

Minutes\*

**Senate Committee on Finance and Planning**

**Tuesday, November 2, 1999**

**3:15 – 5:00**

**Room 238 Morrill Hall**

- Present: Stephen Gudeman (chair), Jean Bauer, Charles Campbell, Dan Feeney, Wendell Johnson, Gerald Klement, Michael Korth, Terry Roe, Rose Samuel, Charles Speaks, Susan Carlson Weinberg, J. Peter Zetterberg
- Regrets: Cynthia Gillett, Shana Saeger
- Absent: Catherine French, Eric Kruse, Vinay Nangia, Terrence O'Connor, James Perry, Richard Pfitzenreuter
- Guests: Assistant Professor F. King Alexander, University of Illinois (by conference telephone call)

[In these minutes: faculty salaries and related institutional data]

[NOTE: These minutes contain a number of tables of data and narrative to accompany them. The discussion of the tables was led by Dr. Zetterberg and was suspended in the middle of the meeting for a conference call discussion with a faculty member at the University of Illinois, Urbana-Champaign, who recently wrote a paper outlining the growing gap between salaries at public and private research universities as well as the causes and public policy implications of that gap.]

Professor Gudeman convened the meeting at 3:20 and turned to Dr. Peter Zetterberg to walk the Committee through data and information that ultimately relate to the question of faculty salaries. Dr. Zetterberg distributed copies of a set of about 40 tables and set about to explain them.

What he would do, he said, is present comparisons between the University of Minnesota, Twin Cities, and peer public campuses. The comparisons are with a group that has two components: the public research universities in the top 30 research universities and the other Big Ten universities. The former group does not include Cornell, which is part public and part private, and SUNY Stonybrook, which has not provided data to the AAU Data Exchange.

The top 30 research universities, by National Research Council rank, are as follows (public institutions in CAPS):

---

\* 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.

- |                    |                      |
|--------------------|----------------------|
| 1. UC BERKELEY     | 16. WASHINGTON       |
| 2. Stanford        | 17. Cal Tech         |
| 3. CORnell         | 18. Johns Hopkins    |
| 4. MICHIGAN        | 19. ILLINOIS         |
| 5. Harvard         | 20. MINNESOTA        |
| 6. Princeton       | 21. Northwestern     |
| 7. Chicago         | 22. Duke             |
| 8. UCLA            | 23. NORTH CAROLINA   |
| 9. Pennsylvania    | 24. New York U       |
| 10. Mass Inst Tech | 25. Brown            |
| 11. Yale           | 26. PENN STATE       |
| 12. WISCONSIN      | 27. PURDUE           |
| 13. Columbia       | 28. SUNY-STONYBROOK  |
| 14. TEXAS          | 29. Carnegie-Mellon  |
| 15. UC-SAN DIEGO   | 30. UC-SANTA BARBARA |

The comparison group, for this discussion, includes the public (CAPITALIZED) universities plus Indiana, Iowa, Michigan State, and Ohio State (the other Big Ten institutions not in the top 30).

Table 1. State Characteristics

	1997 Population	1997 Population: Percent Minority	Adults with Bachelor's Degree or Higher	1999-00 High School Graduates	High School Graduates as Percent of Population
Minnesota	4,696,085	8.3%	21.9%	61,961	1.3%
Illinois	11,971,530	28.5%	21.1%	126,280	1.1%
Indiana	5,876,087	11.7%	15.6%	66,337	1.1%
Iowa	2,857,326	5.4%	16.9%	36,733	1.3%
Michigan	9,802,314	18.9%	17.3%	104,669	1.1%
Mich State	9,802,314	18.9%	17.3%	104,669	1.1%
Ohio State	11,206,212	14.2%	17.0%	128,724	1.1%
Penn State	12,067,894	13.9%	17.9%	134,298	1.1%
Purdue	5,876,087	11.7%	15.6%	66,337	1.1%
Wisconsin	5,183,029	10.4%	17.7%	63,338	1.2%
N Carolina	7,445,912	26.6%	17.4%	67,348	0.9%
Texas	19,647,297	44.4%	20.4%	209,803	1.1%
Washington	5,648,465	16.8%	22.9%	57,086	1.0%
UC-Berkeley	32,903,567	49.9%	23.4%	318,208	1.0%
UC-Los Angeles	32,903,567	49.9%	23.4%	318,208	1.0%
UC-Santa Barbara	32,903,567	49.9%	23.4%	318,208	1.0%
UC-San Diego	32,903,567	49.9%	23.4%	318,208	1.0%

Table 1: Minnesota is a small state, in population, with a low percentage minority population and a high percentage of the population with bachelor's degrees.

Table 2: Minnesota has a large number of public higher education campuses: 57, compared to 44 in Michigan and 61 in Illinois--and Illinois has three times the population of Minnesota. This costs the state a lot of money; there are a number of campuses with fewer than 500 students. While Minnesota has a small population, it is large geographically, with many campuses distributed all over the state. What is VERY important is that Minnesota has only one research/doctoral campus that grants more than 35 Ph.D.s in more than three disciplines; many of the characteristics of the Twin Cities campus are because it is the only such institution in the state.

Table 2. State Characteristics

	Higher Ed Campuses Public	Higher Ed Campuses Public and Private	Research/ Doctoral Campuses	Fall 96 Higher Ed Enrollment	Enrollment as Percent of Population
Minnesota	57	116	1	284,964	6.1%
Illinois	61	173	10	721,133	6.0%
Indiana	28	97	6	290,184	4.9%
Iowa	20	64	2	178,860	6.3%
Michigan	44	111	7	547,629	5.6%
Mich State	44	111	7	547,629	5.6%
Ohio State	64	180	12	544,371	4.9%
Penn State	66	258	10	587,447	4.9%
Purdue	28	97	6	290,184	4.9%
Wisconsin	32	66	3	299,522	5.8%
N Carolina	74	122	5	372,993	5.0%
Texas	109	195	14	959,698	4.9%
Washington	41	73	2	303,450	5.4%
UC-Berkeley	142	400	22	1,900,099	5.8%
UC-Los Angeles	142	400	22	1,900,099	5.8%
UC-Santa Barbara	142	400	22	1,900,099	5.8%
UC-San Diego	142	400	22	1,900,099	5.8%

Table 3: Minnesota is not governed by a system office, which is true of a number of the institutions in the comparison group. Minnesota has a large number of collegiate units, which is an important defining characteristic. It also has both agriculture and medicine, which is also true of Ohio State, Michigan State, and Wisconsin. These four campuses are arguably the most complex institutions in the group. It may also be a coincidence, although Dr. Zetterberg expressed doubt that it is, that those institutions have the lowest salaries in the group. They have large budgets that are spread over a large number of programs.

Minnesota also has the largest number of degree programs (awarded degrees) at 370; the next closest is Wisconsin at 365; then there is Illinois at 310, Michigan at 314, Ohio State at 332, Penn State at 323, and Washington at 321. By comparison, UC San Diego has 154 and Santa Barbara as 137. The Twin Cities campus is the most programmatically diverse campus in the United States, Dr. Zetterberg told the Committee; the other one close that is not in the comparison group is the University of Florida. Part of that diversity is because Minnesota has every conceivable health sciences program.

The Twin Cities has a lot of space (about 19 million square feet in buildings), but is not out of the ball park; it is nearly identical to Wisconsin. (These data do not include Experiment stations, the Arboretum, Hormel, etc.) By comparison, Michigan has 26.6 million square feet and Ohio State has 22.1 million.

Table 3. Campus Characteristics

	Governed by System Office	System/ University Campuses	Number of Collegiate Units	Medicine and Agriculture	Number of Degree Programs	Campus Buildings (gross square feet)
Minnesota	no	4	21	yes	370	19,048,376
Illinois	yes	3	17	yes	310	17,350,700
Indiana	yes	8	15	no	223	14,380,777
Iowa	no	1	11	no	207	13,992,051
Michigan	no	3	19	no	314	26,634,572
Mich State	no	1	16	yes	286	17,943,172
Ohio State	no	6	25	yes	332	22,112,181
Penn State	no	24	13	no	323	15,160,990
Purdue	no	3	12	no	191	15,213,050
Wisconsin	yes	26	20	yes	365	19,182,805
N Carolina	yes	13	16	no	215	11,718,572
Texas	yes	6	16	no	244	16,423,070
Washington	no	3	17	no	321	15,670,950
UC-Berkeley	yes	9	14	no	259	14,181,867
UC-Los Angeles	yes	9	17	no	243	15,331,470
UC-Santa Barbara	yes	9	7	no	137	5,135,693
UC-San Diego	yes	9	7	no	154	11,066,901

Table 4: The Twin Cities campus has 14% of all undergraduates in the state of Minnesota (more than any other in the comparison group), 30% of all graduate enrollment, 42% of all professional school enrollment, 16% of total enrollment (tied for highest in the group, with Iowa), and 84% of all university research expenditures. The California schools, in contrast, have a relatively small impact in their state; the same percentages range from 1-10 for them. That does not mean they are not important schools; they are, and three are ranked higher than the University, but they play a much less significant role in the state

than does the University in Minnesota. Minnesota, like Wisconsin and Washington, is a huge campus in a small state.

Tables 4 & 5. Campus Share of State Total

	Fall 96 Enrollment Ugrad	Fall 96 Enrollment Grad	Fall 96 Enrollment Prof	Fall 96 Enrollment Total	FY97 University Research Expenditure s
Minnesota	14%	30%	42%	16%	84%
Illinois	5%	9%	5%	5%	24%
Indiana	11%	21%	17%	12%	14%
Iowa	12%	41%	38%	16%	37%
Michigan	5%	15%	22%	7%	42%
Mich State	7%	11%	13%	8%	17%
Ohio State	8%	15%	22%	9%	24%
Penn State	7%	8%	0%	7%	19%
Purdue	12%	18%	8%	13%	29%
Wisconsin	11%	31%	50%	13%	78%
N Carolina	5%	18%	27%	6%	19%
Texas	4%	10%	8%	5%	14%
Washington	9%	34%	39%	11%	67%
UC-Berkeley	1%	4%	3%	2%	9%
UC-Los Angeles	1%	5%	6%	2%	10%
UC-Santa Barbara	1%	1%	0%	1%	2%
UC-San Diego	1%	2%	1%	1%	9%

Table 5: This again illustrates the dominant role the University of Minnesota plays in the state. It grants 21% of the bachelor's degrees, 38% of the master's degrees, 74% of the doctoral degrees (the others likely come from Walden, the School of Professional Psychology, and Mayo), 46% of first professional degrees (there are two other law schools, a school of chiropracty, and Mayo), and 20% of the total degrees award--again, tied for the highest percentage, with Wisconsin. At most other institutions, the percentage of the total is significantly lower.

	FY96 Bachelor's Degrees	FY96 Master's Degrees	FY96 Doctoral Degrees	FY96 First Professiona l Degrees	FY96 Total Degrees
Minnesota	21%	38%	74%	46%	20%
Illinois	12%	10%	27%	6%	9%
Indiana	16%	23%	32%	17%	15%
Iowa	18%	39%	53%	30%	17%
Michigan	12%	19%	43%	28%	11%
Mich State	14%	11%	31%	12%	10%
Ohio State	14%	14%	32%	21%	12%
Penn State	12%	6%	23%	0%	9%
Purdue	17%	17%	43%	6%	15%
Wisconsin	20%	30%	82%	54%	20%
N Carolina	11%	17%	35%	28%	10%
Texas	10%	12%	26%	11%	9%
Washington	27%	24%	72%	38%	17%
UC-Berkeley	5%	4%	15%	4%	4%
UC-Los Angeles	5%	5%	12%	7%	4%
UC-Santa Barbara	4%	1%	4%	0%	2%
UC-San Diego	3%	1%	5%	0%	2%

Table 6. Freshman Characteristics Fall 1998

	Top 10% of HS Class	Top 25% of HS Class	Top 50% of HS Class	Overall Acceptance Rate	ACT SAT Combined Composite (25th to 75th Percentile)	(25th to 75th Percentile)
Minnesota	28%	60%	88.0%	77%	22-27	1040-1290
Illinois	49%	85%	99.0%	71%	25-30	1120-1350
Indiana	21%	53%	91.0%	84%	21-27	1010-1250
Iowa	20%	50%	89.0%	84%	22-27	1060-1290
Michigan	63%	90%	99.0%	59%	25-30	1160-1380
Mich State	21%	54%	90.0%	77%	21-26	980-1240
Ohio State	26%	56%	87.0%	79%	21-27	1010-1250
Penn State	48%	90%	93.0%	47%	na	1101-1310
Purdue	25%	57%	90.0%	87%	22-27	980-1220
Wisconsin	46%	93%	99.0%	73%	23-28	1040-1320
N Carolina	69%	93%	99.0%	35%	na	1130-1340
Texas	44%	80%	97.0%	71%	22-27	1090-1310
Washington	37%	72%	96.0%	66%	22-28	1030-1280
UC-Berkeley	95%	100%	100.0%	28%	na	1230-1450
UC-Los Angeles	97%	100%	100.0%	33%	24-29	1170-1380
UC-Santa Barbara	95%	100%	100.0%	61%	22-27	1060-1270
UC-San Diego	96%	100%	100.0%	48%	24-29	1140-1340

Table 6: Dr. Zetterberg pointed out that Minnesota has a relatively low percentage of students from the top 10% of their high school class. The Twin Cities campus is not very selective, certainly not compared to the California schools. These numbers suggest that it is very difficult for a big school in a small state to enroll a high percentage of top-10% students; it would have to enroll virtually ALL such students, and that will never happen. The acceptance rate figure may not be significant, because there is a lot of self-selection that goes on.

The ACT and SAT scores for Minnesota are comparable to peer institutions. Some have students with consistently higher scores, but places like Minnesota, Indiana, and Iowa cannot afford to be as selective.

Table 7: Dr. Zetterberg said that Table 7 contains the defining characteristic of the Twin Cities campus: the huge number of part-time students, 32%, compared to peer institutions; the next highest is 16%, at Washington. No other institutions approach the number at Minnesota. One Committee member inquired why. Dr. Zetterberg repeated his hypothesis, heard before at this Committee, that it is unique to the institution and is something "we do" to students. A student who comes here is likely to end up part-time; that same student would not behave that way if he or she went to UC San Diego or UCLA. The University has done this to itself.

One reason, said one Committee member, is that students are encouraged to take light loads. Dr. Zetterberg also noted that the University reserves non-academic jobs of less than 75% time for students, but one only needs to take 6 credits to hold a job, one only needs to enroll for 6 credits to live in a dorm, etc. The University is "incredibly permissive" and the practice is hard to combat.

There is a perception that it is highly prestigious to recruit out-of-state students; most of these large public institutions enroll 90%+ state residents. Most of these institutions do not recruit out of state very much, especially in the high-population states. Minnesota and Wisconsin need to go out of state to get the freshman class they need. Reciprocity between Minnesota and Wisconsin is a big factor in the numbers for those two states.

Minnesota has done very well with minority students, given the minority population in the state. Most undergraduates, in most of these institutions, live off campus.

Tables 7 & 8. Undergraduate Student Characteristics Fall 1998

	Part-time	State Residents	Minority	Live Off-Campus
Minnesota	32%	74%	15%	81%
Illinois	7%	93%	26%	67%
Indiana	9%	75%	9%	55%
Iowa	13%	72%	8%	71%
Michigan	6%	72%	25%	63%
Mich State	13%	92%	16%	56%
Ohio State	15%	93%	15%	78%
Penn State	6%	80%	12%	64%
Purdue	11%	74%	10%	57%
Wisconsin	11%	69%	9%	76%
N Carolina	6%	83%	18%	60%
Texas	13%	94%	32%	85%
Washington	16%	89%	31%	83%
UC-Berkeley	7%	92%	32%	62%
UC-Los Angeles	5%	97%	59%	70%
UC-Santa Barbara	4%	96%	32%	76%
UC-San Diego	5%	97%	46%	67%



	1st Year Retention	4-Year Graduation Rate	5-Year Graduation Rate	6-Year Graduation Rate	Predicted 6- Year Grad Rate
Minnesota	83%	17%	40%	49%	59%
Illinois	92%	49%	72%	77%	70%
Indiana	86%	41%	62%	66%	55%
Iowa	83%	33%	59%	64%	57%
Michigan	94%	62%	81%	83%	76%
Mich State	86%	24%	57%	66%	52%
Ohio State	79%	19%	49%	56%	53%
Penn State	93%	60%	78%	80%	65%
Purdue	87%	28%	59%	65%	56%
Wisconsin	91%	35%	67%	73%	63%
N Carolina	94%	62%	78%	82%	70%
Texas	88%	30%	59%	66%	67%
Washington	90%	37%	63%	70%	62%
UC-Berkeley	95%	48%	77%	83%	80%
UC-Los Angeles	95%	38%	73%	78%	74%
UC-Santa Barbara	87%	41%	65%	70%	60%
UC-San Diego	93%	45%	74%	80%	73%

Tables 7 & 8: The University's first-year retention rate is good, but not great, Dr. Zetterberg observed. It has the lowest graduation rate, after either four or five years, of any of these institutions; Ohio State is next closest. Minnesota is the ONLY institution in the group that performs significantly below its predicted graduation rate (given the undergraduates an institution admits, one can predict a graduation rate; all the other institutions meet or exceed the prediction except for Texas, which falls 1% below the predicted rate). One Committee member observed that the graduation rates should come as no surprise, given the percentage of students who are part-time.

Table 9. Undergraduate Tuition and Required Fees

	98-99 Resident Ugrad Tuition and Fees	10 Year Increase in Tuition and Fees
Minnesota	\$4,602	85%
Illinois	\$4,554	61%
Indiana	\$4,069	100%
Iowa	\$2,868	68%
Michigan	\$6,489	105%
Mich State	\$5,140	75%
Ohio State	\$3,906	91%
Penn State	\$6,194	72%
Purdue	\$3,564	86%
Wisconsin	\$3,408	84%
N Carolina	\$2,224	154%
Texas	\$3,004	244%
Washington	\$3,495	94%
UC-Berkeley	\$4,177	173%
UC-Los Angeles	\$3,863	159%
UC-Santa Barbara	\$3,988	162%
UC-San Diego	\$4,028	150%

Table 9: Minnesota does not have especially high tuition, but it is not low like Texas and North Carolina. Minnesota's tuition has also increased at a lower rate than most other institutions.

Table 10 (not reproduced here) contained Fall 1998 enrollment data; the Twin Cities is one of the largest campuses in the country, at 47,000. Ohio State and Texas are slightly larger; some of them are very much small (UCSD and UCSB each enroll slightly over 19,000).

Table 11 (also not reproduced here) repeated the part-time percentages and also reported graduate student and professional student part-time rates. Even though the standard for "full time" for graduate students is fuzzy, Minnesota, with 60% of its graduate students attending part time, is nonetheless "off the chart," because except for Iowa at 55%, most institutions are well below 40%. (Professional students attended part-time at a rate similar to other institutions.)

Table 12. 1996-97 Degrees Granted

	Associate Degrees	Baccalaurea te Degrees	Master's Degrees	Post- Master's Certificates	Doctoral Degrees	First Professional Degrees	Total Degrees
Minnesota	1	4,889	2,458	16	704	695	8,763
Illinois	0	6,025	2,389	17	735	275	9,441
Indiana	88	5,008	1,835	0	366	304	7,601
Iowa	0	3,464	1,255	0	364	540	5,623
Michigan	0	5,284	2,889	17	635	698	9,523
Mich State	0	6,068	1,463	18	411	368	8,328
Ohio State	324	6,464	2,547	0	721	686	10,742
Penn State	81	7,921	1,306	0	523	0	9,831
Purdue	726	5,210	1,214	4	478	97	7,729
Wisconsin	0	5,438	1,963	0	782	484	8,667
N Carolina	0	3,537	1,482	1	387	474	5,881
Texas	0	7,005	2,627	0	786	573	10,991
Washington	0	6,320	2,052	0	526	386	9,284
UC-Berkeley	0	5,498	1,646	81	759	345	8,329
UC-Los Angeles	0	5,700	2,038	299	616	590	9,243
UC-Santa Barbara	0	3,949	512	7	225	0	4,693
UC-San Diego	0	3,319	364	148	281	202	4,314

Table 12: The Twin Cities campus has among the highest enrollments, but does not grant as many undergraduate degrees as other institutions. A few grant more Ph.D.s, but not many, and only Michigan grants more first professional degrees.

Table 13. Enrollment Per Degree

	Undergraduate	Graduate	Professional	Total
Minnesota	6.9	3.3	3.7	5.4
Illinois	4.8	2.8	3.4	4.1
Indiana	5.5	3.1	3.0	4.7
Iowa	5.6	4.0	5.3	5.1
Michigan	4.5	3.1	3.2	3.9
Mich State	5.6	4.1	3.7	5.2
Ohio State	5.3	2.9	4.0	4.5
Penn State	4.4	3.4	---	4.2
Purdue	5.4	3.6	7.3	5.0
Wisconsin	5.3	3.1	4.3	4.6
N Carolina	4.3	3.6	4.6	4.1
Texas	5.3	3.0	2.6	4.4
Washington	4.0	3.1	4.5	3.8
UC-Berkeley	4.0	3.2	3.1	3.7
UC-Los Angeles	4.2	3.7	3.2	3.9
UC-Santa Barbara	4.3	3.1	---	4.1
UC-San Diego	4.8	4.7	2.4	4.5

Table 13: This table shows that the University grants one degree for every seven (6.9) undergraduates. The perfect number would be 4, which would mean that every student is graduating in four years. Washington and Berkeley achieve it, and some of the other schools come close. Minnesota, again, is off the scale. Graduate and professional degrees per enrollment are reasonable.

Table 14. Fall 1997 Employees

	Full-time Tenured/ Tenure Track Faculty	Other Full- time Employees	Total Full- time Employees	Total Part- time Employees	Total Employees (Full-time and Part- time)
Minnesota	2,043	8,964	11,007	9,318	20,325
Illinois	1,886	7,320	9,206	5,737	14,943
Indiana	1,325	5,102	6,427	3,180	9,607
Iowa	1,403	5,749	7,152	3,660	10,812
Michigan	2,182	10,824	13,006	4,991	17,997
Mich State	1,745	6,851	8,596	3,922	12,518
Ohio State	2,539	14,695	17,234	5,333	22,567
Penn State	1,648	7,977	9,625	6,430	16,055
Purdue	1,607	6,204	7,811	4,982	12,793
Wisconsin	2,009	8,989	10,998	3,832	14,830
N Carolina	1,571	7,208	8,779	3,326	12,105
Texas	1,725	9,161	10,886	9,555	20,441
Washington	1,705	13,200	14,905	6,317	21,222
UC-Berkeley	1,271	7,257	8,528	6,697	15,225
UC-Los Angeles	1,488	8,921	10,409	9,116	19,525
UC-Santa Barbara	675	2,547	3,222	2,479	5,701
UC-San Diego	823	6,564	7,387	3,957	11,344

Table 14: It is difficult to compare number of employees, Dr. Zetterberg told the Committee; the ONLY well-defined group is the tenured and tenure-track faculty. The data for full-time employees is probably quite accurate; it is not clear that the same is true of the part-time employees; in some cases it may include students and in others it may not. Minnesota, he concluded, does not have an unusually large number of employees.

Tables 15, 16 & 17: Dr. Zetterberg said these are the distribution of faculty paid with instructional funds. He said he did not know what to make of the numbers, but it seems certain that the average faculty salary on a campus will be affected by the distribution of faculty across disciplines. One Committee member inquired if including the health sciences would pull up salaries; Dr. Zetterberg said the numbers do not include Medical Schools, and even if they did, it would not pull Minnesota up because the Medical School salaries are not that high.

Tables 15, 16, & 17. 1996-97 Instructional Faculty by Discipline

	Health Professions and Related Sciences	Engineering	Social Sciences and History	Physical Sciences	Mathematics
Minnesota	22%	9%	9%	6%	6%
Illinois	7%	16%	8%	7%	4%
Indiana	3%	0%	13%	7%	4%
Iowa	15%	6%	9%	6%	5%
Michigan	33%	11%	7%	6%	4%
Mich State	15%	6%	11%	5%	5%
Ohio State	19%	10%	8%	6%	5%
Penn State	5%	19%	9%	8%	5%
Purdue	10%	21%	5%	7%	5%
Wisconsin	21%	9%	8%	6%	3%
N Carolina	38%	0%	9%	5%	3%
Texas	3%	14%	11%	8%	4%
Washington	22%	10%	9%	10%	4%
UC-Berkeley	4%	16%	14%	9%	5%
UC-Los Angeles	22%	7%	13%	9%	3%
UC-Santa Barbara	na	na	na	na	na
UC-San Diego	na	na	na	na	na

  

	Education	Business Management and Administrative Services	Biological Sciences/Life Sciences	Visual and Performing Arts	Foreign Languages and Literatures
Minnesota	6%	5%	5%	5%	5%
Illinois	5%	5%	4%	8%	4%
Indiana	11%	9%	4%	13%	8%
Iowa	8%	5%	10%	8%	7%
Michigan	2%	4%	7%	6%	4%
Mich State	7%	5%	11%	4%	3%
Ohio State	7%	4%	6%	7%	5%
Penn State	7%	8%	6%	6%	3%
Purdue	4%	7%	7%	3%	3%
Wisconsin	4%	4%	8%	4%	5%
N Carolina	3%	4%	13%	3%	4%
Texas	6%	7%	4%	9%	7%
Washington	3%	5%	4%	5%	5%
UC-Berkeley	2%	5%	9%	3%	7%
UCLA	3%	5%	8%	6%	7%

UC-Santa Barbara	na	na	na	na	na
UC-San Diego	na	na	na	na	na

	English and Letters	Psychology	Agricultural Sciences	Other
Minnesota	3%	3%	2%	14%
Illinois	4%	3%	7%	18%
Indiana	7%	3%	0%	18%
Iowa	5%	2%	0%	14%
Michigan	3%	3%	0%	9%
Mich State	5%	2%	5%	16%
Ohio State	3%	3%	2%	14%
Penn State	5%	2%	4%	14%
Purdue	3%	3%	7%	15%
Wisconsin	2%	1%	6%	17%
N Carolina	4%	2%	0%	13%
Texas	6%	2%	0%	18%
Washington	5%	3%	0%	16%
UC-Berkeley	5%	3%	0%	18%
UC-Los Angeles	4%	4%	0%	11%
UC-Santa Barbara	na	na	na	na
UC-San Diego	na	na	na	na





Table 18. 1998-99 Average Faculty Salaries (AAUP)  
(Top 30 Public and Private by NRC Rank)

UC Berkeley	1	103.6	68.3	57.0
Stanford	2	117.0	79.8	63.6
Cornell	3	93.5	67.3	59.0
Michigan	4	96.7	68.2	54.5
Harvard	5	122.1	69.6	63.8
Princeton	6	114.9	68.8	54.3
Chicago	7	112.0	72.3	65.5
UC Los Angeles	8	101.4	65.4	54.7
Pennsylvania	9	108.4	72.6	65.1
MIT	10	107.0	73.4	63.0
Yale	11	113.1	64.4	52.2
Wisconsin	12	77.6	58.7	52.1
Columbia	13	109.2	69.5	55.0
Texas	14	84.4	54.6	50.6
UC San Diego	15	96.6	64.1	53.7
Washington	16	75.6	55.1	48.1
Cal Tech	17	114.6	79.7	66.1
Hopkins	18	87.0	62.9	53.6
Illinois	19	86.8	60.6	52.3
Minnesota	20	85.6	61.7	51.3
Northwestern	21	106.6	70.8	59.8
Duke	22	105.9	69.1	57.0
North Carolina	23	88.7	65.2	51.2
NYU	24	110.0	71.7	61.0
Brown	25	89.0	59.7	50.9
Penn State	26	86.1	58.0	47.4
Purdue	27	84.6	57.7	48.8
Stoney Brook	28	84.0	60.2	48.1
Carnegie Mellon	29	97.0	66.7	59.6
UC Santa Barbara	30	94.2	61.7	51.0
Top 30: Mean w/o MN		98.9	66.1	55.8
Top 30: Dev from Mean #		(13.3)	(4.4)	(4.5)
Top 30: Dev from Mean %		-13.4%	-6.6%	-8.1%
Top 30: Rank		25th	22nd	22nd

Table 19. 1998-99 Average Faculty Salaries (AAUP)  
(Top 15 Public by NRC Rank)

Institution	NRC Rank	Full Prof	Assoc Prof	Asst Prof
UC Berkeley	1	103.6	68.3	57.0
Cornell	3	93.5	67.3	59.0
Michigan	4	96.7	68.2	54.5
UC Los Angeles	8	101.4	65.4	54.7
Wisconsin	12	77.6	58.7	52.1
Texas	14	84.4	54.6	50.6
UC San Diego	15	96.6	64.1	53.7
Washington	16	75.6	55.1	48.1
Illinois	19	86.8	60.6	52.3
Minnesota	20	85.6	61.7	51.3
North Carolina	23	88.7	65.2	51.2
Penn State	26	86.1	58.0	47.4
Purdue	27	84.6	57.7	48.8
Stoney Brook	28	84.0	60.2	48.1
UC Santa Barbara	30	94.2	61.7	51.0

Table 19: One Committee member said it was his impression, from the talk with Professor King, that there could be fewer state funds, which means they will not be the solution (unless one can change the minds of legislators, which seems doubtful). Another way to attack this problem, in a way that will not benefit current faculty but would benefit future faculty, will be to increase assistant professor salaries. Once someone starts low, they stay there. It is the hiring practice that is critical, and that is often constrained by legislators [not in Minnesota] and deans (who want to pay the lowest possible salary), by department chairs, and by faculty themselves ("hire low so you don't make me look bad"). Another Committee member said the University would not do as badly at the assistant professor level because market forces will discipline the University; the worse situation is at the level of full professor.

Another Committee member said one can wager that higher full professor salaries mean there were higher starting assistant professor salaries. If not, then one must explain why assistant professors start higher and then fall behind. Dr. Zetterberg noted that the gap at the assistant professor level, in both actual dollars and percent, is less than at full professor--but the University is still in the bottom third. If, it was said, one recognizes acceleration will be slower, higher starting salaries should improve the situation at the associate and full professor level. Dr. Zetterberg agreed.

Tables 21, 22 & 23: This table demonstrates another unusual feature of the University of Minnesota, the high level of expenditures on public service. It is the highest in the group, and only Illinois and Michigan State come close to the same level.

Tables 21/22/23: FY97 Expenditures by Function (millions of \$)

	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support
Minnesota	\$383	\$303	\$112	\$158	\$42	\$74
Illinois	\$224	\$223	\$102	\$70	\$32	\$23
Indiana	\$217	\$55	\$32	\$48	\$23	\$57
Iowa	\$209	\$128	\$56	\$63	\$19	\$27
Michigan	\$384	\$356	\$26	\$122	\$49	\$75
Mich State	\$291	\$145	\$100	\$70	\$21	\$45
Ohio State	\$409	\$183	\$81	\$87	\$31	\$73
Penn State	\$227	\$237	\$49	\$110	\$23	\$47
Purdue	\$246	\$114	\$67	\$39	\$13	\$41
Wisconsin	\$280	\$387	\$76	\$99	\$38	\$39
N Carolina	\$353	\$152	\$70	\$54	\$12	\$45
Texas	\$279	\$226	\$34	\$63	\$28	\$47
Washington	\$336	\$339	\$11	\$104	\$16	\$77
UC-Berkeley	\$280	\$261	\$27	\$92	\$55	\$65
UC-Los Angeles	\$528	\$288	\$23	\$174	\$38	\$85
UC-Santa Barbara	\$111	\$73	\$1	\$29	\$32	\$22
UC-San Diego	\$216	\$278	\$3	\$105	\$28	\$44

  

	Operation & Maintenance of Plant	Scholarships & Fellowships	Mandatory Transfers	Nonmandatory Transfers	Total Educational & General Expenditures & Transfers	E&G Salary and Wage Expenditures
Minnesota	\$93	\$62	\$6	\$29	\$1,262	\$671
Illinois	\$63	\$89	\$4	-\$28	\$802	\$444
Indiana	\$39	\$51	\$19	\$1	\$543	\$247
Iowa	\$42	\$41	\$22	\$24	\$630	\$306
Michigan	\$93	\$132	\$4	\$126	\$1,365	\$593
Mich State	\$47	\$41	\$6	\$23	\$788	\$422
Ohio State	\$54	\$65	\$16	\$21	\$1,020	\$540
Penn State	\$54	\$41	\$2	\$25	\$814	\$405
Purdue	\$55	\$32	\$20	\$6	\$632	\$334
Wisconsin	\$67	\$61	\$35	\$16	\$1,098	\$580
N Carolina	\$60	\$39	\$1	\$3	\$788	\$406

Texas	\$62	\$73	\$21	\$45	\$879	\$446
Washington	\$80	\$85	\$12	\$1	\$1,061	\$577
UC-Berkeley	\$60	\$92	\$22	-\$1	\$953	\$506
UC-Los Angeles	\$51	\$99	\$39	\$20	\$1,344	\$811
UC-Santa Barbara	\$21	\$33	\$12	\$0	\$333	\$184
UC-San Diego	\$32	\$47	\$39	-\$53	\$739	\$407

	Auxiliary Enterprises	Hospital Expenditures	Independent Operations	Unrestricted Current Funds Expenditures & Transfers	Restricted Current Funds Expenditures & Transfers	Total Current Funds Expenditures & Transfers
Minnesota	\$127	\$205	\$0	\$1,068	\$527	\$1,595
Illinois	\$115	\$0	\$3	\$689	\$230	\$919
Indiana	\$247	\$0	\$0	\$695	\$95	\$790
Iowa	\$93	\$435	\$0	\$987	\$171	\$1,159
Michigan	\$279	\$873	\$0	\$2,068	\$449	\$2,517
Mich State	\$172	\$0	\$0	\$747	\$213	\$961
Ohio State	\$123	\$345	\$0	\$1,096	\$392	\$1,488
Penn State	\$136	\$0	\$0	\$676	\$274	\$950
Purdue	\$124	\$0	\$0	\$564	\$192	\$757
Wisconsin	\$108	\$0	\$0	\$808	\$397	\$1,205
N Carolina	\$263	\$0	\$0	\$769	\$282	\$1,050
Texas	\$105	\$0	\$0	\$699	\$286	\$984
Washington	\$188	\$280	\$0	\$1,086	\$443	\$1,529
UC-Berkeley	\$56	\$0	\$0	\$660	\$348	\$1,009
UC-Los Angeles	\$202	\$581	\$0	\$1,710	\$417	\$2,127
UC-Santa Barbara	\$44	\$0	\$0	\$281	\$96	\$377
UC-San Diego	\$56	\$271	\$0	\$739	\$327	\$1,066

Tables 21, 22 & 23: The University spends a lot on its physical plant, Dr. Zetterberg said--the same as Michigan, even though Michigan's physical plant is larger. Minnesota probably does have the highest utility costs per square foot, given where it is.

The Hospital expenditure amount for Minnesota was before the hospital was sold; for fiscal year 1999, the amount will be zero.

Tables 24/25/26/27. FY97 Revenue by Source

	Student Fees	Federal Appropriations	State Appropriations	Local Appropriations
Minnesota	\$193	\$16	\$433	\$0
Illinois	\$172	\$16	\$292	\$0
Indiana	\$208	\$12	\$185	\$0
Iowa	\$111	\$0	\$232	\$0
Michigan	\$423	\$1	\$302	\$0
Mich State	\$217	\$0	\$321	\$0
Ohio State	\$266	\$18	\$347	\$15
Penn State	\$295	\$18	\$202	\$0
Purdue	\$179	\$15	\$232	\$3
Wisconsin	\$208	\$7	\$352	\$0
N Carolina	\$102	\$0	\$338	\$0
Texas	\$189	\$0	\$236	\$0
Washington	\$196	\$0	\$264	\$0
UC-Berkeley	\$213	\$2	\$320	\$0
UC-Los Angeles	\$208	\$0	\$408	\$0
UC-Santa Barbara	\$89	\$0	\$129	\$0
UC-San Diego	\$100	\$0	\$175	\$0
	Federal Grants and Contracts	State Grants and Contracts	Local Grants and Contracts	Private Gifts, Grants, and Contracts
Minnesota	\$234	\$34	\$3	\$201
Illinois	\$187	\$25	\$0	\$86
Indiana	\$48	\$7	\$0	\$28
Iowa	\$143	\$5	\$1	\$51
Michigan	\$343	\$8	\$2	\$117
Mich State	\$109	\$11	\$3	\$57
Ohio State	\$133	\$30	\$2	\$128
Penn State	\$162	\$17	\$0	\$104
Purdue	\$96	\$8	\$0	\$58
Wisconsin	\$270	\$3	\$2	\$174
N Carolina	\$222	\$26	\$0	\$78
Texas	\$186	\$26	\$1	\$64
Washington	\$399	\$26	\$2	\$93
UC-Berkeley	\$207	\$45	\$1	\$98
UC-Los Angeles	\$278	\$24	\$22	\$121
UC-Santa Barbara	\$78	\$8	\$1	\$14
UC-San Diego	\$270	\$16	\$3	\$79

	Endowment Income	Sales and Services of Educational Activities	Auxiliary Enterprises	
Minnesota	\$9	\$83	\$151	
Illinois	\$4	\$62	\$120	
Indiana	\$1	\$12	\$216	
Iowa	\$2	\$33	\$97	
Michigan	\$34	\$83	\$294	
Mich State	\$4	\$64	\$167	
Ohio State	\$21	\$47	\$123	
Penn State	\$15	\$9	\$135	
Purdue	\$7	\$31	\$119	
Wisconsin	\$11	\$74	\$99	
N Carolina	\$16	\$4	\$252	
Texas	\$121	\$51	\$86	
Washington	\$7	\$51	\$194	
UC-Berkeley	\$25	\$25	\$68	
UC-Los Angeles	\$16	\$222	\$206	
UC-Santa Barbara	\$1	\$2	\$50	
UC-San Diego	\$2	\$94	\$68	
	Hospitals	Other	Independent Operations	Total Revenue
Minnesota	\$174	\$33	\$0	\$1,564
Illinois	\$0	\$7	\$3	\$973
Indiana	\$0	\$22	\$0	\$738
Iowa	\$451	\$41	\$0	\$1,165
Michigan	\$877	\$51	\$0	\$2,533
Mich State	\$0	\$19	\$0	\$973
Ohio State	\$402	\$31	\$0	\$1,561
Penn State	\$0	\$13	\$0	\$971
Purdue	\$0	\$15	\$0	\$762
Wisconsin	\$0	\$16	\$0	\$1,216
N Carolina	\$0	\$26	\$0	\$1,063
Texas	\$0	\$13	\$0	\$972
Washington	\$285	\$68	\$0	\$1,583
UC-Berkeley	\$0	\$28	\$0	\$1,031
UC-Los Angeles	\$628	\$37	\$0	\$2,170
UC-Santa Barbara	\$0	\$11	\$0	\$383

Barbara UC-San Diego	\$315	\$12	\$0	\$1,134
-------------------------	-------	------	-----	---------

Tables 24/25/26/27: Dr. Zetterberg said that Minnesota's tuition and fee income is lower than at many of its peers, but its state appropriation is the largest of any institution in the country. When one says the Twin Cities is chronically under-funded, one must come to grips with that number. The University is strongly supported by the state.

Table 28. FY97 State Appropriations

	Unrestricted	Restricted	Total
Minnesota	\$354	\$80	\$433
Illinois	\$291	\$0	\$291
Indiana	\$174	\$11	\$185
Iowa	\$232	\$0	\$232
Michigan	\$302	\$0	\$302
Mich State	\$268	\$54	\$321
Ohio State	\$290	\$56	\$346
Penn State	\$202	\$0	\$202
Purdue	\$213	\$19	\$232
Wisconsin	\$352	\$0	\$352
N Carolina	\$338	\$0	\$338
Texas	\$235	\$0	\$235
Washington	\$264	\$0	\$264
UC-Berkeley	\$315	\$5	\$320
UC-Los Angeles	\$397	\$11	\$408
UC-Santa Barbara	\$127	\$2	\$129
UC-San Diego	\$168	\$7	\$175

Table 28: The University's unrestricted appropriation is still larger than all but UCLA and about the same as Wisconsin. The restricted funds are the State Specials.

Table 29. FY97 Unrestricted State Appropriation and Tuition and Fees

	Unrestricted Appropriation	Tuition & Fees	Unrestricted + Tuition & Fees
Minnesota	\$354	\$193	\$547
Illinois	\$291	\$172	\$463
Indiana	\$174	\$208	\$382
Iowa	\$232	\$111	\$342
Michigan	\$302	\$423	\$725
Mich State	\$268	\$217	\$484
Ohio State	\$290	\$266	\$556
Penn State	\$202	\$295	\$497
Purdue	\$213	\$179	\$392
Wisconsin	\$352	\$208	\$560
N Carolina	\$338	\$102	\$440
Texas	\$235	\$189	\$425
Washington	\$264	\$196	\$460
UC-Berkeley	\$315	\$213	\$527
UC-Los Angeles	\$397	\$208	\$605
UC-Santa Barbara	\$127	\$89	\$216
UC-San Diego	\$168	\$100	\$268

Table 29: Dr. Zetterberg noted that in total unrestricted appropriation plus tuition and fees, Minnesota is near the top. Michigan is way ahead of everyone else because of its large amount of tuition and fee income. One can say that faculty salaries are a problem because there is not enough money, but the University does have a lot of money.



Table 30. FY97 Voluntary Support

	Total	Sources: Individuals	Sources: Organizations	Uses: Current Operations	Uses: Capital Purposes	Endowment Market Value
Minnesota	\$136	\$46	\$90	\$94	\$42	\$1,127
Illinois	\$128	\$56	\$71	\$80	\$48	\$538
Indiana	\$117	\$37	\$79	\$82	\$35	\$609
Iowa	\$81	\$38	\$43	\$46	\$35	\$486
Michigan	\$158	\$91	\$67	\$85	\$62	\$2,045
Mich State	\$72	\$28	\$43	\$58	\$14	\$332
Ohio State	\$129	\$48	\$81	\$86	\$43	\$768
Penn State	\$95	\$45	\$50	\$51	\$44	\$518
Purdue	\$65	\$34	\$31	\$39	\$26	\$870
Wisconsin	\$213	\$69	\$143	\$140	\$73	\$636
N Carolina	\$108	\$58	\$50	\$57	\$51	\$720
Texas	\$107	\$42	\$65	\$41	\$65	\$1,021
Washington	\$150	\$44	\$106	\$111	\$39	\$489
UC-Berkeley	\$181	\$89	\$93	\$91	\$90	\$1,361
UC-Los Angeles	\$198	\$96	\$102	\$106	\$92	\$891
UC-Santa Barbara	\$18	\$7	\$12	\$11	\$7	\$59
UC-San Diego	\$88	\$15	\$74	\$75	\$13	\$161

Tables 31, 32 & 33. Ratios per Full-time Tenured/Tenure Track Faculty

	Full-time Staff	Total Head Count Enrollment	Total Degrees	Federal Grants and Contracts	Total Gifts, Grants, and Contracts
Minnesota	4.4	23.0	4.3	\$114,488	\$230,592
Illinois	3.9	20.3	5.0	\$99,046	\$157,476
Indiana	3.9	26.9	5.7	\$35,849	\$62,113
Iowa	4.1	20.5	4.0	\$101,568	\$141,768
Michigan	5.0	17.0	4.4	\$157,104	\$215,170
Mich State	3.9	24.8	4.8	\$62,579	\$103,324
Ohio State	5.8	19.1	4.2	\$52,265	\$115,321
Penn State	4.8	24.9	6.0	\$98,301	\$171,723
Purdue	3.9	24.1	4.8	\$59,490	\$100,373
Wisconsin	4.5	19.7	4.3	\$134,545	\$223,395
N Carolina	4.6	15.4	3.7	\$140,993	\$207,638
Texas	5.3	28.4	6.4	\$108,058	\$160,406
Washington	7.7	20.6	5.4	\$234,076	\$304,868
UC-Berkeley	5.7	24.4	6.6	\$163,021	\$275,846

UC-Los Angeles	6.0	24.1	6.2	\$186,492	\$298,790
UC-Santa Barbara	3.8	28.7	7.0	\$115,259	\$149,778
UC-San Diego	8.0	23.5	5.2	\$327,704	\$446,902

	Instructional Expenditures	Research Expenditure	Public Service Expenditures	Total Missions Expenditures
Minnesota	\$187,613	\$148,410	\$54,636	\$390,659
Illinois	\$118,813	\$118,339	\$54,197	\$291,349
Indiana	\$163,659	\$41,611	\$24,520	\$229,790
Iowa	\$148,741	\$91,265	\$39,720	\$279,726
Michigan	\$175,838	\$163,135	\$11,879	\$350,852
Mich State	\$166,932	\$83,280	\$57,258	\$307,471
Ohio State	\$161,156	\$72,178	\$31,815	\$265,149
Penn State	\$137,751	\$143,519	\$29,581	\$310,851
Purdue	\$153,237	\$71,223	\$41,714	\$266,174
Wisconsin	\$139,494	\$192,508	\$37,845	\$369,847
N Carolina	\$224,514	\$97,058	\$44,625	\$366,197
Texas	\$161,867	\$130,861	\$19,956	\$312,685
Washington	\$196,908	\$198,986	\$6,527	\$402,421
UC-Berkeley	\$219,940	\$205,453	\$21,516	\$446,910
UC-Los Angeles	\$354,845	\$193,554	\$15,739	\$564,138
UC-Santa Barbara	\$163,917	\$108,181	\$1,920	\$274,018
UC-San Diego	\$262,592	\$338,120	\$4,185	\$604,897

	Academic Support Expenditures	Student Services Expenditures	Institutional Support Expenditures	Oper & Maint of Plant Expenditures	Total Educational & General Expenditures & Transfers
Minnesota	\$77,356	\$20,383	\$36,144	\$45,443	\$617,726
Illinois	\$36,928	\$16,777	\$12,049	\$33,396	\$425,032
Indiana	\$36,546	\$17,355	\$42,960	\$29,168	\$409,775
Iowa	\$44,723	\$13,751	\$18,940	\$29,812	\$449,096
Michigan	\$56,006	\$22,349	\$34,188	\$42,441	\$625,526
Mich State	\$40,052	\$11,836	\$25,921	\$26,883	\$451,792
Ohio State	\$34,327	\$12,201	\$28,582	\$21,096	\$401,668
Penn State	\$66,475	\$13,859	\$28,784	\$32,817	\$493,882
Purdue	\$24,142	\$7,821	\$25,261	\$34,139	\$393,419
Wisconsin	\$49,495	\$18,673	\$19,284	\$33,246	\$546,373
N Carolina	\$34,158	\$7,488	\$28,365	\$38,335	\$501,417
Texas	\$36,393	\$16,362	\$27,228	\$35,912	\$509,420
Washington	\$60,759	\$9,348	\$45,188	\$47,191	\$622,426
UC-Berkeley	\$72,491	\$43,031	\$50,888	\$47,431	\$749,629
UC-Los Angeles	\$116,895	\$25,522	\$57,163	\$33,999	\$903,538
UC-Santa Barbara	\$43,246	\$46,864	\$32,668	\$30,440	\$493,354
UC-San Diego	\$127,365	\$33,923	\$52,970	\$39,114	\$898,318

Tables 31, 32 & 33: The "full time staff" column indicates the number of staff per faculty member. Both the full time staff and total head count enrollment (also divided by number of faculty members) are reasonable, Dr. Zetterberg said. These numbers suggest that faculty salaries are not low because Minnesota spends more money on other employees. The number of degrees per faculty member is low, but again, that is because of the large number of part-time students. Both the federal grants and contracts and the total gifts, grants, and contracts are very competitive. The numbers for UCSD are the highest.

Table 34. Other Ratios

	T/TT Faculty as % of Full-time Employees	E&G Salaries and Wages as Percent of Total E&G	Enrollment Per Degree	GSF per Full time T/ TT Faculty
Minnesota	19%	53%	5.4	932372.8%
Illinois	20%	55%	4.1	919973.5%
Indiana	21%	46%	4.7	1085341.7%
Iowa	20%	49%	5.1	997295.2%
Michigan	17%	43%	3.9	1220649.5%
Mich State	20%	54%	5.2	1028262.0%
Ohio State	15%	53%	4.5	870901.2%
Penn State	17%	50%	4.2	919963.0%
Purdue	21%	53%	5.0	946673.9%
Wisconsin	18%	53%	4.6	954843.5%
N Carolina	18%	52%	4.1	745930.7%
Texas	16%	51%	4.4	952062.0%
Washington	11%	54%	3.8	919117.3%
UC-Berkeley	15%	53%	3.7	1115803.9%
UC-Los Angeles	14%	60%	3.9	1030340.7%
UC-Santa Barbara	21%	55%	4.1	760843.4%
UC-San Diego	11%	55%	4.5	1344702.4%

**Discussion with Professor Alexander**

Once Professor Alexander was connected, Professor Gudeman welcomed him to the meeting and asked if he would elaborate on the points he made in his article.

Professor Alexander first noted that one of his findings that was not reported in the article in the CHRONICLE OF HIGHER EDUCATION was the impact of the salary disparities between public and private universities on the cultures within the public institutions. In the past, variations among disciplines, within one institution, were much narrower than they are today. The public institutions, in trying to compete with private universities, have differentiated their missions and set internal priorities among disciplines so that some are emphasized more than others. Reallocation is one way that places like Illinois and Minnesota use to try to compete with front-runners such as MIT and Stanford in engineering.

The states do not come to the aid of institutions, so they must do what they can by themselves. What they have been forced to do creates disparities within the institution, disparities that no one talks about any more. This has been an unintentional consequence of trying to keep pace with private institutions. The public universities used to be able to compete with private institutions, but cannot do so as well now. The future is worrisome.

One Committee member noted that he had used the word "priorities" rather than "market" and asked Professor Alexander to elaborate. There ARE market forces at work, Professor Alexander agreed, as well as the effect of other institutions. But public institutions have done themselves an injustice by eliminating private universities from regular salary comparisons (i.e., Northwestern). Legislators seem

not to understand, either, that institutions are competing nationally for faculty. It is amazing that a place like Wisconsin can keep up, when schools like Vanderbilt--a second-tier private institution in the 1970s and 1980s--pays higher salaries than some of the nation's greatest public research universities. While non-academic market forces are driving some salaries up, public presidents and provosts are picking fields in which they want their institution to remain competitive with leading private institutions. If current trends persist, no young faculty member who understands the academic marketplace would select a public research university over a private.

This has changed since 1980 at which time (and before) the public universities could compete quite evenly with private universities for faculty. Ever since, the public institutions have been substituting tuition dollars for declining state dollars, with little actual change in the expenditures per student. At private research universities, however, expenditures per student have increased enormously.

The recent Commission on College Costs did not take into account one factor (although it was presented to them; six of the eleven participants on the Commission represented private institutions): the private institutions used raising public tuition as a smokescreen that allowed them to raise tuition at the same or higher rates as the public institutions. This is a case, however, where people should pay careful attention to the differences in percentage growth and actual dollars in tuition revenues. For example, last year the increase for the average public institution was \$168 while it averaged \$690 for the private institutions. As a percentage change, these figures appear similar. As a result, private institutions have become increasingly more reliant on tuition revenues, as have the public institutions. However, the new public tuition-based revenues replaced state appropriations while the new tuition-based private revenues provided new money to the institutions.

The irony of all this is that government support through direct student aid programs has allowed this growth to happen without much of a market impact.

Even if tuition were the same across public and private institutions, said one Committee member, the erosion of state support is the heart of the problem. Professor Alexander agreed. In addition, federal student aid policy, which is primarily tuition-based, disproportionately aids institutions that charge high tuition. Minnesota has a large direct student aid program, he noted. When fiscal reliance shifts to direct student aid programs, the institutions that can raise tuition the most are the ones that benefit the most.

What impact has the rising stock market and the increased value of endowments had, asked another Committee member? Endowment growth has been relatively the same for both public and private institutions, Professor Alexander said; the only SIGNIFICANT source of differential revenue increases has been tuition and fees.

Professor Alexander recalled the debate over student aid: the public institutions wanted institutional aid. Whenever the "cost of attendance" is a factor in aid, there is an incentive to raise tuition. (Pell grants place much less emphasis on the cost of attendance than do all other student aid programs.) Legislators must recognize that there is a federal incentive to raise tuition; federal programs encourage "high tuition, high aid" as the principle funding philosophy for institutions of higher education.

On the other hand, most state legislatures (outside the Northeast) want to keep costs as low as possible. (The Northeast, with its many private colleges, is the federal model for student aid.) There is direct student aid because of intensive lobbying by private institutions. The result is that the private

institutions can play by market rules inherent in these programs while the public institutions cannot--they are hamstrung by their legislatures. Even Michigan has lost ground to the privates in the faculty marketplace.

The first thing that must happen, Professor Alexander told the Committee, is that policy makers must understand that there are economic incentives to raise tuition. Some places are allowed to play by market principles while others are not. The private institutions have done exactly what the incentives pushed them to do. The question for the state legislature, if the trend continues for another 10 years, is if it will be comfortable knowing the University of Minnesota is a great STATE university, not a national university?

In 1980, salaries were not a major factor in the loss of faculty in premier institutions. This was because disparities were rather small. When the disparity reaches \$25,000, it affect quality and the ability of great public universities to compete. Professor Alexander speculated that Minnesota has lost a lot of faculty to private institutions since 1980. If it has not, then it is unusual when comparing them to other comparable public universities. Generally, in addition, legislatures have shot down innovative financial incentive programs to retain good faculty, so institutions use meager funds to retain a few stars and rising accomplished faculty. For the most part, however, public research universities are now losing faculty to campuses they never thought of as competitors, such as Lehigh, Vanderbilt, Washington University, and so on. There is a chance that public universities will lose their good people, and also be unable to REPLACE them with good people--they will be unable to get good young faculty. Legislatures must understand that the nation's greatest public institutions are becoming the training grounds for private institutions.

His recommendations, Professor Alexander said, are drastic. First, the policy of direct student aid needs to be re-examined. There needs to be cost controls on any recipient of public money. Right now, public institutions must control costs while private institutions do not. In some cases, fraudulent cost of attendance figures are used so students can qualify for increased grant money and more families qualify. The institutions TELL the federal and state governments what the cost is, but the actual discounted cost is a lot less than what they tell the government. Public institutions are unable to compete in this kind of discounting game where \$10,000 discounts are commonplace.

It is unfortunate that most legislatures do not care about this problem, and think faculty are overpaid. It is interesting that those who advocate market principles will not let public institutions play in the same fiscal tuition game, Professor Alexander commented.

There is another recommendation he would make. There is an impression that higher education must lobby together, as one big happy family. This "peace principle" has worked to the disadvantage of the public sector. Harvard, with its \$13.2 billion endowment, WANTS peace and harmony when it is lobbying for direct student aid. It is about time the strong public institutions raise these issues, perhaps through the National Association of State Universities and Land Grant Colleges (NASULGC) or the American Association of State Colleges and Universities (AASCU), about how less marketable their institutions are becoming.

Another point to stress is that there is a common misperception that public institutions are less efficient--but they spend 40% less per student than do private institutions. Milton Freedman claims that everything the government does costs two or three times as much as it would if done by the private sector;

that is NOT true in higher education. Public institutions achieve much greater economies of scale and efficiencies that must be discussed. If the current expenditure trends persist, public institutions must get used to the idea of being relegated to lower tier status in the academic marketplace.

At the end of the meeting, Dr. Zetterberg offered comments on the telephone interview with Professor Alexander. Research funding at private institutions could exacerbate the problems that Professor Alexander pointed out. If the private institutions can use financial aid funds to raise tuition and faculty salaries, that means higher salaries will be billed to research grants, and higher tuition benefit costs for graduate assistants (private institutions charge two or three times the amount at the University).

If one wanted to criticize Professor Alexander's findings, one might note that the Pell Grant Program does not take into account cost of attendance (which Professor Alexander acknowledged), but the Minnesota state financial aid program does. One cannot borrow an unlimited amount of money under federal programs, but there is validity to the argument Professor Alexander makes.

Professor Marshak then commented on several tables of data he distributed. Most important is a graph illustrating the relationship between faculty salaries and institutional rankings; about 80% of the variation in quality of institutions (as measured by those rankings) can be "explained" by two factors: faculty salaries and whether the institution is public or private.

Another graph plotted the relationship between NRC average program rating and the size of the state population. Wisconsin, Washington, and Minnesota are better than what would be predicted; those other two are the institutions most comparable to the University.

Dr. Zetterberg has noted that Iowa and Iowa State do not compete directly with Minnesota, but if Iowa had a more rational public policy (that is, only one major institution, as with Minnesota and Wisconsin), it WOULD compete with Minnesota.

Professor Marshak observed, apropos the issue of part-time students, that the University could significantly increase tuition revenue by changing internal policies, if it could overcome the resistance to doing so.

Professor Gudeman thanked everyone for joining the meeting, and adjourned it at 5:00.

-- Gary Engstrand