Minutes*

Faculty Consultative Committee
Thursday, January 25, 2001
1:30 – 2:00
Johnson Great Room, McNamara Alumni Center
and
2:00 - 3:15
Foundation Board Room, McNamara Alumni Center

Present: Fred Morrison (chair), Wilbert Ahern, Muriel Bebeau, Linda Brady, Richard Goldstein, Marti Hope Gonzales, David Hamilton, Joseph Massey, Marvin Marshak, Paula Rabinowitz, Charles Speaks, Billie Wahlstrom

Regrets: Susan Brorson, Les Drewes, Dan Feeney, V. Rama Murthy, Gwen Rudney

Absent: none

Guests: For the first part, President Yudof, the deans and vice presidents, and the members of the Senate Committee on Finance and Planning; for the second part, Vice President Sandra Gardebring

Other: for the first part, members of the media; for the second part, none

[In these minutes: the Governor's biennial budget recommendation]

1. Report on the Governor's Budget Recommendation for the University

Professor Morrison convened the meeting at 1:40, noted that it was a meeting of FCC to which, on short notice, the deans and the Senate Committee on Finance and Planning had been invited. The two groups asked the President to speak to them about the Governor's budget recommendation.

President Yudof thanked Professor Morrison for giving up the previously-scheduled FCC meeting on the Intellectual Future of the University in order to have this joint session; he thanked the deans for coming on short notice.

The President said "I have problems with this budget." He said he respects the Governor and understands his philosophy but this budget proposal "does not work for the University." The University is not just another agency; its mission is vitally linked to the future of the state.

The President then reviewed the elements of the University's biennial request and how those elements matched up with the Governor's recommendation. The first part of the University's request, "Strengthening the Foundation," and recommendation:

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Request

62.8 million	for 3% salary increases: the Governor recommended 40 million
58.1 million	for extraordinary increases in health care costs: not mentioned in the Governor's budget, so: 0
3.2 million	for minimum annual levels of compensation: 0
15 million	undergraduate education: 0
16 million	core funding for the Medical School: $8 million in non-recurring funds the first year; $8 million through the Department of Health the second year, perhaps (this is unclear)
4 million	the Libraries: 0
9 million	investments in technology: 0

The total recommended by the Governor, either $48 million or $56 million, depending on how one counts the $8 million to the Department of Health, is less than the University's expected increases in health care premiums in order to maintain the same level of benefits that are offered this year. Moreover, the Medical School deficit could be larger than the originally-projected $16 million for the two years (because of cost increases affecting it as well as the rest of the University), so it could end up being no better off than it is now.

The other part of the request, "Investing in the Future," totalled $71.5 million, and included: 34.7 million for faculty salary increases to make them more competitive plus funds for targeted staff recruitment and retention, 21.7 million for academic initiatives, 7.1 million for health professionals education, and 8 million for State Specials programmatic initiatives. All of these items were recommended for zero.

To pay for the health care cost increases, deliver 3% salary increases, operate buildings and pay for utilities, and make up deficits, will probably require retrenchments of 5-6% and double-digit tuition increases, the President said. These kinds of cuts will require cutting faculty and staff lines, not just "overhead."

Based on the results of the economic summit and support from the business community, the President said, the University made rather modest proposals for increases, including bringing faculty salaries to the average of the top 30 research universities over the next four years. Right now it is 26th--and 70th overall in the United States when one takes into account the universe of higher education institutions. In some ways the University might be criticized for making a request that is too modest. For example, the University requested $1.5 million for a nanotechnology initiative; California received $300 million for the same kind of research. The state also faces a crisis in its shortage of health care professionals (e.g., ambulances are being re-routed around the Twin Cities because hospitals do not have the staff to accommodate them).

This proposal is very disturbing, the President said; it does not matter what the University's budget strategy was because the number is so far off the mark. The University has made improvements in the last three years; this puts all those improvements at risk. This budget proposal is a giant step backwards, he concluded.

It is time for the faculty to rally, to contact their legislators, and to make it clear this budget is not acceptable. This budget does not present a vision. The President commented that he likes tax cuts as well as anyone, but the state has to save its seed corn. If all the money is returned to the taxpayers, it will probably be used for such things as second cars and bigger houses. Is that the legacy that the baby-boomers want to leave? Or does it want to maintain the quality of life in the state? Giving back the money to the taxpayers does not compare well with what the World War II generation did, he concluded.

Professor Morrison thanked the President for his comments and encouraged faculty to communicate with their legislators. If this budget recommendation is adopted, he warned, this will be a changed university: there will be fewer services for students and for the state's economy.

He then thanked everyone for coming and recessed this portion of the meeting.

The Committee reconvened in the Foundation Board Room and discussed with Vice President Gardebring strategies in which the faculty could be involved to generate support for the University's biennial request.

Professor Morrison adjourned the meeting at 3:15.

-- Gary Engstrand

University of Minnesota