

MINUTES

SENATE FINANCE COMMITTEE

January 3, 1985  
300 Morrill Hall  
3:00 - 5:00

Present: Mark Brenner, Richard Goldstein, Richard Heydinger, Becky Hurst (substituting for Gerry Klement), Wendell Johnson, Jerry Kline, David Madison, Irwin Rubenstein, Phil Shively, David Storvick, Deon Stuthman, John Sullivan.

AGENDA: Prepare to Prioritize the 1985-87 Budget Items.

1. The minutes of December 6 were approved for the record.
2. Announcements, questions.

Professor Stuthman reported that President Keller had been called to the capitol for a meeting and had designated Dr. Heydinger, the staff member in charge of Cycle III planning, to meet with the Finance Committee.

Professor Brenner raised two issues which apparently remain unresolved regarding unit retrenchment obligations. First, each unit was assigned a range within which its budget would be cut; but the step to fix a percentage within that range, based upon the quality of the unit's plan, seems not to have been taken. Second, some units have so far paid but 20% to 25% of their tax, while others have paid 70%. The Planning Committee, Professor Brenner said, hopes the administration will be consistent in enforcing the tax; otherwise units can infer that it is worthwhile to delay payment and hope that better fiscal times will relieve them of their obligation. (Later in the meeting, however, when Dr. Heydinger was asked about the differences in payment schedules, he explained that the discrepancies in how much units have been able to pay have to do primarily with tenure commitments.)

3. Discussion with Dr. Heydinger: The legislative request and the need to prioritize the budget.

Professor Stuthman asked Dr. Heydinger to relate prioritization to Cycle III planning. Dr. Heydinger termed Cycle III an "abbreviated cycle." In the overall planning scheme, he told the committee, each of the University's planning years would end in June of an even-numbered year, and the budgeting years would

alternate with them. Retrenchment got the University off that schedule. Although 1984-85 is technically a budgeting year, central administration decided to conduct a somewhat shortened cycle of planning -- Cycle III.

The units have been assured that their existing plans, developed over several years, are still in effect. They were asked to report in Cycle III on how those plans are working out, how they will take them further, and how they might implement program priorities. The administration requested each unit's "strategies for quality." The reports of the six planning task forces, and President Magrath's responses to the recommendations they contained, were submitted to the units for them to consider on top of their existing plans and projections.

Schedule. Academic Affairs holds a meeting with each dean. As of this date about half the meetings have taken place. Health Sciences officers are holding parallel meetings with Health Science units. Conferences with the smaller academic support units will occur in February. Starting at the end of January and continuing throughout February, Academic Affairs will take the unit plans and conference reports to the Budget Executive. But how much central administration funds will depend on what the Legislature appropriates, which will not be known until spring.

In the last biennium, the administration was able to fund from internal retrenchment and reallocation what the legislature did not fund. That action served as evidence the University's budget request list was entirely genuine.

The request. Mr. Heydinger gave committee members copies of a document entitled "1985-86 Budget Alternatives Taken from the '85-86 Appropriations Request." It includes pages from the legislative request spelling out nine all-University items whose funding, said Dr. Heydinger, ultimately will be determined from flexible funds. It is these nine items Academic Affairs asks the Finance Committee to rank, keeping in mind the possibility that they would have to be funded by retrenched monies. The University expects its appropriation will be significantly smaller than what it needs.

The items are

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| - Academic Salary Request                | - Program Accommodation Remodeling                   |
| - Equipment Replacement                  | - Library Materials Acquisition                      |
| - Instructional Computing                | - Operation of New Space                             |
| - Special Market and Retention           | - Major Repairs (Repairs and Betterment) Supplement. |
| - Tuition Fellowships, Graduate Students |  |

(In addition to "Flexible Funds," Dr. Heydinger's other categories among the requests are for items over which it has No Discretion (e.g., Fuel and Utilities deficit, Civil Service Comparable Worth); for items which are Program Specific (e.g., UMD Engineering); and for items representing new approaches to Income (e.g., Reduction of Offset in Indirect Cost Recovery). Items in this last category presumably would not in any case be funded by retrenchment.)

Professor Kline predicted that some items would get no funds at all unless the decision-makers think in terms of two funds, one for program-specific items and one for all-University items.

In response to Professor Stuthman's request for a statement of the University's general criteria, Dr. Heydinger made three points:

(1) The University has candidly promoted enhancement in four units-- Institute of Technology, School of Management, Veterinary Medicine, and School of Public Health;

(2) Central administration looks to each college to prioritize internally;

(3) Central administration continues to use the six criteria which Vice President Keller evolved about two years ago through consultation with Senate committees-- quality, connectedness, integration, uniqueness, demand, and cost-effectiveness.

Among the other guidelines are

- the integration of research and teaching (the president stresses at the Legislature that programs with this integration have highest priority);

- the reports of the six planning task forces;

- the Senate objective of recovering faculty's 1973 purchasing power by 1990;

- program areas that encompass all three aspects of this institution (the University as an international research university, as a land grant institution, and as a metropolitan university).

Professor Stuthman asked how long the four colleges currently favored in funding would remain so. Dr. Heydinger told SFC that Cycle IV, scheduled to take place from Spring, 1985 to Spring, 1986, is intended to include a fundamental reexamination of the University's institutional priorities.

One question to address will be whether those units are still the ones the University wants to emphasize. There have been discussions about how to measure achieved gains, he remarked.

Mr. Sullivan suggested the degree to which the University is out of balance with other Big Ten institutions in various categories might become a basis for prioritization. For example, Minnesota ranks last in instructional equipment expenditures but near the middle in salaries.

It was also noted one might look at the magnitude of each change proposed. For example, to raise academic salaries by one percent costs about \$2 million.

Clarifications.

The Academic Salary Request item for \$9,571,100 represents the difference between the 5.5% increase for each year of the biennium which the state has indicated it will allow state agencies, and the University's target of 7% for each year of the biennium. The University has maintained the Senate's schedule and, because inflation has eased, needs 6% to stay on the intended slope. Comparative salary position: Mr. Heydinger reported that, based on figures up to 1983, the University had slightly improved its position and looked pretty good relative to peers among public AAU institutions.

Program Accommodation Remodeling: Enables a unit to respond to an opportunity; sometimes a key in attracting a new faculty member.

Major Repairs item is a supplement intended to enable a catch-up on overdue repairs. Professor Stuthman requested data on how the \$6,446,600 relates quantitatively to the capital request item funded last year.

Special Market and Retention Needs: Dr. Heydinger said SFC might want to discuss how those funds would be meted out, for example, whether on the basis of individual merit, or unit merit, or other considerations.

Tuition Fellowships, Graduate Students: Dean Holt has reported the University has slipped badly and is in a relatively worse position here than in faculty salaries.

Library Materials Acquisition: Twin Cities campus has accomplished its catch-up; increase is sought for UMD and UMM catch-up and for the inflationary increase, with UMW and UMC catch-up anticipated for the 1987-89 biennium.

Operation of New Space. The operation cost was not included in the capital appropriation. One can argue, Dr. Heydinger acknowledged, that this

is not a discretionary item.

Mr. Heydinger reported that President Keller will ask the Regents at their January meeting to begin to think about the issue of trade-offs and priorities.

Mr. Brenner remarked that it would be useful for the committee to know how well the University is doing already in certain areas, even without a special infusion of funds. For example, with respect to the Instructional Computing item, how well is the University doing in acquiring microcomputers? Dr. Heydinger reported that the University is doing relatively well here, but does not have a large program in place as do some of the major private universities.

There was a short discussion of how achievable, and how painful, retrenchment would be over the course of the 1985-87 biennium. Dr. Heydinger noted that during the 1983-85 biennium \$4.4 million in the first year and \$1.4 million in the second year was retrenched and returned to central administration.

In conclusion, Dr. Heydinger invited committee members to telephone him with inquiries for more data on any items on the list.

NEXT MEETING:        January 31.

TASK:                Vote priority ranking among the 9 "flexible funding" items.

Meredith Poppele,  
Recorder