

THE UNIVERSITY OF MICHIGAN

SENATE ASSEMBLY

Minutes of Regular Meeting of 15 February 1982

ATTENDANCE

Present: Bailey, Barnard, Barritt, Beck, Bishop, Blass, Brooks, D.Brown, M.Brown, Martin, Browne, Burdi, Caffesse, Crowfoot, Carter, Cooper, Crane, Dahl, Dixon, Easley, Abdel-Massih, Friedman, Frost, Gray, Green, Groves, Hilbert, Hildebrandt, Kesling, Hollinger, Hultquist, Catford, Lockwood, Loup, Meyer, Morash, Mosher, Nagy, O'Meara, Pollock, Regezi, Ringler, Romani, Root, Senior, Nadon-Gabron, Vinter, Weiner, White, Wieland, Hagen, Wynne

Absent: Ackley, Carpenter, Cassidy, DeKornfeld, Dobel, Stephenson, Esteban, Evans, Haddock, Kahn, Keren, Liepman, Lynch, Maassab, Rinne, Smith, Tek, Tentler, Young

CALL TO ORDER

The meeting was called to order at 3:17 p.m. by M. Brown, chairman, and the minutes of the meeting of 18 January 1982 were approved.

ANNOUNCEMENTS

M. Brown announced that the Nominating Committee had prepared a slate of six candidates for SACUA. The election will be held on 15 March. Nominations from the floor will be accepted; nominators should supply background information about their candidates and obtain the candidates' consent to serve in a job that involves a four-hour meeting every Monday afternoon for three years (including May and June). The new election system in use this year has caused some problems. One, that was noticed after the call to the January meeting was sent out, is that preparations should have begun before Christmas. Another is that the members of the Nominating Committee are themselves eligible for election to SACUA. The Rules Committee will be asked to iron out the kinks in the system.

PROJECT AWARENESS

Professor Richard Teske, chair of the Student Relations Committee spoke briefly about the Awareness Planning Group. This group, chaired by Vice President Jacobson, seeks to promote awareness of the proposed cuts in federal financial support for students and of their detrimental

effect on the University. Professor Teske asked faculty to draw students' attention to the cuts and urge students to inform their parents.

FRAMEWORK FOR PLANNING

Vice President B.E. Frye addressed the Assembly on the subject of his proposed framework for planning. He began by outlining the circumstances facing the University. For the past decade, and increasingly in recent years, general fund resources have failed to keep up with inflation. The most critical factors leading to this failure have been the decline in state support and the increases in the costs of utilities and health care. This revenue erosion has barely been offset by deferral of equipment and maintenance expenditures, energy conservation, tuition increases, and retrenchment. In the next decade, these problems will be aggravated by a decline in the pool of students, reduced flexibility in reallocation because of an increasingly tenured faculty, the accumulation of delayed maintenance and equipment costs, and possibly a decrease in federal support.

He therefore proposed that the University now initiate, and over the next five years implement, a plan to permanently reduce, by \$20 million, the size of the University as measured by the numbers of personnel and programs supported by the general fund, and to reallocate the \$20 million to certain high priority needs. These needs should be determined in widespread deliberation within the University, but a suggested list, based upon discussions with deans, chairmen, and faculty, as well as comparative analyses by the Office of Academic Planning and Analysis, includes:

- (a) salary improvement for faculty and staff;
- (b) improved support for graduate students, based on merit;
- (c) improvement of the research environment and research incentives;
- (d) improvement of undergraduate teaching and teaching incentives;
- (e) capacity for selected program growth.

Additional budgetary pressures, particularly an expected doubling of utility costs, to a level of \$35 million per year, in the next five years and the deficit of as much as \$20 million per year in maintenance, equipment, and renovation expenditures, will require major efforts beyond the reallocation proposed here. Among these efforts, cost avoidance through efficiency in the utilization of energy, space, and other resources, and increases in support from the state and from private donors, are being vigorously pursued. Together with the reallocation plan, these efforts should enable the University to preserve its unique strengths and remain in the forefront of great universities.

The basis of the plan proposed here is the belief that the growth in the general fund over the next decade will be insufficient to sustain both the size and the quality of the University. The plan calls for maintaining and improving quality, at the cost of reducing size, i.e.,

reducing the number of persons, programs, and facilities supported by the general fund. This is the essence of the "smaller but better" idea endorsed by the Senate Assembly last year.

The budget reduction of \$20 million is to be obtained in approximately equal amounts, from two components: selective program reduction and closure and variable shared reductions.

Selective program reductions, defined as reductions exceeding 10 to 15% over the next five years, will be determined by individual program reviews. The established governance procedures will be followed insofar as they are adequate. When major reorganization, relocation, or closure of programs is contemplated, the Regental guidelines on program discontinuance will apply. These call for a four-step process: (a) Programs for which major reduction or closure should be considered are identified by the Vice President for Academic Affairs with the assistance of the Budget Priorities Committee and the Committee on Budget Administration, (b) Each such program is reviewed by a subcommittee of the Budget Priorities Committee, (c) The Budget Priorities Committee makes recommendations to the Vice President for Academic Affairs, (d) The Committee on Budget Administration makes a final decision or a recommendation to the Regents. More details about the procedure are in a document to be distributed later in the week. The procedure will provide for adequate input from reviewed units; student participation will be encouraged.

Variable shared reductions will range from 0 to 10% over a five year period, with an average of 5% for academic units and from 5 to 15% with an average of 10% for administrative and support units. Such a reduction will be imposed on each unit, except those subject to selective reductions, after a plan for specified base budget decrements is submitted by the head of the unit and reviewed by the Vice President for Academic Affairs with the assistance of the Budget Priorities Committee and the Committee on Budget Administration. It is intended that these reductions not be handled as across-the-board cuts within units.

The money generated by these reductions will be selectively allocated by the Vice President for Academic Affairs with the assistance of the CBA and BPC. The first reallocation, of \$4 million, is to be made on 1 July 1982, and a similar reallocation is planned every year thereafter, for five years. The money will be allocated on the basis of the standard criteria of quality, merit, need, new intellectual development, etc.

The process of generating a list of programs for review has already begun. An effort will be made to identify by 1 July any major academic units expected to come under review, but the list of proposed reviews will be revised in an ongoing process.

To avoid haphazard or opportunistic cuts, the administration will make bridging funds available to units where a delay in cuts may permit more rational planning; interest on these funds is to be paid by the

unit. In general, it is expected that all units will make their cuts at the earliest reasonable time in the five-year period.

The administration intends to keep track of the money generated by this retrenchment, separately from other general fund money, so that we do not unconsciously deviate from our goals.

To avoid serious losses in tuition revenue, the plan assumes that enrollments would not automatically decrease in proportion to faculty cutbacks. It is not intended, however, that teaching quality be impaired, so the following steps are proposed: (1) In some cases, enrollment reductions may be warranted when no alternate method of maintaining instructional quality is available, e.g., in case of major program reductions; (2) When, in the judgment of a unit, enrollment increases would cause teaching quality to deteriorate, the unit may, after consulting with the Academic Affairs office, put a cap on enrollments; (3) Enrollment growth is one criterion in determining reallocation of funds; (4) A special fund, of an amount to be determined, is to be provided for improvement of teaching; (5) Each unit's budget reduction plan is to include a statement of the effect of reductions on teaching and possible steps to offset it, e.g., better use of technology, changes in pedagogical methods, curriculum revision, redistribution of teaching between graduate and undergraduate programs, and less frequent scheduling of classes with low enrollments.

All units, even those that expect to grow, are to participate in this plan; for internal re-evaluation of priorities will be beneficial. It is also expected that each unit will make personnel cuts approximately proportional to its budget cut, and reallocated funds are not to be disproportionately used for new appointments, since one of the plan's goals is a reduction in the number of people supported by the general fund. Affirmative action policies are to be vigorously followed. Although units may elect to transfer certain general fund expenditures to other fund sources, they should bear in mind that (a) the general fund reductions are to be permanent, and (b) sponsored activities rarely support their full real costs but usually represent a drain on general fund revenues.

Finally, Vice President Frye commented on six concerns we shall face in the next few years. (1) We must preserve academic integrity in a time of increased interaction with industry. We must be especially vigilant that academic freedom not be compromised and that the motive of scholarship not be distorted by the motive of profit. (2) We must protect the quality of instruction. (3) Units should bear in mind not only their own internal interests but the interests of the whole University. In particular, they should consider the effect of proposed cuts on other units and on interdisciplinary programs. (4) We must preserve the collegial nature of the University. Each of us has different strengths which we must maximize, and which must be recognized and encouraged. Michigan became great, not merely by the Harvard method of hiring superstars, but by providing an environment in which all of the faculty can flourish. (5) We must nurture the liberal arts, and in particular the

humanities. Despite declining enrollments and a comparative lack of outside support, we can allow there to be no question about the future of the humanities at Michigan. (6) It is conceivable that tenured faculty could be discharged if an entire program were to be closed and no alternative academic home were available. However, we shall not begin rampantly discharging tenured faculty. The resulting damage to collegiality and to our confidence in the University's future would outweigh the benefits of the reallocation proposal. If a program is closed, we will make every effort to relocate faculty and to retrain them for other responsibilities; the Regental discontinuance guidelines will be meticulously followed.

The proposal made today is not so much a "plan" as a "framework for planning." It is important not to let the negative aspect, retrenchment, hide the positive aspect, reallocation to high priority needs. The decision to embark on this plan is volitional and should be made only if we are convinced that the targets of reallocation are more important than the things to be reduced. All of higher education faces difficult problems. For us, it is fortunately not a question of survival but rather an opportunity to preserve the excellence and distinctiveness of the University of Michigan as each of us sees it.

DISCUSSION

Professor Hollinger asked about the relationship between the variable shared reductions in the present proposal and reductions already under way, for example in LSA. Vice President Frye replied that the relationship would depend on the unit's report on its plans for implementing variable shared reductions. Cuts already under way would allow the college to respond to the plan more quickly.

Professor Friedman asked what effect the proposal would have on state funding. Might it tempt the legislature to greater cuts? Vice President Frye replied that he was flattered by the idea that the legislature might read the proposal so carefully but that he expected the legislature will see only that we are retrenching and would be favorably influenced by our efforts to help ourselves.

Professor Morash asked about the role of the branch campuses in the plan. Vice President Frye replied that the plan is for the Ann Arbor campus only; budget plans for the branch campuses are drawn up by their chancellors.

Professor Barritt asked about Vice President Frye's vision of what the University should be like five years from now. Vice President Frye replied by referring to the six concerns listed near the end of his talk. He said that more details would be hard to present briefly and should not be developed by the executive officers independently of the faculty. Professor Barritt asked whether it was correct to infer that such a vision had not been part of the planning process. Vice President Frye

replied that this is correct if Professor Barritt had in mind that specific program changes had already been anticipated in the development of this plan; there has been no predetermination of what is to increase and what is to decrease.

In reply to a question from Professor Pollock, Vice President Frye said that, until the contrary is stated, all units are in the variable shared reduction category. It is planned to identify some targets of selective program cuts, small units reporting directly to the Vice President, by 1 March; instructional units to be reviewed will be identified by June or July, but the targeting and reviewing processes will be ongoing ones.

Professor Hilbert asked how the \$20 million is to be divided among the various priorities. Vice President Frye replied that no specific allocations had been determined. He has some ideas but they still need detailed assessment and will be re-evaluated as the plan proceeds. For this year, salaries seem to be the most urgent priority, after last year's very bad situation.

Professor Crowfoot expressed concern about the detriment to morale arising from reallocation without shared decisions. He asked why no provision had been made for faculty and staff participation beyond the usual committees. Vice President Frye replied that two sorts of decisions are involved. One, the identification of priorities, is to be discussed as widely as possible. The other, the reallocation process itself, involves the Budget Priorities Committee and will follow standard procedures. No separate mechanism was set up because these decisions should not be made independently of the process by which the normal allocation of revenue is decided.

Professor Bailey asked (1) whether non-instructional units are viewed as peripheral and (2) whether unanticipated decreases in revenue from tuition or the state would be met by further cuts or by sacrificing some of the goals. Vice President Frye replied that the idea that non-instructional units have lower priority is not a bad starting place, but some service functions are essential. Moreover, it should be understood that research units have an important function in graduate education. To the second question he replied that, if the plan's premises about annual funding increases prove false, we would still be better off for having identified our priorities.

Professor Vinter asked what incentives units would have for making their cuts promptly. Vice President Frye expressed the hope that awareness of priorities and a desire for certainty would motivate promptness. More tangible incentives proposed so far were judged inappropriate because they cancelled part of the plan; he invited suggestions for overcoming this difficulty.

Professor Morrison asked whether student need was to be taken into account in allocating funds. Vice President Frye replied that he was

not proposing that any of the \$20 million be used for financial aid except for merit support for graduate students. Financial aid is separate from the entire reallocation process. In any case, it will require separate review in the light of federal government plans.

Professor D. Brown asked about fund raising from private sources. Vice President Frye replied that planning for a major fund raising campaign is proceeding vigorously and consuming an immense amount of the deans' and administrators' time.

Professor Frost asked whether and when the criteria for program evaluation are to be made public. Vice President Frye replied that the criteria are already public, in the Regental guidelines. How they are to apply in any specific case can only be decided when specific cases arise.

Professor Crane asked about possible savings resulting from reduced need for land and buildings as the University shrinks. Vice President Frye said that he was recommending to the executive officers that a task force be set up to conduct a major study of space and energy utilization. He remarked that the University spends too much money for rental space.

Professor Barnard asked (1) how the Senate Assembly is to be involved in the plan and (2) whether the 10 to 20 faculty for the robotics center were part of the plan's reallocation. To question (2), Vice President Frye replied that he believed that these faculty were supported by external funds. To question (1), Professor M. Brown replied that the Budget Priorities Committee and SACUA have seen a more detailed proposal. After it is published, the Assembly should discuss it. Any Assembly member can open the floor to such a discussion, perhaps by proposing legislation.

In reply to a question from Professor Martin, Vice President Frye said that the Presidents' Council is the only formal link between various Michigan Universities (apart from the state legislature appropriating funds). There is unlikely to be explicit coordination of our plan with other universities, but we shall take into account what programs are available elsewhere in Michigan.

Vice President Frye commented that the plan seems to be viewed as a major, perhaps overwhelming, task. To put it in perspective, he pointed out: (1) It involves less than 10% of the general fund, over five years, i.e., less than 2% per year; (2) \$20 million is less than the normal attrition and turnover in five years (which would be \$30 million with no promotions to tenure); and (3) it should be viewed against the background of higher priorities.

Professor Browne asked whether loss of graduate students, resulting from cuts in federal student aid, might prompt some units to nominate themselves for review. Vice President Frye replied that one unit has done so, for similar reasons, and others might, but it would be unrealistic to wait for them to come forward.

Professor Hilbert asked how only 2% per year could accomplish all the great goals in the plan. Vice President Frye replied that it could not and that we would have to be selective. Other revenue sources will also be needed. Any one of the priorities being listed could use the whole \$20 million; allocation must be carefully discussed.

A member of the audience asked: (1) If enough money were available, would the University still have a "smaller but better" plan? (2) Who is on the Budget Priorities Committee? (3) What effect will the plan have on affirmative action? and (4) Could targeted units be identified in April or September, when more faculty are present, rather than in July? Taking three of the questions in reverse order, Vice President Frye replied to (4) that he intended no fait accompli over the summer; he wants to be sensitive to these concerns but not dilatory. To (3), he replied that affirmative action is one of the constraints on units' reduction plans. He added that the percentage of women and minorities increased despite the recent cuts. To (1), he replied that, if money were available, he would prefer "larger but better" but not to the point where size interferes with collegiality. After ten years of declining state support, we cannot wait for the state's financial position to improve and for the political action necessary to increase state support for the University. If things improve, we are still better off for having reassessed our priorities. Finally, to (2), Professor M. Brown replied that the Budget Priorities Committee consists of nine faculty, two students, and two administrators; it elects its own chair, Professor Mary Ann Swain this year.

MSA President Jon Feiger asked how political motives, such as sending a message to Lansing and setting a precedent for future cuts, that were involved in the Geography Discontinuance, could be avoided in the future. Vice President Frye replied that neither of these was a criterion in the Geography case.

ADJOURNMENT

The meeting was adjourned at 4:48 p.m.

Respectfully submitted,

Andreas Blass
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Senate Secretary