compensation above that which the Legislature required, and 2, state employees receive step increases in addition to the cost of living raises at an average of 1.5% per year.

In 1982-83 the University went from open to fixed funding and the difference in compensation started at that time. Viewed from a period extending beyond that academic year the discrepancy is less alarming than when viewed from then to the present.

Dr. Center was asked why the state has more resources than the University. Dr. Center put the question back to the Committee. He added that when a state employee is replaced, the new employee

starts at the bottom of the pay scale. There may be many state employees that are paid at the lower range of the pay scale.

It was also mentioned that the University once had a step system, but it ended in the late 70's in order to provide more money for merit increases. A University civil service employee does not have much chance of moving up through their pay range. Most employees are below the mid-points of the salary range. Salary ranges were frozen last year, so as increases are added there is apparent salary advancement for employees within each salary range. As long as the mid-point of the University civil service salary range is within 8% of the midpoint of the state salary ranges, then the salary is said to be comparable.

Professor Ibele said that the Committee is concerned about civil service, but will have to gather more information. If the problem is this serious then equity could be achieved only over a period of years according to a carefully designed plan. He also pointed out the similarity between the civil service salary problem and the faculty salary problem, where goals are set but not achieved. SFC will gather information and make recommendations to the Senate Consultative Committee.

4. Legislative Strategies

Guest: Vice President Richard Heydinger

Vice President Heydinger began by saying that External Relations is about six months behind on planning, but that they are in process of increasing their contact with the legislature. He said that they would rather do a few things right than have grandiose plans that are performed poorly. He distributed copies of a letter to the Board of Regents dated October 31, 1988, outlining the activities that External Relations plans in support of the Legislative Request. Vice President Heydinger outlined for the Committee the various themes in the planning effort, and the reasons for them.

It was noted that Professor Irwin Rubenstein, the Faculty Legislative Liaison, is doing complementary work with his letters to the legislature.

Professor Clark asked if the Board of Regents would be participating in this effort. Vice President Heydinger replied that this varies from Regent to Regent, and added that it is desirable and impressive to legislators to see the Regents at legislative sessions.

One matter that needs to be communicated in the legislative session is the current "competitive milieu" of higher education. Also, that the University of Minnesota is vulnerable to "raids" on the faculty because of the publicity of events of the last eight months such as were described in the October 12, 1988 issue of The Chronicle of Higher Education.

At least one event will take place every month between now and the beginning of the legislative session. Some specific strategies were defined:

- University Days, which will take place in February at the Capitol, where there will be displays. It will be a way for faculty to get involved, but enough faculty must participate for this to be successful.

- Leadership Day This assumes the President will be named by February. Leadership Day involves presentations around the state of teaching and research. The issues are geared for the community in which the presentation is made.

Vice President Heydinger added that the hiring Director of State Relations is at hand.

Professor Erdman commended these planning efforts and asked what plans were being made to deal with more controversial concerns such as financial issues and tuition. Vice President Heydinger responded that for the financial issues a University Financial Management Review Committee, consisting of legislators and faculty, will be issuing a report. As for tuition, the biennial request was passed by the Board in Duluth, with a strong message to the University to look for ways by which to avoid a large tuition hike. The reaction from the HECB is one of caution. Alternatives to a large tuition increase will be discussed at the next Board meeting.

Student member Eric Huang presented a quick analysis of the implications of the tuition hike on a student and working hours. Mr. Berg mentioned that increased student aid would go a lot further than it has if tuition were increased and that this would help alleviate the situation.

Vice President Heydinger concluded by asking the Committee for its advice on the logo for the newsletter that will be going out to faculty.

The Committee was adjourned at 5:10, after apologies were made to Nick LaFontaine whose presentation was postponed to the next SFC meeting for lack of time.

For questions, comments, or materials requests, please call SFC secretary Kelly Craigmile at 624 6239.

-- Kelly Craigmile

University of Minnesota