

# **2009-10 UNIVERSITY OF MINNESOTA**

**MARCH 25, 2010**

## **FACULTY SENATE MINUTES: No. 3**

The third meeting of the Faculty Senate for 2009-10 was convened in 25 Mondale Hall on Thursday, March 25, 2010, at 2:32 p.m. Coordinate campuses were linked by ITV. Checking or signing the roll as present were 150 faculty/academic professional members. Vice Chair Carol Chomsky presided.

### **1. PRESIDENTIAL FACULTY COMPENSATION PROPOSAL Information for the Faculty Senate**

#### **FOR INFORMATION:**

##### **FACULTY TENURE**

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#### **Section 4. Terms Of Faculty Employment.**

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**4.5 Reduction Or Postponement Of Compensation.** If the University or a collegiate unit is faced with financial stringency that does not amount to a fiscal emergency, the president may propose a temporary reduction or postponement in compensation to be allocated to faculty in accordance with a mathematical formula or similar device. If approved by the Faculty Senate or the appropriate collegiate assembly, respectively, and the Board of Regents, the recurring salary of all faculty members in the University or in the designated collegiate units shall be reduced temporarily in accordance with the formula or device. The reduction may not continue for longer than two years, unless renewed by the same procedure.

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#### **PROPOSAL FROM THE PRESIDENT:**

As a result of financial stringency facing the University, and in accordance with Section 4.5 of the policy Faculty Tenure, I transmit to the Faculty Senate and seek Senate approval of a proposal to reduce the salary paid to each faculty member 1.15% for academic year 2010-2011.

I intend to impose an additional 1.15% salary reduction for faculty serving in executive-level positions (including deans, associate and assistant vice-presidents, vice provosts, vice presidents, chancellors, senior vice presidents, and the president) so each will have a 2.3% reduction. Non-faculty administrators at that level will also have a 2.3% salary reduction. In addition, I will invite all employees to volunteer to take furloughs not to exceed a total of 10 days in 2010-2011, with savings to remain in their own units.

The proposed and planned reductions are temporary: that is, they will not be a permanent reduction to an individual's base salary.

#### **DISCUSSION:**

Vice Chair Carol Chomsky stated that the docket was distributed in advance of the meeting to senators and all faculty. This widespread distribution is not usually made, but due to the nature of the meeting, it was thought appropriate. The goal today is to provide a full and fair opportunity for all views to be expressed while reaching decisions in a timely manner.

She then explained the docket and how business will progress at today's meeting. First, the President will be provided an opportunity to present and explain his proposal. Next, three motions will be considered under Item 2. The motion from the Faculty Consultative Committee (FCC) will be introduced first, followed by two substitute motions. 45 minutes have been allotted for this discussion; amendments and a vote will not be considered until this time has elapsed. Substitute Motion 1 will be considered at approximately 3:30 for 15 minutes, followed by Substitute Motion 2 for another 15 minutes. A vote will then be taken on the main motion. Separate votes will be recorded for faculty and faculty-like academic professionals.

If there are speakers on each side, the discussion will alternate between the viewpoints. Questions will be answered as they are asked. Each speaker will be limited to three minutes. All faculty have a right to speak but priority will be provided to senators and those senators who have not already spoken. A senator can yield time to a non-senator.

Point of Information: Will the Faculty Senate be able to substitute both Substitute Motions for the main motion?

Response: The Faculty Senate will be able to vote on each separately.

President Bruininks then introduced his proposal. The University started this biennium at \$703 million in state funding and, after a series of reductions, for FY2011 the University's state funding will stand at \$591 million. 11 states have asked the federal government for a waiver of the provisions requiring a maintenance of effort level, which is equivalent to the funding in 2006. If the state sought and received a waiver, it is possible that the University will see addition cuts.

The University has already reduced \$80 million from the base budget for this year and must deal with another \$36 million unallotment. There has been active work to reduce the University's costs in the past 18 months - every unit of the University modeled at least 5.5 percent reductions, \$35 million has been taken from central administration, \$10 million was from cuts to 140 staff positions through a retirement incentive program, and the University cancelled or deferred \$200 million in capital projects.

Of the budget challenge, 75 percent stems from the costs and commitments made by the University and 25 percent is from the unallotment. \$70 million is related to compensation issues. The 27-pay-period issue only arises once every 11 years. There is controversy on this issue due to the many different terms of employment for University employees, some of which are less than 12 months.

President Bruininks is asking faculty to be a part of the solution. This is a bigger issue than just next year. The state will experience a slower economy, growth, and recovery, so the University should anticipate more of the same. This is one reason that he feels it is appropriate to use the term 'financial stringency' to describe the gravity and the impact of these dramatic changes to University resources.

The University has spent time modeling compensation alternates and has consulted broadly with Senate and employee governance committees. Following the last Senate meeting there were revisions to the proposal that is being presented today. This proposal asks faculty to make a modest contribution to solve this problem and it asks all employees to be part of the solution. It calls for a mandatory three-day furlough during the holiday season for hourly employees. This

will allow a one-week shutdown of the University. Salaried employees are being asked to take a 1.15 percent reduction in pay, which is equivalent to the three-day furlough. This proposal will equally apply to 9-month and 12-month employees. Senior administrators are being asked to take a 2.3 percent reduction.

He emphasized that this is a one-year, temporary reduction in compensation; it does not affect base pay. Finally, any employee will be able to take voluntary furlough days up to the equivalent of 10 days. This plan saves \$18.5 million and allows the University to address the federal fringe benefit adjustment issue.

President Bruininks said that the University has modeled a vast array of alternatives, all of which he finds less desirable than today's proposal. At this time, the entire community should participate in this process and the conversation about the future of the University. This is the most even-handed and fair proposal, generating one-time savings for the next year while options are sought for the long-term. This proposal lessens the possible impact on job losses; every \$1 million reduction equates to 16-18 jobs cut. The sliding scale proposal is disadvantageous to academic personnel as it affects rewards on the basis of market and merit considerations. This could have an impact on some of the University's best faculty, who have high levels of productivity, and could lead to their loss to other institutions.

In closing he asked the faculty if they are willing to make a modest contribution in the short-term to help solve a long-term issue facing the University.

## **2. FACULTY CONSULTATIVE COMMITTEE**

### **Presidential Faculty Compensation Proposal**

#### **Action by the Faculty Senate**

#### **FOR INFORMATION:**

This motion and any amendments/substitutions will not be considered for action until 3:30 pm. At that time, the two substitute motions in the printed agenda will be considered first, with 15 minutes provided for consideration of each before 15 minutes for consideration of the main motion.

#### **MOTION:**

To approve the following motion:

In accordance with Section 4.5 of the Regents policy *Faculty Tenure*, the Faculty Senate approves the President's proposal for a 1.15% reduction in salary for all faculty for the 2010-2011 academic year. The authority granted by approval of the proposal extends only to the identified 1.15% reduction for 2010-2011.

**FCC MEMBERS:**  
**MELISSA ANDERSON**  
**NANCY CARPENTER**  
**CAROL CHOMSKY**  
**CHRISTOPHER CRAMER**  
**SHAWN CURLEY**  
**JANET FITZAKERLEY**  
**MARTI HOPE GONZALES**  
**KATHRYN HANNA**  
**CAROLINE HAYES**

**KATHRYN HANNA  
EMILY HOOVER  
BRIAN ISETTS  
WALT JACOBS  
JEFFREY KAHN  
RUSSELL LUEPKER  
JAN MCCULLOCH  
J. MICHAEL OAKES  
MARTIN SAMPSON  
KATHRYN VANDENBOSCH  
CATHRINE WAMBACH  
BECKY YUST**

**COMMENT:**

The President's proposal for a temporary reduction in faculty salaries is brought in response to extraordinary reductions in state support. The University of Minnesota's state-appropriated (operating & management) budget has been cut \$191 million in the last two fiscal years, including \$36 million as recently as February 15, 2010. As a result of these unprecedented cuts, the University's estimated budget shortfall—the amount by which projected expenses exceed revenues—for the upcoming fiscal year (FY11) is approximately \$132 million.

In response to decreasing state support, the University has solicited increased donations, raised tuition, and cut expenses. Both donations and tuition are at all-time highs, and substantial cuts in expenditures have been made. According to the University's CFO, Mr. Pfutzenreuter, \$95 million in cuts were made across the University in 2009. Since June 2009, \$34.5 million has been cut or reallocated from Central Administration's past and projected budgets, including savings of more than \$10 million from the elimination of more than 140 staff positions from central administrative units. Mr. Pfutzenreuter reports that Morrill Hall budget cuts have been proportionally larger than those in academic units.

Unfortunately, the cuts and increased revenues are insufficient to meet the financial demands of FY11. One of the challenges in cutting costs in response to revenue loss is that 70% of the University's nearly \$3 billion annual budget is devoted to employee compensation. It is in response to these circumstances that President Bruininks has proposed a one-time 1.15% cut in pay for all University employees in FY11, with executive officers (deans and above) taking a 2.30% cut, and has brought the proposal to the Senate pursuant to Section 4.5 of the tenure code.

The pay cut is temporary and not a cut in base pay. The associated savings will stay within colleges and no cross-college transfers will take place. Should an extension or alternative cut be needed, the President must return to the Faculty Senate for another vote. It is difficult predict at this time how the University will meet budgetary needs in FY12 and beyond, but any decrease in faculty salaries, temporary or otherwise, will be subject to the provisions of the tenure code requiring the involvement of faculty governance.

Based on the administration's extensive consultation with the Senate Committee on Finance & Planning, we concluded that there was sufficient understanding of the problem and proposed solution to move forward to approve the President's proposal. Substantial information on the University's budget and finances is regularly shared publicly through annual independent audits, reports, and internal audit committee documents presented to the Board of Regents and available on the University's website. The University has taken and continues to take steps to explore additional cost-cutting opportunities, including the hiring of a consultant to review purchasing reform opportunities. The University already spends considerable funds on regular financial audits (nearly \$700,000 to independent auditors in 2009). It is not clear that a massive external

evaluation of all University financial decisions is warranted or cost-effective. (We note that the cost of an external evaluation of this kind to be done at UC-Berkeley is \$3 million.)

The FCC discussed with the President a variety of ways to allocate salary cuts, including his original proposal for furloughs and the more equitable proposal for a uniform small percentage salary cut. The present proposal spreads the burden across the University, and the flat percentage cut means those with higher salaries will contribute higher dollar amounts. Although we recognize the difference in impact on employees at different salary levels, we also see that the difficulties caused by the 1.15% cut will be mitigated for lower-salaried employees because they will receive a 27<sup>th</sup> pay check during the same year. Among concerns with instead mandating substantially larger cuts to more highly-paid individuals is that such a plan would likely be divisive and create resentment, and it could cause the departure of some of the University's most distinguished and productive faculty and staff. Moreover, the President's plan allows faculty and P&A staff to contribute more by taking up to 10 voluntary furlough days, with the savings remaining in their colleges and therefore helping to prevent further erosion of jobs for others.

The FCC also considered the implications of rejecting the President's plan. First, the President has stated that if his proposal for cuts to faculty salaries is rejected, he will not reduce wages and compensation for other employee groups and will need to balance the FY11 budget in other ways. The likely result would necessarily include additional substantial cuts to unit budgets, which the FCC believes would harm our core academic mission and cause layoffs of non-faculty employees. Second, the FCC is concerned that many in the legislature and the public will not understand why the faculty, who enjoy the benefit of tenure, would be unwilling to take a 1.15% pay cut in order to balance the University's budget, while so many in the state suffer more severe cuts in pay and benefits, or the loss of their jobs.

In light of the immediate problem and the enormous financial and strategic challenges that lie just ahead, the FCC believes the President's plan is a reasonable response to the projected budget shortfall in FY11.

**J. MICHAEL OAKES, VICE CHAIR  
FACULTY CONSULTATIVE COMMITTEE**

## **DISCUSSION:**

Professor J. Michael Oakes, Vice Chair of the Faculty Consultative Committee (FCC), said that this motion is presented today with unanimous FCC consent. It has been discussed at length and there is no question about the issue at this time, and under these circumstances it is the best alternative.

He said that with 70 percent of the University's budget allocated to compensation, it is hard to make large cuts and not affect compensation. Some argue that an audit is required before action is taken. Respectfully, an audit is not necessary and there is a wealth of public information available. The FCC and the Finance and Planning Committee (SCFP) have done extensive work with the administration on where the money is being spent.

Others state that this is an issue of mismanagement. There is enough money coming in, but it is not being spent properly. However, there is a long list of other institutions that are experiencing the same financial issues, many to a greater extent. He encourages the Faculty Senate to explore where funds are being spent, but this is a conversation for another day.

Regarding the sliding scale, the FCC is concerned about 'brain drain,' people with high salaries, productivity, and market value being cut substantially and then moving on to another institution.

The FCC is quite sympathetic to the lower-paid employees, but the current proposal did not seem like a high burden.

If the Faculty Senate rejects this proposal, it will generate headlines but it will not help the University, as this is the only proposal being considered by the President. In light of the immediate problem, he urged the Faculty Senate to support the proposal.

Professor Eva Van Dassow then spoke opposed to the motion. She said that faculty are willing to accept reductions in compensation if they are truly necessary, equitable, and impose no financial burden on the lowest-paid employees. This is the reason that Substitute Motion 2 is being presented, which would require sliding-scale salary cuts and require most faculty to take a larger cut than under the President's proposal.

The administration is bringing its proposal under section 4.5 of the tenure code. Interpretation 3 under this section states that "financial stringency" should not be invoked to respond to foreseeable fluctuations in the University's budget and finances. According to the President's March 16 email to faculty, the present budget shortfall consists of three components – increased annual costs including a two percent compensation pool increase, the 27 pay period, and the governor's unallotment.

The first and second of these components were foreseeable and are being planned for by the administration. Even the unallotment was foreseeable as it was approved in the June 2009 operating budget for the University. Only the amount was unforeseen at this time. The \$36 million unallotment, which is roughly 1.2 percent of the University's total budget, does not provide an adequate basis for declaring financial stringency, especially when new expenditures continue to be proposed.

Third, many faculty believe that section 11 of the tenure code, which discusses procedures for any financial crisis, does apply to section 4.5. These two sections are to be taken together, not separately. None of the procedures prescribed in 11.3 or 11.4 have been followed to date. This is why an audit is being proposed.

Professor Russell Luepker, Chair of the Finance and Planning Committee (SCFP), said that the committee is composed of faculty, academic professionals, civil service staff, and students. For the past nine months the committee has been discussing the fiscal issues of the University and there is no ambiguity about the situation: things do not look good. This was an issue before the unallotment. The proposal addresses an unforeseen amount of cutbacks. There is no ideal plan from the committee, but this is a reasonably fair approach. The University is facing an urgent crisis now, but there is a long-term problem as the outlook will likely not improve for several years. The University needs to look hard at restructuring to deal with these issues. The committee voted unanimously to support the proposal.

A senator said that she supported the President's proposal at this time. She admired the thinking and principles behind the substitute motions, but this is a crisis that has emerged since February. Time is important here. Minnesota Public Radio announced that the Faculty Senate was meeting today to vote on the pay cut for all employees, which is a mistake. If this is a trusted news source, she wondered what would be the impression given to the general public from other media outlets.

Another senator expressed concern about market, merit, and productivity. There is a large pool of exceptional candidates for every faculty position so this cannot be a concern. This cut is modest for someone making \$200,000 per year, not for someone making less than \$50,000 per year. In this conversation faculty need to think about the kind of place at which they want to work and how faculty treat the most vulnerable staff at the University. The University is holding

faculty hostage in regard to time. The 27-pay-period problem was a foreseeable issue for 11 years. Faculty should not accept the argument that this is the only proposal that is acceptable. If faculty do not approve this proposal, they should be able to communicate the rationale about why they are willing to take a larger cut.

A senator said that faculty from her campus were in support of the President's proposal, but opinions were mixed on the substitute motions. Some faculty strongly supported the ideas behind the substitute motions, such as budget transparency and a commitment to protect the lowest-paid staff. Other faculty expressed concern about implementation of the substitute motions. Lastly, some colleagues pointed out that most faculty and staff, and some administrators, would fall below the \$75,000 sliding-scale cap.

Another senator then spoke in support of the proposal by stating that faculty need to be part of the solution to the financial crisis just as students are also being asked to be part of the solution by increasing tuition seven percent. As budget cuts have taken place, no faculty members have been laid-off, yet staff throughout the University have not been as lucky. He is concerned about the future and making additional cuts. State unemployment is nine percent and tenure-track faculty look like an island of prosperity relative to the rest of the state. He does not believe that the public will understand the faculty's decision to not cut its own pay. He asked senators to support the proposal.

A senator said that he asked his neighbors what is the problem with the University. Administrative glut was the answer from the public, and many faculty also feel that the University is a top-heavy organization. He questioned what would happen to a 9-month faculty member who takes an augmentation from a grant for the summer. Is this person now a 12-month faculty member? When William Brody headed the Medical School, 83 faculty left and the NIH ranking dropped from 15 to 27. This was a significant brain-drain.

Another senator said that she and her colleagues are generally in favor of the proposal. However, the issue of the 27 pay periods is not clear to all faculty. She understands that 365 days is not evenly divisible by 14, which accounts for the occasional 27th pay period. She asked if people are being paid the amount that they were promised. In the case of hourly employees, they would be eligible for payment of these days. For salaried employees, each paycheck is one-twenty-sixth of what they were promised in an annual salary. Assuming this information is correct, this 27th pay period appears to be a bonus paycheck that will result in a 3.85 percent increase in their promised annual salary. She hopes that this can be resolved for the future.

Vice Chair Chomsky responded that going forward, there will be a solution. Time has also been allocated later in the meeting to address this particular issue.

A senator said that there were a large number of academic professional employees in her unit who accepted the proposal. When the counter-proposals were circulated, her colleagues were grateful for the altruism that it represents, as many of them fall under the sliding-scale cap. While colleagues also supported the idea of an audit, the time it would take to put the University's budget into understandable form, disseminate it, and educate people about it would not be feasible for FY11. However, it would be a sound foundation for the next biennium. Lastly, her colleagues have heard that outreach is part of the University's mission, but noted that reference to it is missing from at least three places in the resolution for fiscal transparency.

Another senator said that as she has listened to the conversation, she is baffled at the question that the University might be in a financial crisis. As a tenured-faculty member, she feels grateful and blessed each day that she is among the most privileged people. While everyone has worked hard to achieve this status, faculty do not worry about losing their job or benefits because they

work at an institution that will never close or move. This proposal does not seem like much of a sacrifice. Even the concept of voting on one's own salary cut is provided to few.

A senator said that although this motion is extremely important, it does not address the situation of the next biennium. Faculty are acting in a short-sighted way. Prior to the March Senate meeting, discussions at the Senate and its committees were only focused on the budget situation for next year.

Another senator stated that this pay cut is a band-aid and it will not save the University. Perhaps it is better to chip in than refusing to help. It is possible that the symbolism is valuable by itself, which is why he will support the proposal. However, he is angry and disappointed and understands why some faculty will vote against the motion. He is mad at the governor and legislature for their short-sightedness, but mostly he is mad at the University's leadership, which has too rarely made the hard decisions to prepare for their tough times. This leadership has also failed to offer a compelling vision and plan to reduce the scope of the University and maintain excellence. This leadership has also bungled this proposal by confusing the issues, making it hard to get meaningful and consistent information, and losing the trust of many faculty. The real issue is getting through FY12 and beyond. No faculty member has opposed a temporary pay cut if it would solve the problem, but all he has heard about the future is a request to trust the administration while they present changing, half-completed plans for the future. He wished the last few years had convinced him that the University had a vision and a strategy, but they did not. Parceling out across-the-board cuts while proclaiming vague goals of excellence is no vision, strategy, or leadership. He will vote for the motion because he values staff too much to put more of their jobs on the line. He hopes that the year that this vote buys the University is really used to do it right and not just have everyone in the same place in another year. Decisions in the next few months will determine whether the University sinks towards mediocrity or becomes a smaller but still shining gem for the state. This is the time for leaders to step up and lead the University in setting critical priorities and making hard decisions. Step up President Bruininks or step aside.

A senator said that she came to today's meeting with the hope that there would be an open and constructive discussion of each of the motions. Instead, it appears that lines are drawn and she finds this disappointing. Faculty are aware of the gravity of the financial situation and her colleagues are in favor of a salary reduction. Everyone is pulling together. However, she questioned whether the proposal is the best solution. She would like to know why the sliding-scale proposal has been discounted by the FCC and the President.

A motion was then made and seconded to extend the time for general debate by 10 minutes. The motion was approved.

A senator then yielded her time to a non-senator who began by thanking the FCC and SCFP for wrestling with a hard issue. In his 35 years at the University he has spent considerable time working throughout the state. This meeting is not just about today. If faculty do not support this proposal, the payback will be significant over the years. The state population looks at the University as an isolated island of elitism. In today's world, intellectual capital is not always valued. This vote is much more significant to those outside the University than to those within. In the last four weeks, legislators who are strong University supporters have told him that if faculty do not take action, the University will pay for it down the road. He is sympathetic to the sliding-scale substitute motion. However, people do not realize that there are some faculty at the University who create new jobs through their work. If these faculty are lost, the associated jobs maybe lost as well. He hopes that faculty strongly support today's resolution.

Another senator seconded the sentiments of the previous speaker. As a member of the SCFP, she provided some data on the substitute motions. Regarding the request for transparency, the



motion focuses more on priorities and trust than transparency. If one looks at the Vice President for Finance's website, there are financial audits each year that can be reviewed. The University budget is almost \$3 billion and half is spent on salaries. Another \$100 million is spent on supplies, \$150 million is spent on utilities, \$200 million is spent on student aid, \$665 million is spent on repairing and maintaining building, and \$52 million is spent on equipment. These expenses come from 82 different funds in 419 departments with 2100 different activity codes. The comprehensive review that is being asked for would take years to complete and would duplicate efforts of the yearly audit.

A senator asked faculty why they are at the University. If one thinks that the answer is the salaries, the answer would be no. Faculty are here for the well-being of the state, the nation, and the world through teaching, scholarship, and outreach. The financial crisis is real and this motion is a reasonable solution, a show of sacrifice to the state and to colleagues. Units can also be helped by taking voluntary furloughs. She asked that this proposal be approved so conversations can begin on FY12.

Another senator said that he was surprised that faculty were asked to support the proposal. If faculty say no, it will be a political catastrophe as confirmed by Professor Sampson's email last week. He also supports the sliding-scale proposal as it is a principle to which he subscribes.

A senator commended his colleagues on the FCC for their hard work, energy, and attention to the voluminous emails since the March 4 meeting. The conversation has been focused on complex and difficult issues. The principles which are critical to the University must be carefully weighed and balanced. The first is that there should be shared responsibility, which is a component of the President's proposal. Second, preserving the quality of the faculty is of core importance to the Faculty Senate and a sliding-scale will be harmful. Third is the principle that faculty should do whatever they can to preserve jobs, which is also reflected in this proposal. As a unit head he does not want to layoff any additional staff. This proposal respects the principles that are crucial to what the University is and what it does, and allows the University to move forward to more pressing issues.

Another senator said that these are hard issues and he is concerned that not everything has been well thought out for today's discussion. This year faculty have had the greatest increase in extramural support of any institution. However, there are units in which a very small percentage of their budget comes from the University as opposed to outside funding. He is concerned that in research-intensive units, faculty who have large amounts of outside funding might be giving up more than they are saving under this proposal. He is not sure that the administration fully thought about these impacts, which are being made across-the-board instead of being wielded strategically. He asked if the detailed thinking of the net impact been taken into account when the cost-savings analysis was completed. He also asked that the administration re-examine what percentage should be across-the-board and what percentage is strategic. Finally he asked that this proposal should only be applied to University sources of revenue.

A senator said that after talking to numerous colleagues in her college, most support the temporary salary cut, assuming that the administration will not be back here next year. However, they are still concerned about the three-day shutdown in December. The University has implied that there will be a loss of heat and turning off of lights. There are numerous labs and contracts in her college. She would like to know what access will be available to labs, computers, files, and email during this period for those who have professional obligations.

Vice President Mulcahy responded to questions that have arisen on the topic of sponsored research and whether the University's plan is compatible with federal obligations and expectations. Communications have taken place with the AAU, APLU, other colleagues, and the federal government and its funding agencies to clarify their expectations. The University is not

the only institution adopting this approach to budget reductions. The federal government realizes the challenges to higher education and sponsored research agreements. Any cost savings on salaries from grants will not accrue to the University. Investigators are free to re-budget these savings to other aspects of their sponsored research. The federal government expects that if there is a reduction in salary at the University-level, there will be a reduction in salary in what they pay. Universities are granted the flexibility to re-budget this funding. The University will not let faculty commit mistakes with their grant funding. While these three days can be significant, it will not put anyone in jeopardy of being unable to complete an obligation related to their sponsored research.

Vice President O'Brien responded to questions on building access during the three-day furlough. Essentially the campus will be just as it is on any other holiday. Faculty will be able to enter offices with keys and card access. Parts of the campus that require heat due to animal research will continue to have the same heating support and fan schedule. The remainder of campus will be slightly cooler than normal, but still comfortable with an extra layer of clothes. Computer and email service will not be interrupted.

A senator said that while faculty may disagree on what to do, there is a wide-spread willingness to make some sacrifice in support of the continued quality of the University. This is a good thing for several reasons. First, faculty are here under the auspices of the tenure code, debating a matter that pertains to income rather than academic freedom. This is a concept that is hard for the outside world to understand. Second, the faculty's willingness to sacrifice is a key part of the University's reputation in the state. He is concerned that the first substitute motion obscures the faculty's willingness to sacrifice by proposing something that will take time to accomplish and raises the question whether the faculty need to contribute to the sacrifice. The second substitute motion delegates the faculty's willingness to sacrifice to the President, which is not a wise direction to pursue. If the President moves ahead with a proposal that does not include a sliding scale, there will be a misperception that faculty ducked the issue of a salary cut and did not block the suffering for other employees when faculty had the opportunity to do so. He is not comfortable trusting the reputation and willingness to sacrifice to the President. This is not a comment about the President, but instead about the faculty that the University's reputation is too valuable to delegate to anyone.

With general discussion time expired, Vice Chair Chomsky proceeded to substitute motion 1.

### **Resolution on Financial Stringency Action by the Faculty Senate**

#### **SUBSTITUTE MOTION 1:**

To approve the following substitute resolution:

#### **RESOLUTION ON FINANCIAL STRINGENCY**

WHEREAS: The president of the University proposes to declare a state of financial stringency, and accordingly asks the Faculty Senate to vote its assent to a temporary reduction of faculty compensation (while also proposing to reduce the compensation of all other salaried employees of the University), in accord with Section 4.5 of the Regents' Policy on Faculty Tenure;

WHEREAS: The administration has failed to provide to its employees, the Faculty Senate, and the public at large sufficiently detailed information to enable the Faculty Senate to confirm that all reasonable economies short of reducing compensation of employees at all salary levels have been, or are in the process of being, implemented;

**BE IT RESOLVED:** That, prior to asking the Faculty Senate to vote on its proposal to reduce faculty compensation, the administration provide to the faculty and the public a detailed account of all current and projected University expenditures and savings, justifying each item and amount in terms of its relationship to the University's primary missions of education and research;

**BE IT FURTHER RESOLVED:** That the Faculty Senate requests an independent audit of the finances of the University, including specifically an independent itemized analysis of the expenses of administrative overhead, with a view to identifying areas where additional economies might be realized with minimal impact on the University's primary missions of education and research.

**COMMENT:**

The president proposes a reduction in faculty compensation, and requests that the Faculty Senate vote its assent to his proposal, under Section 4.5 of the Regents' Policy on Faculty Tenure. Informed assent requires full disclosure of the University's budget, including a detailed account of all expenditures, as well as reductions already made or considered, explaining how each expenditure relates to the University's primary missions of education and research. It requires further that the faculty have the opportunity not only to scrutinize expenditures but to propose reductions other than those contemplated by the administration, and that the administration consider such proposals, justifying their adoption or rejection in terms of sustaining the University's mission. To date, the administration has provided the Faculty Senate and the University community at large with information on decreases in revenue and figures for savings projected to be achieved through its proposed reductions to employee compensation, without explaining how resources are expended or attempting to demonstrate that all reasonable reductions consistent with the University's primary missions have already been made.

The faculty are willing to accept temporary cuts in compensation as part of a long-term strategy to rectify the University's financial situation, if and only if the administration first implements cuts that do not impair the University's primary missions of education and research, and provides access to all budgetary information, detailing both expenditures and revenues, in order that the faculty may scrutinize the budget, participate in determining what expenditures to cut, and, should it become necessary, provide informed consent to a reduction in faculty compensation. Faculty alone are empowered to grant such consent by vote. However, the allocation or withdrawal of financial resources affects all members of the University community. It is therefore incumbent on the faculty to require financial transparency of the administration, and to demand that measures be taken to address the present budgetary shortfall that involve neither inequitable reductions to compensation, nor potential termination, of the lowest-paid employees of the University.

**WILLIAM MESSING, FACULTY SENATOR**

**BRUCE BRAUN, FACULTY SENATOR**

**DISCUSSION:**

Professor Eva Van Dassow agreed that the University must examine expenditures more thoroughly and identify areas where the University is spending funds that are not necessary to the academic mission. Cutting compensation now is not going to rectify the financial situation for the long-term. If the public does not understand what faculty do, their role in governance, and what tenure is for, it is the fault of faculty and we must change this narrative. To this end, Faculty for the Renewal of Public Education have sent today to the President, the press, the Regents, and the legislators on the House and Senate higher education committees an open letter

emphasizing faculty's willingness to accept salary reductions sufficient in magnitude to protect the lower-paid employees from any cuts.

She then introduced this substitute motion by stating that one of its primary proposals is to call for a full disclosure of the budget and an independent audit. The annual audits currently being completed do not address the areas of concern expressed in this resolution, which is how do expenditures relate to the core mission. Some argue that this audit would be costly and burdensome, however, MnSCU has undergone a legislative audit of its central administration which identified areas of excess spending that could be cut. While this system is slightly different, they appear to be doing better with the legislature than the University. Furthermore, the office of the legislative auditor has examined the University's finances in 2004 and is intending to take another look at administration spending. There is both precedent and a mechanism for conducting an audit proposed by this resolution. Moreover, when a firm was hired by Cornell to do such an audit, \$19 million in excess administrative spending was identified. An audit could only benefit the University.

A senator said that he is opposed to this motion because it is a substitute motion. If faculty vote in favor of this substitute motion, it prevents voting for the President's proposal. This is the nature of the substitute motion as it is worded. Some audits at other institutions have been effective while others do not think that it is worth the cost.

Point of Information: The wording in paragraph three asks the administration to do something before presenting a proposal to the Faculty Senate. It is not his understanding that the Faculty Senate has the authority to direct the administration. Is it a correct interpretation that voting on this motion, which would send a strong message on the value of an outside audit, would preclude the Faculty Senate from voting on the main motion?

Response: It depends on how the presenters of substitute motion 1 view the motion. If they mean it to be an outright substitute for the main motion, then the answer is yes.

Professor Van Dassow stated that it would be best if full disclosure and an independent audit could precede a vote on the President's proposal. However, recognizing the possible impracticality of doing it in this order, the presenters would be willing to accept the compatibility of voting for this substitute motion along with either or both the President's proposal and substitute motion 2.

Parliamentarian Kristin Hickman said that this is not as much a parliamentary issue as an interpretive point. The third paragraph states that before the Faculty Senate votes, an audit be completed, therefore precluding a vote on the President's proposal today if substitute motion 1 is approved.

An amendment was proposed to remove the words 'prior to asking the Faculty Senate to vote on its proposal to reduce faculty compensation' from paragraph three of substitute motion 1. This was accepted as a friendly amendment.

A second amendment was proposed to remove the words 'and research' from paragraph three of substitute motion 1 and insert 'scholarship and outreach'. This was accepted as a friendly amendment.

A senator stated that the University does have an independent annual audit, but what is being asked for in this substitute motion is an efficiency audit. The proposal is so ill-specified about to what this would be and what the objective would be that it could be almost anything and still be in compliance with this language. There is no way to introduce an amendment today that would

allow action by faculty today. Administrative efficiencies have been suggested in the Graduate School that some faculty do not think will work well.

Another senator said that if this substitute motion, as now worded, does not affect today's vote, then there is no rush to consider it today. An audit should take place before the Faculty Senate is asked to consider a salary reduction for next year.

Vice Chair Chomsky said that as it has been revised, it is no longer a substitute motion but instead a separate motion that is no longer germane to the main motion, or an amendment to the President's proposal.

A senator stated that if this motion is a separate motion, then it would not be considered at today's meeting under the Rules of the Faculty Senate. If it is an amendment to the proposal, then it could be considered at today's meeting.

A motion was made and seconded to table this motion until the May 6 Faculty Senate meeting. In the interim, the Finance and Planning Committee and the Faculty Consultative Committee would work with the administration and authors of the substitute motion on revised language.

A vote was taken and the motion was approved.

**TABLED**

**Resolution on Salary Reductions  
Action by the Faculty Senate**

**SUBSTITUTE MOTION 2:**

To approve the following substitute motion:

**RESOLUTION ON SALARY REDUCTIONS**

WHEREAS: The administration asks the Faculty Senate to vote its assent to the temporary reduction of faculty salaries, while also proposing to reduce the compensation of other employees of the University, in accord with Section 4.5 of the Regents' Policy on Faculty Tenure;

WHEREAS: The reduction of faculty salaries on the plan currently presented (1.15% for the salaries of all faculty and P&A employees, 2.3% for academic and administrative officers, and a three day furlough for staff) is projected to yield savings of \$18.5 million;

WHEREAS: In a comparable situation of economic duress, in 1932, the Regents of the University of Minnesota imposed a salary cut on a sliding scale, reducing all salaries above certain thresholds and imposing no reduction on salaries below a certain threshold;

WHEREAS: The imposition of a salary reduction on a sliding scale, down to zero for salaries below a certain threshold, would readily achieve or exceed the savings projected to be achieved through the minuscule reduction of faculty salaries currently proposed; for example, a reduction of 20% on the increment of all salaries above \$200,000 per annum, a reduction of 10% on the increment of all salaries above \$150,000 per annum, a reduction of 5% on the increment of all salaries above \$100,000 per annum, and a reduction of 2.5% on the increment of all salaries above \$70,000 per annum might yield savings equivalent to those that the present salary reduction plan would yield;

**BE IT RESOLVED:** That in place of its proposal to reduce salaries of all employees of every category and salary level, the administration develop and present to the Faculty Senate an alternative plan that calls for temporary salary reductions on a sliding scale, with no reduction for salaries below a certain threshold, in order to achieve the same savings.

**COMMENT:**

We appreciate the administration's revised proposal as an effort to respond to concerns faculty have expressed about equity in dealing with the University's financial troubles. Nevertheless, we are disappointed with the administration's proposal of a uniform pay cut since this will be inherently regressive in its disproportionate effect on lower income members of the university community. With this resolution we offer an alternate proposal with two primary aims. First, we seek to distribute the burden of salary reductions in an equitable and progressive way across the faculty. We offer one of a number of possible strategies for achieving the same savings as the administration's current proposal that would protect salaries under a certain threshold. Second, we seek to establish a model that protects employees who lack the privilege of tenure, who are the lowest paid and most vulnerable members of our community, and who are not given representation in this forum, from any salary reduction, job loss, or layoffs at all. A 1.15% pay cut seems to be a relatively small amount, but we know that such a cut represents a far greater portion of expendable income for someone earning \$45,000, than it does for someone earning \$200,000.

During the financial crisis of the 1930s the regents implemented salary reductions on a sliding scale similar to the one we now propose. According to the minutes of the April 21, 1932 Board of Regents meeting, at that time "The regents put into effect a slash of 20% on that part of any salary over \$3600; of 15% on that part between \$2400 and \$3600; of 10% on that part between \$1100 and \$2400, but left without reduction salaries and wages up to and including the figure \$1200 [sic] a year."

The following is an illustration of a sliding scale model for salary reductions, with a 20% reduction on increments above \$200,000, a 10% reduction on the increment \$150,000-\$200,000, a 5% reduction on the increment \$100,000-\$150,000, and a 2.5% reduction on the increment \$70,000-\$100,000:

Someone earning \$70,000 or less would not take a reduction.

Someone earning \$100,000 would take a \$750 salary reduction (.75%)

Someone earning \$150,000 would take a \$750 reduction (on that portion between \$70,000 and \$100,000) + \$2,500 reduction (5% on that portion above \$100,000) for a total salary reduction of \$3,250 (2.17%)

Someone earning \$200,000 would take a reduction of \$3,250 (on the increment between \$70,000 and \$150,000) + \$5,000 reduction (10% on the increment above \$150,000) for a total salary reduction of \$8,250 (4.125%).

Someone earning \$250,000 would take a \$8,250 reduction on the increment between \$70,000 and \$200,000) + \$10,000 reduction (20% on the increment above \$200,000) for a total salary reduction of \$18,250 (7.3%)

This example is meant to be illustrative: If a sliding scale was deemed suitable in the 1930s, it should be deemed so today.

**KAREN-SUE TAUSSIG, FACULTY SENATOR**

**WILLIAM BEEMAN, FACULTY SENATOR**

## **STEVEN OSTROW, FACULTY SENATOR**

### **DISCUSSION:**

Professor Karen-Sue Taussig is introducing this substitute motion because it is motivated by a concern for social justice. The authors believe that faculty must accept salary reductions if sufficient savings can not be found in areas that are less central to the primary missions of the University. However, the proposed reductions are regressive and unfair as an equal cut is not equitable to all employees.

By hurting the most vulnerable members of the University community, the administration would hurt the University's missions of teaching, research, and service, and in doing so hurt students and the state. Asking faculty to approve this proposal is asking faculty to be complicit in imposing a plan that does real damage to the University and its mission.

In 1932, cuts were implemented in a much more progressive manner. She asks the faculty to support this substitute motion and for the administration to implement similar reductions for this financial crisis. The median salary at the University appears to be below \$50,000. Running scenarios based on publically-available data, she is confident that the necessary savings can be realized without affecting the lowest-paid and most vulnerable members of the community. Faculty should be willing to take a larger cut and the administration should make this a model for all future salary reductions.

She realizes that this vote only affects faculty salaries, but should this substitute motion pass, the administration should return with a proposal that respects the spirit of this substitute motion – a sliding scale, a threshold below which employees would not be affected, and application of this model to all employees.

Income equality is a major problem in the United States and one which faculty attempt to convey to students. It is also a problem in the University. In asking faculty to vote for more progressive cuts, faculty are also arguing for a vision of the University in which they want to work. She is shocked that faculty are unwilling to support this substitute motion.

A senator said that this issue is difficult and complex. The first proposal was for a three-day furlough for all employees, but was found to be unfair to 9-month faculty because they would receive a larger cut. Most 9-month faculty are also the ones who earn a lower salary. A more equitable solution was devised. Civil service and bargaining unit employees will receive a two percent pay increase next year and take a three-day furlough, which is a 1.15 percent decrease. They will have a net pay increase of 0.85 percent. Faculty will have a 1.15 percent reduction and only receive a one percent pay increase because the two percent pay increase will only be paid starting in January. On average, faculty will have a slight pay decrease. Senior administrators will have a 2.3 percent decrease. These are small numbers, but is a graduated scale that is attuned to the wage rates of the University. The Faculty Senate should not vote for this substitute motion at this time but look towards the difficult questions next year.

Point of Information: If the Faculty Senate votes for this substitute motion, is it binding on the administration?

Response: No. The President needs faculty approval for any compensation decrease for faculty, but could institute changes for other employee groups either on a sliding scale or as originally proposed.

Point of Information: Could a vote on this issue take place at the April 1 Faculty Senate meeting?

Response: The April 1 meeting has a short agenda since it is the State of the University Address as well. This is the reason that today's special meeting was scheduled.

Privileged Motion: As substitute motion 2 is written, it asks the administration to do something and therefore is not fundamentally in conflict with the President's proposal. Therefore the faculty should be able to vote on both.

Parliamentarian Kristin Hickman said that it was interpreted that substitute motion 2 is inconsistent with the main motion. This decision has been appealed by a senator. If there is a second, then a majority vote will determine the interpretation of substitute motion 2.

There was a second to the motion.

Vice Chair Chomsky said that there is a motion on the floor to overrule the decision of the Vice Chair that substitute motion 2 is inconsistent with the main motion. A vote in favor agrees with the decision of the Vice Chair and a vote opposed agrees with the appeal of the senator. This motion is debatable.

The senator proposing the motion said that faculty are concerned that if they approve substitute motion 2 and ask the administration to approach salary cuts in a progressive way, faculty are precluded from providing authority to the President to proceed with his proposal. If the administration does not present a sliding-scale option, then faculty have rejected any pay cut. If these two items are interpreted as consistent, that faculty approve the President's proposal but would prefer that a sliding scale be used, then faculty are presenting their willingness to contribute to the solution and conveying a clear message to the administration. This is why he is asking that the ruling of the Vice Chair be overturned.

A senator spoke in favor of the ruling by the Vice Chair, stating that the two items are inconsistent. The President's proposal results in a salary cut. Substitute motion 2 does not result in a salary cut unless determined by the President. Substitute motion 2 could be modified so that faculty do not lose the property of the President's proposal, which is a salary cut, and faculty gain the possibility of suggesting to the administration that there is a better way to proceed.

Another senator said that in the way that substitute motion 2 is written, it is meant to be a substitute for the President's proposal. It could be revised and come back to the administration as an advisory sense of the Faculty Senate.

A senator said that President Bruininks has already said that he is unwilling to accept an alternative. Therefore faculty need to approve substitute motion 2 so that the message is that faculty are willing to take a larger cut in the name of social justice. If the University will not do it, it is because the President is unwilling to impose shared sacrifice in the name of social justice.

There was a call for the question on the ruling of the Vice Chair. A vote was taken and the ruling of the Vice Chair was sustained.

Point of Information: Could substitute motion 2 be amended which would allow it to be an amendment to the President's proposal?

Response: Yes. Under Faculty Senate Rules, if an amendment is proposed that is not considered friendly, it requires a vote to suspend the rules and consider the amendment.

One of the authors proposed that the last paragraph be changed to read, "That the administration develop and present to the Faculty Senate a plan that calls for temporary salary reductions on a sliding scale, with no reduction for salaries below a certain threshold, in order to achieve the



same savings,' would allow substitute motion 2 to be considered as an amendment to the President's proposal.

A motion was made and seconded to suspend the rules to consider this amendment. There was not a two-thirds vote so the motion to suspend the rules failed.

There was a call for the question on substituting substitute motion 2 for the President's proposal. If approved, this will be only motion remaining for consideration. A two-thirds vote is required for approval. A vote was taken and the motion to call the question was approved.

A vote was then taken on substitute motion 2 and the motion was not approved.

**NOT APPROVED**

### **DISCUSSION ON THE PRESIDENT'S PROPOSAL:**

A motion was made and seconded to suspend the rules to consider an amendment to the President's proposal. A vote was taken and the motion to suspend the rules was not approved.

A motion was made and seconded to call for the question on the President's proposal. A vote was taken and the motion to call the question was approved.

A vote was then taken on the President's proposal and the motion was approved with 130 in favor and 26 opposed.

A motion was then made, seconded and approved to table the remaining items until the May 6 Faculty Senate meeting.

**APPROVED**

### **3. FACULTY CONSULTATIVE COMMITTEE FY11 Compensation Increase Action by the Faculty Senate**

#### **MOTION:**

To approve the following motion:

Recognizing both current financial challenges and the need to maintain the strength of the University by rewarding faculty for outstanding performance, the Faculty Senate affirms the importance of providing funds for compensation increases, to be allocated in accordance with Regents policy (for merit and to respond to salary compression and market pressures), not to offset salary reduction.

#### **COMMENT:**

Media coverage of the President's proposal of a 1.15% pay cut coupled with a proposed 2% pay increase has led many to assume that the 2% compensation increase is designed to offset the 1.15% pay cut, yielding a small net increase in faculty compensation. This is not the case. The proposed 2% salary increase is designed to reward and retain the University's outstanding and productive faculty, in keeping with Board of Regents policy that requires salary increases to be based on market forces, merit, and salary compression. Moreover, the 2% compensation pool for

faculty is in line with contractually obligated increases to University bargaining-unit employees, and with 2% compensation increases for state workers in FY11. The President has also indicated that any salary increases will be delayed until January 1, 2011, limiting the impact on the FY11 budget while still permitting academic units to use the compensation pool appropriately to adjust faculty salaries

It is clear from comments made by faculty members at the March 4th Faculty Senate meeting that there is concern over the need for a compensation increase, the propriety of a salary increase when so many other citizens are enduring great sacrifices, and the relationship between the 2% increase and the President's proposed salary cut. The FCC presents this motion to facilitate further discussion and to make clear that any increase included in the budget is not designed and will not be used to offset the temporary 1.15% salary reduction.

**J. MICHAEL OAKES, VICE CHAIR  
FACULTY CONSULTATIVE COMMITTEE**

**DISCUSSION:**

The item was tabled until the May 6 Faculty Senate meeting.

**TABLED**

**4. FACULTY CONSULTATIVE COMMITTEE  
27 Pay Periods  
Discussion by the Faculty Senate**

Fiscal year 2011 includes 27 rather than the usual 26 pay periods, which affects all 12-month employees, including A-term faculty. B-term faculty are not affected. The President has indicated that he intends that all 12-month employees will receive 27 checks, each representing 1/26 of their stated annual salary. Question brought to the Senate for discussion: Whether in fiscal year 2011, A-term faculty should be paid for the 27<sup>th</sup> pay period.

**COMMENT:**

Although the current budgetary shortfall results from a combination of severe reductions in revenues and a variety of increased costs, one significant contribution is the covering of the 27<sup>th</sup> pay period for 12-month employees, including A-term faculty. The 27th-pay-period issue faces all employers who pay on biweekly payrolls, and it is dealt with in a variety of ways, including by simply absorbing the additional payment in the fiscal year in which it falls. Unfortunately, the 27th pay period at the University occurs at a time of greatly increased budgetary stress following an extraordinary reduction in state funds. The Faculty Consultative Committee has pressed the President to address the 27th pay period in the near future, so that it does not present a problem 11 years hence, when it will recur. The President has committed to doing so.

The issue of how to deal with the problem in FY11, other than by absorbing the cost, is excruciatingly complex, as reflected in lengthy discussions in meetings of both the FCC and the Senate Committee on Finance and Planning. Opinions differ regarding whether the 27th pay period represents an "extra" check, or instead payment for work that has not been compensated in previous years. Recommendations differ as to whether A-term faculty should receive the payment. The FCC presents this item for discussion both to further educate senators regarding the nature of the problem and to provide an opportunity for senators to express their opinions about the appropriate way to handle the issue with respect to faculty. We do not propose a particular course of action. If the Faculty Senate chooses to make a recommendation to the

President, it will be advisory only, as the Faculty Senate has no designated role in deciding the matter.

**J. MICHAEL OAKES, VICE CHAIR  
FACULTY CONSULTATIVE COMMITTEE**

**DISCUSSION:**

The item was tabled until the May 6 Faculty Senate meeting.

**TABLED**

**5. FACULTY SENATE OLD BUSINESS**

**NONE**

**6. FACULTY SENATE NEW BUSINESS**

**NONE**

**7. FACULTY SENATE ADJOURNMENT**

The meeting was adjourned at 4:56 p.m.

**Rebecca Hippert  
Abstractor**