

Minutes\*

**Faculty Consultative Committee**  
**Thursday, May 17, 2001**  
**10:00 – 12:00**  
**300 Morrill Hall**

Present: Fred Morrison (chair), Muriel Bebeau, Susan Bronson, Les Drewes, Richard Goldstein, Joseph Massey, Charles Speaks, Billie Wahlstrom

Regrets: Wilbert Ahern, Linda Brady, Dan Feeney, Marti Hope Gonzales, David Hamilton, Marvin Marshak, V. Rama Murthy, Paula Rabinowitz

Absent: none

Guests: Carolyn Chalmers (University Grievance Officer); President Mark Yudof

Other: Donna Saathoff (Office of the Chief of Staff)

[In these minutes: (1) future discussions of health care; (2) discussion with the University's grievance officer; (3) college governance; (4) statement on rethinking the University's budget; (5) discussion with President Yudof]

**1. Coming Meetings**

Professor Morrison convened the meeting at 10:20 and reviewed upcoming meetings. There will be an 8:00 meeting Monday morning about health care because the Board of Regents, which meets on Wednesday to take up the issue, wants a recommendation. The President's recommendation will come out at 8:00 Monday morning.

Has the Interim Health Benefits Advisory Committee (HBAC) made a recommendation, Professor Goldstein asked? Professor Morrison said that HBAC received bids but that he cannot say to the committee what the bids were until they are presented to the Board of Regents. This is a complex matter. The President will make a recommendation to the Regents, at which point the information will be made public. HBAC looked at the information without knowing who the bidders were and with only approximate numbers.

The Regents will consider the matter twice, on May 23 and June 8, at which point a decision MUST be made.

Who is advising the President, Professor Goldstein inquired? The process has not been especially well-designed, Professor Morrison said. It calls for a selection committee, composed of five people, two from HBAC and three from the administration (Professor Morrison will be one of the five). The selection committee looked at all the materials and will make a recommendation to the President. The

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\* 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.

information will be available Monday for further review. The bid information is proprietary, however, and those organizations which did not prevail have a right not to have their bids disclosed.

## **2. Discussion with the University Grievance Officer**

Professor Morrison now welcomed Ms. Carolyn Chalmers, University Grievance Officer, to discuss her role. He noted that she came to the position with long experience as a litigator and then with alternative dispute resolution mechanisms.

Ms. Chalmers began by relating that her job title sometimes confuses people and that she had been asked once if she was responsible for approving funeral leaves. She started her position in October and said she would review what she does and what she hopes her office will do in the future; she also said she wished to review proposed initiatives.

The Grievance Office runs the Board of Regents' Grievance Policy, system wide, for non-bargaining-unit employees. The jurisdiction of the office abuts the Senate Judicial Committee and other bodies. There is a four-step process, the first two of which are informal and the second two of which involve hearings. At the third step, before a panel, there is a hearing officer. The panel makes a recommendation to the Executive Vice President and Provost, who can accept, reject, or amend the recommendation. After that a grievance can go to binding arbitration; if a faculty member is grieving, the arbitrator must come from out of state, another institution of higher education, and be a member of the National Academy of Arbitrators.

Her role, Ms. Chalmers related, is to bring dispute resolution skills and assistance to the process, always as a neutral. If a grievance goes to a panel, her job is administrative: to run the process and be sure that the panel has the information it needs. The PANEL makes the decision. The Grievance Policy is 11-12 pages long; it requires much interpretation by each panel.

What determines when a dispute goes to her office rather than the Senate Judicial Committee, Professor Speaks asked? If the dispute is based in the tenure code or is an academic freedom issue it goes to the Senate Judicial Committee, Ms. Chalmers said; under the rules of the Judicial Committee, everything else goes to the University Grievance Office (e.g., merit pay, space allocation, equipment purchase, teaching assignment). Faculty may bring a matter to the Judicial Committee if they believe they were deprived of due in the grievance process. With the caveat that her experience is thus far limited, Ms. Chalmers said more grievances are filed by tenured faculty or civil service staff than by P&A staff or non-tenure-track faculty.

The Grievance Office also meets with employees who are considering filing a grievance who want to know about the process. This helps employees analyze the issues and how they might be approached without filing a grievance. Most people do not want to file a grievance, Ms. Chalmers said.

In terms of where the office is headed, Ms. Chalmers said she would like to promote the use non-adversarial tools for dispute resolution. The University Grievance Office, in addition to running the grievance policy, offers other non-adversarial tools to the University, perhaps along the lines of what an ombuds office might have.

How does her office relate to post-tenure review, Professor Massey asked? There could be many opportunities in that process for faculty to say they have been unjustly treated. Ms. Chalmers said she has not seen post-tenure review issues grieved per se, but there have been grievances over merit pay disputes. In the case of faculty she would confer with Professor Sheets, Chair of the Senate Judicial Committee, regarding the jurisdiction of the two offices. Professor Brorson reported that the Senate Judicial Committee, of which she was a member until recently, has received post-tenure review cases. The tenure code provides for appeal to the Senate Judicial Committee, Professor Morrison pointed out.

There is a gray area, Professor Speaks observed: if it is an academic freedom issue, it goes to the Senate Judicial Committee. If a department chair says a faculty member may not teach a course and the faculty member grieves but calls it an academic freedom issue, where does it go? Ms. Chalmers said that she and Professor Sheets would confer. Does it matter where the dispute goes, Professor Speaks asked? It does, she replied, because these are two different processes with different features.

Professor Morrison said that academic freedom issues are kept in the Senate Judicial Committee because it is a faculty-oriented committee that will not have a dean as a panel member. That was intentional: a group of faculty will decide if academic freedom has been infringed. For other issues that come through the grievance process, a panel can have a faculty member, an administrator, and a neutral third party. The Judicial Committee brings a different orientation to the process. Professor Brorson observed that with the Judicial Committee, a recommendation goes to the President, who can accept or reject or change the findings; if the faculty member does not like that decision, the dispute goes directly to the Minnesota Court of Appeals. In the case of grievance policy cases, Ms. Chalmers said, the result can be brought to arbitration.

What about when a group of faculty decide on a direction for a department but the chair disagrees with that decision, Professor Bebeau asked? Could that kind of issue be grieved? What about collective groups of faculty grieving a chair's decision? Ms. Chalmers said there is no express prohibition in the grievance policy prohibiting a group of faculty from grieving but any grievance must identify a violation of a University rule, policy, or practice. With respect to administratively discretionary acts, a different standard applies. Her office cannot accept a grievance based on a "I don't like the department head's decision," she said.

What is her caseload, Professor Goldstein asked, of both formal grievances and informal matters. The policy was adopted in 1993, Ms. Chalmers told the Committee; in its first year there were 63 grievances filed. Last year the number was in the mid-30s; of those, approximately one-third were faculty. Most grievances are resolved at steps one or two, through informal resolution. Last year there were 15 hearings.

How many informal contacts does the office have, Professor Morrison asked? About 105 inquiry files were opened last year, Ms. Chalmers said. These matters may involve more than one consultation. They are available to help administrators and supervisors, she added.

Does her office handle sexual harassment cases, Professor Massey asked? The Grievance Office handles discrimination cases, Ms. Chalmers said, except for sexual harassment cases, which must go to the EEO office. There is an amendment to the sexual harassment policy being proposed which would permit sexual harassment disputes as well as other discrimination issues to go either to her office or to the EEO office.

Does she provide services to all campuses, Professor Drewes asked? She does, Ms. Chalmers said, but not to bargaining unit faculty or other bargaining unit employees. She said she does not, at this point, have a template on how to handle coordinate campus grievances and would like to start a discussion on how best to do so. Are her cases distributed evenly across the University, Professor Drewes followed up? They are mostly on the Twin Cities campus; they come from across the University. Professor Morrison recalled that when he served as grievance officer, the units facing the most substantial change were the ones that generated the most grievances.

Is there any information on the five-year outcomes, Professor Drewes asked? Were people happy? Did they leave? Ms. Chalmers said that the Senate Judicial Committee had done a study of how people felt after going through its process; most said it was a difficult process and they would not recommend it if there were other options.

What about violations of "guidelines," Professor Speaks asked? There must be a violation of a University policy, regulation, or practice, Ms. Chalmers said; violation of guidelines might or might not be grievable depending on the nature of the "guideline."

Ms. Chalmers then informed the Committee of two initiatives she is working on. One is focused on bringing to campus speakers with information about informal dispute resolution processes that have been helpful to academic institutions. She and Jan Morse from the Student Ombuds Service have invited to the University an NIH professional, Howard Gadlin, who is a national leader in dispute resolution and who has developed a model of dispute resolution for NIH researchers to help avoid disputes. They have invited Gadlin because they believe his work would be of interest to people at the University; the visit will be co-sponsored by the University Grievance Office, the Student Ombuds Service, the Graduate School, AHC and other offices as, and might also be co-sponsored by this Committee, if it wished. The Committee might also have ideas about which faculty audiences would be interested in his presentations.

How would his presentations relate to the training in the ethical conduct of research, Professor Bebeau asked? The less an institution conducts such training, the more likely it is to have disputes, she said. Ms. Chalmers said she has met with Associate Deans Vic Bloomfield and Naomi Scheman, who are taking the lead in the Graduate School. Professor Bebeau suggested she also speak with Professor Hamilton and with Dean Maziar.

Professor Morrison suggested that both this Committee and the Senate Judicial Committee could co-sponsor Dr. Gadlin's visit.

Professor Bebeau said that she worries, with the new academic appointments policy, that in some units there is a change in the balance between tenured/tenure-track faculty and those who have other kinds of appointments. In some instances, the tenured/tenure-track faculty are no longer in control, especially if non-tenured appointees are granted a vote in the unit. Is there then a question about who is making decisions on the curriculum? Some who are teaching but who are not grounded in research may make curricular recommendations that the tenured faculty cannot support. A basic issue can be training in the responsible conduct of research; a more fundamental issue is what it means to be an academic and who has control over large issues such as the curriculum. This is a different sort of dispute and a different knowledge base. Ms. Chalmers responded that different non-adversarial dispute resolution skills might be brought to bear on this kind of issue.

There are disputes, such as this, that one would not think of going to the Grievance Officer to handle but for which people need assistance, Professor Bebeau agreed. Her office could go in that direction, Ms. Chalmers said, but doing so would need approval and support of many constituents. She said she does want to have different tools available to meet different needs to help people work through a respectful process that assures them they will be heard.

The traditional, arbitration-like, grievance process assumes that one party was right and one was wrong, Professor Morrison reflected. In most interactions in life, however, one tries to reach a decision without saying that. With these different situations, the University must find ways to address them. Some may be clear grievance matters; others may require mediation and conciliation. Some are the like the conflict in the Middle East, he concluded.

If one thinks about the Truth and Reconciliation Commission in South Africa and compares it to the way the crimes in Rwanda are being dealt with, Ms. Chalmers said, those are very different models, each with their own implications. The process affects what comes out of it. Sometimes there is a need for a grievance process and a decision-maker but often a process that lets the participants reach their own decision may be more satisfactory.

The other initiative she is thinking about is "advisor advocates." The Office has not had such advisors, but many who use the grievance process are not sophisticated and knowledgeable about it. She noted that this service would not be available only to grievants; it would also be provided to supervisors who can be lost in the process. Her thought is that she would develop a roster of individuals, perhaps composed of people (faculty, P&A, civil service) who have had experience with the process as hearing officers, a grievance panel member, or even as a party. She would like to have a list of about 15 individuals who understand the process and for whom there would be clear expectations about the burden—she would not expect them to take on a role similar to that played by faculty advisors in the Senate Judicial Committee process.

Professor Morrison said he thought this was a good idea. He suggested she speak with Professor Sheets because the Judicial Committee has had a very difficult time getting faculty members to serve as faculty advisors.

Professor Morrison thanked Ms. Chalmers for joining the Committee. She thanked the Committee and said she would follow up on the issue of sponsoring the Gadlin appearance.

### **3. College Governance Questions**

Professor Morrison next distributed questions that had been raised by a faculty member about the appropriate role of the faculty in governing a department and college. The Committee, after brief discussion, agreed that Professor Massey would make inquiries and report back at the next meeting.

### **4. Statement on the University's Budget**

The Committee next took up a draft statement on the University's budget that came out of an informal discussion among a number of FCC members at an earlier meeting. At the same time the

Committee reviewed the remarks that President Yudof had delivered a week earlier to the Board of Regents about the breakdown in the compact between the University and the people of the state.

Professor Morrison noted that the two documents, developed independently and separately, were amazingly consistent. He said he would entertain a motion to adopt the statement.

The Committee, after minor editing, unanimously voted to adopt the statement. The statement follows. Professor Morrison said the statement would be sent to the members of the Board of Regents and to the administration.

**Statement on Rethinking the University's Budget**  
**The Faculty Consultative Committee**  
**University of Minnesota**  
**May 17, 2001**

The University must fundamentally rethink the way it is funded.

The nation has decided that private consumption is more highly valued than public investment, as demonstrated by recent initiatives to cut taxes and deliver rebates. Correspondingly, there has been nationally a paradigm shift in views about funding of public higher education: it is increasingly viewed as a private rather than a public good.

In a decade that has seen among the most robust economy in history, funding for public higher education across the nation has seen only modest increases. Public financial support for the University of Minnesota has increased less than in many states. Appropriations in the 1990s, with one exception, were insufficient to keep the University on a path to continued and increased quality in education, research, and service. Moreover, nationwide there is an increasing gap between the resources available to public higher education and those available to private institutions.

The effect of these trends is beginning to show. The University of Minnesota ranking among the top 30 research universities has slipped. The U. S. News and World Report rankings place the Twin Cities campus in the second tier of institutions. A significant number of outstanding faculty have left and faculty salaries have again declined in comparison to the top 30. The best faculty will soon regard Minnesota as a second or third choice as a place to work. The best students will soon regard Minnesota as a second or third choice at which to obtain their education.

The trends are clear and ominous. If the University continues business as usual, by the end of the decade it is likely that it will no longer be among the top 30 research universities. The situation is that simple.

If the University is to restore its position among the premier public institutions in the nation, the Faculty Consultative Committee believes it must begin to conceptualize itself as a private university with a public, land-grant mission that also receives state support. Doing so has implications for the way in which it structures its funding.

-- Tuition must be increased substantially over the next several years. It may have to double. We simultaneously note that the State of Minnesota has one of the most generous financial aid programs in the nation. Many students, particularly those from low- and middle-income families, should not be significantly affected by such tuition increases. Unfortunately, the days of the low-cost, high quality public research university may be gone. The model that has been in place, "low tuition and high aid," does not work.

-- The University must be much more aggressive in "going where the money is": it must be aggressive in marketing its research and scholarship. Sources of income that have up to now been considered marginal must become more central.

-- The use of the income from the University Foundation and the endowment must be reconsidered.

-- The University must reconsider the breadth of its programs and services.

Public higher education in the heartland is withering. The implicit message from the state to the University over the last dozen years has been that if the University wishes to remain among the top institutions in the country, it must do so itself. If the state is unable, for whatever reasons, to afford a top 30 research university, we must take the initiative. If the University is to continue to provide the highest quality education, research, and service to the state that Minnesotans desire but cannot, or choose not to, pay for from public funds, it must take the hard but necessary steps to regain the stature it is rapidly and clearly losing. The University must now decide if it has the obligation, and the ability, to take those steps.

Should it decide it cannot, the decline in quality will continue and mediocrity will be our standard. As faculty who have devoted their careers to the University, we believe that outcome is unacceptable.

Professor Speaks moved that the Committee also welcome, endorse, and applaud the President's statement; the motion passed unanimously. The President's remarks to the Regents are appended to these minutes.

## **5. Discussion with President Yudof**

Professor Morrison now welcomed the President to the meeting. He noted that the Committee was meeting in Room 300 Morrill and that the Executive Council, consisting of the vice presidents and others, was meeting in Room 238 Morrill. This, he said, gives credence to the notion of an upper house and a lower house.

The President and the Committee discussed the situation at the Capitol and then went on to the budget statements. The thrust of the statements, the President observed, will require a change in orientation of the University, will have implications for tuition and non-residence rules, for fund-raising for student financial aid, for the way the University views its competition (it may have to decide it will be

among the top public institutions), for its outreach programs (the costs of which cannot be passed to students through higher tuition), and for its priorities (it will have to invest in undergraduate education). The change will require intense discussion with the deans and the faculty.

Professor Speaks said that higher tuition will require effective communication with the students so that they understand what they will lose if they do NOT have higher tuition. The Committee discussed the various tuition plans that are being considered or adopted at other Big Ten schools (at one, there will be an annual inflationary increase plus \$500 per semester for the next several years; at another there will be a 5% increase plus a \$500 charge, which would be equivalent to a 17% increase at Minnesota).

Such a change in orientation may also require more program reviews, the President surmised. The private institutions do this routinely because they find it more difficult to carry programs that lose money; the University is not used to thinking about itself in that way but it becomes more of an issue with a different orientation to the institution's funding.

The Committee then discussed briefly with the President the proposal for a Commissioner of Higher Education, after which Professor Morrison adjourned the meeting at 12:00 in order that he and the President could attend the dedication of Mondale Hall with former Vice President Mondale and former President Jimmy Carter. Before leaving the room, the Committee concluded, after brief discussion, that it had nothing to say at this time about the recent events in the women's basketball program

-- Gary Engstrand

University of Minnesota

Appendix

#### REMARKS

Mark G. Yudof, University of Minnesota

EVENT: President's Report to Board of Regents  
WHEN: 10:00 a.m., May 11, 2001  
WHERE: Regent's Room, McNamara Alumni Center  
AUDIENCE: Regents, members of the public  
TOPIC: Future of Public Universities

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Last weekend I attended a symposium called "**The Changing World of University Leadership and Governance**," which was held in honor of Clark Kerr, the former President of the University of California System. This was a fitting tribute, because I think that California has been the state that has been closest to "getting it right" when it comes to public higher education. Kerr was a driving force behind UC's successful tiered system with a half dozen or so UC campuses consistently ranked among the best in the nation.



I spoke on the topic of "University Autonomy in the New Entrepreneurial Age," and, in thinking about that topic, a few ideas crystallized for me. And it is this heady matter, the future of public universities, that I wish to comment on today. My comments are addressed to national trends, but clearly have implications for Minnesota. This is not a specific recommendation, but I think we need to be candid about these trends with government leaders and think through carefully what we're doing.

First some context and background about what I see to be driving the debate over public education and education funding across the country (except perhaps in California--is it the water in the hot tubs?): the triumph of demography, the changing nature of business in the modern global economy, the regionalization of higher education within states, an ebbing of the perception of public higher education as a public good, and the tendency to treat all education programs as interchangeable.

### **Triumph of demography**

The most recent census showed that the median age in the US is now 35.3 years old, the highest it has ever been, and that the most rapidly increasing age group has been the population between 45-to-54 years old, which grew by 49 percent over 10 years. At the same time, households with children continued to decline, from about 50 percent of households in 1960, to less than one-third in 2000. Aging populations, like all people, are often more concerned about services that directly affect them, where the internalized benefits are relatively obvious:

- Social security
- Healthcare
- Lower cost prescription drugs
- Nursing homes
- Protection from crime

Then there are the more nuanced public goods where the more generalized benefits must be explained, where the externalities to an aging population, as economists would say, need to be appreciated:

- K-12 and higher education
- Social services and welfare

Many seniors and near-senior citizens also are interested in maximizing disposable income and hence tax reductions. They vote in higher numbers, and it is easier for public officials to feel their pain. Young people's voices are muted by their low voting rates.

Aside: Accountability for public universities is critical; we are spending tax dollars and need to be good stewards, but the hydraulic of many legislative accountability plans sometimes is more reflective of the loss of public good status than a genuine impulse toward efficiency.

### **Global Enterprises**

Even the business community, which relies on an educated workforce and the innovations of research, sometimes is less interested in public higher education today.

- They are increasingly more interested in a tax structure that enhances productivity and profit.
- Corporations are also less rooted in particular communities as mergers and buyouts bounce CEOs and leadership to new homes across the nation and the world and as facilities and employees are spread around the world.

- Executives are nationally recruited and often not products of the communities in which they live and work.
- There has been an emergence of business's own education institutions such as Motorola University, Dell University, or McDonald's more longstanding Hamburger U, which focus on corporate-specific workforce needs and reduce reliance on local higher education institutions.

### **Regionalization of States**

The public flagship research universities view themselves, appropriately, as statewide institutions, and yet regionalization of higher education within a given state is alive and well (Florida, Washington, Minnesota, Wisconsin, Pennsylvania, and Texas, just to name a few).

- This is exacerbated by rural/urban conflicts.
- Community support for regional institutions translates into political support that keeps subsidies in place and undermines the "sink or swim" privatization model that I'll touch on in a moment.

In short, I see across America a gradual withering of the covenant or understanding that the work of public research universities is a public good. Hence the recent reports from the Kellogg Commission calling for a new covenant ("compact" sounds less wrathful).

### **Privatization of Public Education**

A call to a radio show on Minnesota Public Radio, where I was appearing as a guest, encapsulates well this "withering" trend. A man called in and he basically asked me the following (paraphrase):

"How does the subsidy for higher education benefit me? Why should I support someone else who gets an education and gets a good job--who then might even leave the state? I'm all for research, but from what I hear, most of the money goes to help private industry. Why should I be charged for that?"

This is very similar to the question asked by the "wicked child" at the Passover Seder in Jewish households. The wicked child disassociates himself and excludes himself from the larger community. I will not answer this question at length before this audience, except to say that this is wrong, that higher education is a public good. It cultivates qualities of citizenship, engages in important research on technology and society, creates art and literature, spurs economic growth, maintains and enriches our exogenous heritage, and helps people to lead fulfilling lives. Education benefits all of us, not just the student and faculty member. This is not a blind faith but reflects the extraordinary achievements of public higher education in this country over more than 200 years, a record that is the envy of the world.

The creeping loss of public good status may be a result of the knowledge revolution, which emphasizes entrepreneurship, dependence on private funds, relations with business, etc. but it also long predates Palm Pilots and dot coms, going back at least 20 years.

Some conservatives embrace the privatization model, attempting to create markets in public higher education: they advocate higher user fees (tuition), quality through competition among universities, and higher financial aid, roughly equivalent to income-adjusted vouchers.

- The University of Michigan is the oft-cited exemplar of this model. North Carolina and Penn State also appear to be moving in this direction.

- High access and low tuition have been traditions in Minnesota (and on this Board of Regents), but that's not reflected in how the state funds us.

### **Education: an Interchangeable Good?**

On the other end of the spectrum, some liberals appear more concerned with democratic (vs. elite) education and ensuring broad access to two- and four-year institutions than in building flagship public research universities. The tendency is to view all education programs and courses as interchangeable, with no concern for qualitative differences. It is also to ignore the research component of the flagship universities.

### **Concerns about the Market Models**

- What are the challenges posed by a market model? A market system relies on some providers going out of business if they are not competitive. It doesn't work that way if subsidies continue to public institutions that fail to attract enough student dollars.
- The model assumes a free national market that does not exist, e.g., \$900 million California public/private investment in research, \$1 billion in Michigan over 20 years. That is like making Minnesota farmers play by the market rules when France and Germany are subsidizing their farmers.
- Important aside: some see public universities as an economic engine--hence they need to regulate or guide them (*They want to drive?*).
- There is no understanding of curiosity-driven research, which brought us the discovery of the double helix structure of the DNA molecule, among countless other discoveries and innovations.
- It is very hard to predict where the economy will go. This is why I tend toward focusing on broad clusters of research rather than specific, earmarked proposals.

### **Neurotic Strategies?**

Those of us at flagship public universities could fairly be described as neurotic, if that's your description for repeated strategic behavior that has a dysfunctional outcome.

- Collectively, the public universities like to claim that we compete for faculty with the best of the privates, and in a meaningful sense we do. Yet the compensation gap between public and private universities grows annually (I believe it is about \$22,000 at the full professor level in the most recent survey).
- Governing boards, faculty, and administrators constantly press the case that their public university is falling behind in attracting and retaining faculty at competitive salaries. Yet elected leaders rarely perceive this as a race or competition that should cause concern. The relationship between programs and quality faculty is often overlooked.
- Indeed, lower salaries at very good publics are often viewed as evidence that you can do well without being competitive in compensation, that "good is good enough."
- Publics are not as selective as private institutions in admitting students and this affects graduation rates, as do the higher student-faculty ratios in the public sphere.
- Popular rankings of universities are often based on student selectivity and low student faculty ratio (in essence, expenditure per students). Bottom line: In US News and World Report's latest undergraduate rankings, only UC-Berkeley and the University of Virginia cracked the top 20 list.

- Government is often reactive to crises rather than proactive, and much of the public may not view public universities as in crisis--though governing boards, faculty, and administrators, who understand the numbers, do. Government often does not perceive the decline in status of public universities, not understanding the widening of the public/private divide.

### **Hard Choices**

The future then portends a decline in excellence at most great publics or that they must move to a more mixed funding model.

- But high tuition hits middle class hard unless there is substantial financial aid.
- The mixed model erodes some public constituencies, particularly those that benefit from outreach activities that cannot be built into the tuition cost structure--it is hard to charge students for outreach activities. This is the reason why private institutions do less outreach and are less likely to perform functions of traditional land grant institutions.
- There exists a kind of purgatory for public universities outside California, Michigan and Virginia: moderate tuition, not enough public aid, and inability to compete with elite private universities. California is high public subsidy, low tuition. Virginia and Michigan enroll substantially numbers of non-residents as students and they pay very high tuition charges. (At the U of M, many of our non-resident students pay resident tuition rates because of our reciprocity agreements.)

I think that we are being forced into a new hybrid model by degrees, and we have to think about making deliberate and positive choices to avoid the gradual erosion of the great public institutions. If you have looked at the Chronicle of Higher Education, you have seen recent decisions at North Carolina and Iowa; higher tuition at Penn State.

As President, I have tried to be honest with this Board and to let the operations of this university be as transparent as they can be to the state policymakers who have so much to say about our future. I think that all of our cards are on the table, and without a change in public and governmental attitudes, the tradition of a first class public university will wither unless we rethink our strategies.

And I think that you as Regents know better than anyone else how hard we've pushed this legislative session. Short of skywriters and dropping leaflets from the air, we've all been out there lobbying for this year's request. Our colleges and units deserve a great deal of credit for their enthusiasm and support, and our friends and alumni have truly come through for us. With ten days left in the legislative session, we cannot become complacent and give up the gains we may have made. The Senate appropriation would allow us to maintain our momentum, with diminished aspirations. The House bill would not.

But we also have to look beyond current legislative issues to the difficult decisions that await us. All of us need to describe a long-term pathway that is feasible and achieves excellence. I trust that this board will make the right decisions, but the Regents, faculty, staff and administration will all be challenged to create a future we all believe in so deeply, but which our present funding structure does not appear to support.