

Minutes*

Joint Meeting
Senate Finance Committee
Senate Consultative Committee
June 3, 1988

SFC members: Shirley Clark (chair), David Biesboer, Mark Brenner, John Clark, Gerald Klement, Geoffrey Maruyama, Cleon Melsa, Tom Scott, Joan Steurmer, Walter Weyhmann

SCC members: W. Phillips Shively (chair), Tim Allison, Charles Campbell, Richard Goldstein, J. Bruce Overmier, Ron Phillips, Carrie Simenson, Michael Steffes, Matthew Traxler, Bruce Vandal

Guests: David Berg, Mary Bilek, Carol Campbell, Ed Foster, Gayle Grika, Rick Heydinger, Nick LaFontaine, Maureen Smith

Professor Shirley Clark called the meeting to order at 3:30. She began by re-capping a rough list of budget priorities that came out of the previous day's SFC, FCC and SSCC meetings.

Mr. Berg distributed an Association of American Universities Data Exchange document that would aid in this effort to establish budget priorities. He described the three areas of data exchange: average salaries for latest available year, average expenditures per student instructed, and process information. He explained that the document raises more questions than it answers but that a lot of the discrepancies that are noticeable may have an explanation. The programmatic composition of the departments may not be identical. He explained the ways in which the document gets used in budget development and in the legislature.

Professor Shively told the Committee members that he and Professor Shirley Clark would report to the administrative group on June 17 on the outcome of this meeting. A discussion of budget priorities followed that consisted of two phases: how we should establish priorities and what the priorities should be.

Process for determining priorities

Professor Shively recommended that budgetary priorities be divided into three clusters:

1. Physical: incremental maintenance costs, space, fuel, hazardous waste, union settlements
2. Academic Programs: faculty salaries, tuition offset, anticipatory retention, fellowships, scholarships
3. Programmatic initiatives: Rank Funding Adjustment, Commitment to Focus, reserves

He added that though the differentiation of these items is of less importance to the legislature than it is to us we still need to determine the relative priority of these items. Physical operations, for instance, would be a lower priority than Academic Programs.

Professor Overmier recommended that cycles or sets of requests be established; focusing first on avoidance

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of retrenchment or "bottom line," then improvement of rank in the Big 10, and finally improvement of rank in major research Universities. He explained that this would tell the legislature what would be needed to establish the University's standing at three different levels. The cycles would be identified by the goal. Because of its layers, this suggestion came to be known as the "onion" model in the course of the meeting.

Professor Brenner added that faculty salaries have been a top priority in several legislative sessions but that this would be a way to demonstrate that it is an integrated system that needs to be funded, rather than a group of specific causes. He suggested that MPIS data could be a place to begin to set models consistent with the Swan report. Several other potential sources of data were noted.

There was then some discussion about whether the legislature gives the University some limits before the request is made. David Berg explained that the state cannot tell the University what it can request because that would be unconstitutional. But it does give agencies an idea, often in the Governor's Briefing, of the amount of money that is available.

Professor Overmier said that the University, to be responsible, has to give the legislature a realistic picture of what is needed.

Professor Shively agreed with this and added that the request should meet two goals:

1. It should embody a vision of what we can become. This would "sell" the legislature on the bottom line.
2. The request should state a set of priorities that we want to live with. A tension needs to be maintained between restricted and unrestricted money.

Professor Brenner said that it would be helpful to see a list of funding items that would be required to maintain the equilibrium of the University. Professor Weyhmann agreed and added that the Senate Finance Committee should obtain for review such a list from central administration.

A discussion of various aspects of the development of the request ensued, to which Professor Shively responded that this group could support a general guiding principle regarding the development of the request but cannot accomplish elaborate procedures for the development of the request here.

Professor Weyhmann singled out two types of justification of the request to the legislature:

1. comparative data (e.g. salaries)
2. product (e.g. class size)

Request Priorities

The following items were suggested at some point during the remainder of the meeting by members of both committees:

Libraries

Professor Shively mentioned that 100% return of ICR money could add to the libraries.

Commitment to Focus implementation

It was observed that this could have sub-categories such as undergraduate advising

Tuition offset: general and professional

Mr. Vandal commented that as the number of students decreases the cost of tuition will increase. Mary Bilek added that this is given consideration in the Academic Priorities document.

Faculty salaries

Professor Overmier expressed concern about the fact that faculty salaries are always the focus. They should be seen in light of the total compensation package: fringe benefits, support structure for academic operations, trips to professional meetings (paying oneself is in effect a salary cut). It is the total compensation that helps keep people here, rather than the salaries alone.

Professor Shively agreed and said that "Faculty Salaries" put out blankly as a request will not go very far, but that a breakdown of faculty salary items might be more justifiable. He pointed out that "retention" has worked and that it is good for faculty morale. He also promoted a "faculty support package" which would cover, for example, the purchase of books, equipment and journals.

There were basically two opposing ideas about the emphasis of faculty salaries. Some thought that they should not be emphasized specifically since they are related to so many other things. Others thought that they should be emphasized because they are so ridiculously low and the legislature is under the impression that University faculty are not self-serving enough in this respect.

Supplies and Instructional equipment (SEE)

Professor Brenner introduced the possibility of a sub-category called depreciation. He posed the rapid obsolescence of computers as an example.

Mr. Berg pointed out that there has been an Equipment Amortization line, which is calculated by IRS amortization methods, in the budget for the past six years, but that an increase was not requested last session. He added that we are always behind in this area.

A committee member called attention to the fact that his department received no such compensation. Mary Bilek pointed out that there is \$2 million in this budget, but that it goes out to coordinate campuses and physical plant as well as departments. It may not amount to much by the time it reaches departments.

Other items discussed were the following:

- child care
- faculty line items; Rank Funding Adjustment

- 100% return of Indirect Cost Recovery
- new space operation
- civil service salary increases
- scholarships and fellowships

Professor Campbell expressed some concern over putting forth these priorities without a clear picture of the implications. He prefers the "onion" model of laying out what it would take to reach certain levels.

Professor Shively responded that the uncertainties would be understood and that we would not be binding ourselves. This group should prioritize the items because the administration has to prioritize them.

Mr. Berg commented that the request will be brought to the Regents for information in July. He said that once something is taken off the list it is hard to be put it back. He and Rick Heydinger agreed that vague prioritizing would be fine and that this group should propose priorities that it thinks would have the broadest impact and be morale-building.

Conclusion

Professors Clark and Shively suggested that the group turn its attention to establishing some priorities from the previous list.

Professor Overmier recommended that Commitment to Focus and Rank Funding Adjustment be the highest priorities. Professor Shively agreed with this and added that relief from 33% of tuition for students and salaries be second in priority. Professor Overmier advocated an emphasis on institutional needs first, and individual pocketbooks second.

A number of members of both committees seemed to disagree with this priority so a "straw vote" was taken. Those in disagreement felt that salaries and tuition should be a first priority. The majority of members voted that the first priority set should include Commitment to Focus implementation, Rank Funding Adjustment plus salary increases, tuition offset, and libraries.

Professors Clark and Shively will bring this proposal to the administrative meeting. This meeting was adjourned at 5:30.

Respectfully Submitted,

Kelly Craigmile

University of Minnesota