

Minutes\*

**Faculty Consultative Committee  
February 20, 1992**

Present: Thomas Scott (chair), Mario Bognanno, Amos Deinard, Judith Garrard, Paul Holm, Norman Kerr, Stanford Lehmborg, Karen Seashore Louis, Burton Shapiro, Charlotte Striebel, James VanAlstine, Shirley Zimmerman

Guests: Senior Vice President E. F. Infante, Acting Dean Walter Weyhmann

**1. Report of the Chair**

Professor Scott convened the meeting at 12:30 and distributed the preliminary AAUP faculty salary data for the top 30 research universities in the country. Inasmuch as the data are not final, he asked that they be used with care, that they not be released until March 8, 1992, and that AAUP be credited as their source. On the whole, on these schedules Minnesota does not do well by comparison with its peers.

**2. Health Care Proposal**

Discussion turned to the health care issue. One Committee member expressed alarm at the sentiments that permeate the letters faculty members wrote about the health care issue (contained in the materials sent to faculty members of the Senate). It appears, from those letters, that the administration is far more interested in protecting the financial interests of the University than the interests of its employees.

Another Committee member said he could not recall when a faculty committee (the Committee on Faculty Affairs) had done such hard work; Professor Ben-Ner had raised two questions which seemed to him central. First, there is considerable doubt whether or not the University could administer a health care plan--the issue of the University Hospital, in this context, is a side issue; and second, all the costs and benefits were predicated on 17,000 subscribers--but two groups, totalling 7,000 employees, have opted to stay with the state's health plan. Those two issues ALONE should cause the University to slow down.

It was again suggested that a better alternative, at this point, would be to remain in the state's plan and try to join with the faculty of the other systems to seek a stronger voice in the negotiations of the state's plan.

The resolution adopted by the Finance and Planning Committee on February 18 was reviewed. **The Committee then voted unanimously to endorse the resolutions of both the Committee on Faculty Affairs and the Committee on Finance and Planning opposing separation from the state health plan.**

**3. Discussion of the Institute for Disability Studies**

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Professor Scott next welcomed Graduate School Acting Dean Walter Weyhmann to the meeting to discuss the audit of the Institute for Disability Studies. The meeting was closed for the discussion, but several policy issues were raised:

- Should units such as the Institute for Disability Studies report directly to the Graduate School? And if not, where SHOULD they report?
- Were there circumstances which automatically tripped the audit function or was it a matter of luck that the audit happened to be conducted?
- Should there be random audits of faculty consulting arrangements?
- How were the arrangements in the Institute for Disability Studies different from the arrangements made for Medical School faculty?

Professor Scott thanked Dean Weyhmann for joining the meeting.

#### **4. Discussion with Senior Vice President Infante**

Professor Scott welcomed Dr. Infante to the meeting; discussion turned immediately to financial prospects. Dr. Infante related the contents of several recent conversations he had been involved in, including with members of the legislature, and what the picture might look like as the legislative session progresses.

There are two items upon which he and the President are of one mind, Dr. Infante told the Committee, and they are items upon which the Committee, at least in the past, has concurred with their view: One, the "notch" in the faculty retirement plan must be eliminated, and two, the University will hold on to the 5% salary increase. There are many, he noted, who are saying the University should back down on granting increases; it will not do so.

Whatever may occur, Dr. Infante said, he is reasonably certain that any cut in the budget will be a PERMANENT base cut; the principal question is one of magnitude. The extent of the cut, he added, may depend on the view the legislature takes of the prospects for the NEXT biennium--which, at present, is projected to have a deficit of \$1.2 billion.

The Law School, it was pointed out, concluded that the only way it can retain quality in these circumstances is to increase its size. It is in a good position in the market, and can compete for students; why does that same logic not apply to the University as a whole, Dr. Infante was asked. That only works, he responded, if the marginal cost of the additional students is less than the tuition collected--which should be true in law, management, and public affairs. It is certainly NOT the case in any of the University's undergraduate programs. It is also hard to COMPUTE the marginal cost in undergraduate programs, he added. In some programs, especially in the health sciences, Dr. Infante said, the marginal cost of additional students is ZERO, and decisions about the number of students in those programs may need to be re-examined. In the case of CLA and IT, however, the marginal cost exceeds the tuition income.

If the worst comes to pass, inquired one Committee member, and plans must be made, will there be any way to meet the circumstances without letting tenured faculty go? If not, the results could be dreadful--there would be departments without secretaries and faculty would have to pay rent on their own telephones. That is not a university, it was said. Dr. Infante agreed that "the low-hanging fruit has all been picked and we are getting close to the bark and sap." In meetings with the vice presidents, he said, they have started to do contingency planning. Cash flow will be a problem; there are the reserves, but they can only be used on a one-shot basis. The University, if pressed, must do things right so that it continues to honor that which it wishes to honor. "The crystal ball is cloudy," Dr. Infante commented, especially when one considers that merger and a dramatic change in state funding for higher education are also being considered.

Among other alternatives touched on, in the event of further budget cuts, were the possibility of putting Restructuring and Reallocation plans on hold, a hiring freeze, involuntary furloughs, and fiscal exigency. Dr. Infante told the Committee that he and his administrative colleagues will need help; it is to be hoped that the University will be in a better position to deal with whatever may develop than are some of its peer institutions--to which one Committee member responded that "it is of no comfort, when your leg is being cut off, to know that somebody else is losing both an arm and a leg."

Discussion turned to Senate File 1240, a.k.a. the "Waldorf Plan" to change the portion of instructional costs covered by tuition from 1/3 to 2/3. This proposal is not unique to Minnesota, Dr. Infante noted, and the idea behind it is that individuals of middle and high socio-economic status receive the same subsidy for their college education as do those from lower SES backgrounds. And at present, only students from families with incomes less than \$26,000 are eligible for aid. The theses in S.F. 1240 are that students from higher SES backgrounds should pay more and that there should be more financial help for students with family incomes from \$25,000 to \$45,000.

In the last ten years, Dr. Infante noted, there has been increased support for the fee-for-service concept. Is higher education for the benefit of the individual or the society? If the individual, then he or she should pay for it as an investment in their future--and a lot of people are pushing this view. The Private College Council, he noted, strongly supports it.

Expressing doubt about whether or not the proposal would work at all, Dr. Infante pointed out a couple of problems with it. First, if the State goes this route, the reciprocity agreements can be discarded. Second, although it is understood that the proposal will be amended, at present it includes graduate and professional education as well as undergraduate--which would make it extremely difficult for programs to attract graduate students without significant support.

Another problem for the University, he told the Committee, has to do with the uniform undergraduate tuition policy adopted a couple of years ago; that policy will very likely have to be dropped if something like S.F. 1240 is adopted. Next year a CLA student will pay about \$2800 in tuition (excluding fees). If tuition were doubled, it would be \$5600. At present, the full cost per student in CLA is about \$5400--because, internally, CLA students (among others) are subsidizing certain more expensive programs. But at least, now, the University is not TAKING AWAY tuition money. If the plan were adopted, however, a CLA student next year would be paying \$5600 and getting less than \$5600 worth of education in return.

Over time, Dr. Infante concluded, the cheap programs will be driven out of the University to other

colleges, public and private, and the University will be left only with the expensive programs-- agriculture, engineering, nursing, etc. The bill could profoundly alter the nature of the University; it could end up with a series of State Specials for the Hospital, for Engineering, for Agriculture, etc.

The options for the University, Dr. Infante said, appear to be either to take S.F. 1240 (or some version of it) or a significant budget cut. It is doubtful, he added, that the University would be required to accept both.

One Committee member observed that the concern about graduation rates would be significantly exacerbated by the proposal; it will take students TWICE AS LONG to graduate as it now does if their tuition doubles.

There are some GOOD things about the proposal, Dr. Infante acknowledged. Higher education has never been good at cost containment; this change would put money in the hands of the customer, who will insist on cost containment and better delivery of education. It is also appealing in that it raises the level of family income of students eligible for aid.

One Committee member observed that the proposal serves as a super-progressive tax: the wealthier will be required to pay a great deal more. It was also noted that under the plan non-resident tuition at institutions in some states will be lower than resident tuition at the University. There will, it was argued, inevitably be an outflow of students from the State; wealthy students will always have other choices, and given the high proportion of students who live at home, both for the University and the State University System, both will soon have students of a single SES.

One Committee member expressed the hope that the President and Dr. Infante and their colleagues will approach this legislative session with the same vigor that they did the earlier one and that they are not too tired. The issues raised by S.F. 1240 are so fundamental and so serious that it would be unconscionable for the State to take this step without the risks and flaws being vigorously identified by the University. One Committee member noted dryly that she would rather see a \$30 million budget cut than have this plan adopted. Dr. Infante assured the Committee the University would actively make its views known. Several suggestions were made about who might be involved in lobbying the legislature on the plan.

Part of the motive for this, one Committee member noted, is to try to get more money to higher education--which has received a decreasing share of State resources in recent years. This is an attempt to get the discussion going. But it may be that there is a paradigm shift underway.

Professor Scott thanked Dr. Infante for his time.

The Committee adjourned at 2:00.

-- Gary Engstrand