

THE UNIVERSITY OF MICHIGAN

SENATE ASSEMBLY

Minutes of Regular Meeting, March 16, 1981

ATTENDANCE

Present: Barnard, Barritt, Baumgarten, Beck, Bishop, D.B. Brown, D.R. Brown, K. Brown, M. Brown, Browne, Burdi, Cares, Crane, Morrison, Duderstadt, Flener, Fraser, Friedman, Frost, Gordon, Hilbert, Hildebrandt, Hinerman, Holland, Martin, Hultquist, Cooper, Kelsey, Kirkpatrick, J. Powers, Liepman, Loup, Lynch-Sauer, McClendon, Meyer, Snyder, Mosher, Nagy, Naylor, O'Meara, Parkinson, Pollock, Powers, Romani, Root, Rush, Senior, Tek, Verhey, Weiner, White, Wyers, Rothman.

Absent: Ackley, Bacon, Berg, Carpenter, Cassidy, Cohen, DeKornfeld, Eckert, Esteban, Fearn, Gray, Becker, Groves, Ehrlich, Haddock, Lynch, Maassab, Nisbett, Sisman, Vinter.

MINUTES

The minutes of the Senate Assembly meeting of February 16, 1981 were approved as written.

ANNOUNCE-  
MENTS

1. Chairman Naylor called attention to a typographical correction in the amended Resolution A of the February 16, 1981 Assembly meeting.
2. Professor Naylor announced that SACUA had passed a resolution regarding Title IX. He then read the resolution.

"Whereas there has been a recent federal court decision which tends to remove the link between federal funding in schools and the requirement for equal opportunity in athletic programs, unless the program itself is federally supported, and

Whereas progress has been made with respect to increased opportunity for women in athletic programs at The University of Michigan,

Be it resolved that the Senate Advisory Committee on University Affairs strongly supports a policy in which the goal is equal opportunity for all students in athletic programs of The University of Michigan".

REMARKS BY  
DR. DOUGLAS  
ROBERTS,  
DEPUTY  
DIRECTOR,  
DEPARTMENT  
OF  
MANAGEMENT  
AND BUDGET,  
STATE OF  
MICHIGAN

Chairman Naylor informed the Assembly that Dr. Gerald H. Miller, Director, Department of Management and Budget, was unable to come to Ann Arbor to address the Assembly as planned. He noted that the deputy director, Dr. Douglas Roberts, would speak to the Assembly in place of Dr. Miller. Professor Naylor introduced Peggy Kusnerz, chair of the State Relations Committee, who introduced Dr. Roberts to the Assembly. She indicated that he would speak on the State's economic outlook and the future funding of higher education in Michigan.

Dr. Roberts began by speaking to the urgent issue of property tax relief, a problem that he said is critical to our State. He informed the Assembly that as he was speaking, Governor Milliken, Dr. Miller and the leaders from both Houses of the Legislature and both parties were meeting to come up with a proposed tax relief plan to be put before the people in a special election on May 19, 1981. The deadline on an agreement on the proposal is Thursday, March 19. He assured the Assembly that from his position, it is absolutely essential that they succeed in agreeing on a tax reduction proposal by Thursday night.

Dr. Roberts then informed the audience that the beliefs of the Department of Management and Budget are:

1. Unless something is done, the Tisch forces will succeed in the November, 1982 election.

He based this opinion on his experience in the campaign to defeat the Tisch II tax reduction proposal last November. He observed that many of those who voted against Tisch II did so with the understanding that the Legislature would attempt to address the problems. He felt that they will not give the Legislature another opportunity if it fails now.

2. November, 1982 is not a general ("normal") election although the Governor, House, and Senate are up for election.

He said that this is a special election because both the House and Senate are up for redistricting - reapportionment. Dr. Roberts said that this is important because, in his opinion, we will not be able to solve many problems next year, as the legislators will be "scurrying around" attempting to find new boundaries, determining what that means to them politically and what their new constituency will be.

3. His last point was that it is his opinion (an assumption) that in order to sell a property tax proposal to the people, the proposal must include an actual reduction in state and local spending - it must not be just a tax shift.

On this premise, the Governor's program is recommending a \$250 million reduction in state and local spending. He recognized that there are many legislators who disagree with such a reduction, and that there are others who disagree on where to cut. He indicated that he has learned from his contacts with local units of government that most units are in favor of cuts - provided the State takes them all. He said that, "it is only a matter of where the cuts are to be made".

He then gave an example of why he believes that there is a general feeling among the people that they are in favor of cuts as long as those cuts do not effect them personally.

Dr. Roberts then turned to the subject of the State economy. He began by saying that everyone knows that the State's economy has been disastrous, but would present some statistical information before the Assembly so that he could explain exactly what has happened to the State's economy.

First, he noted that for fiscal year (FY) 1980, Michigan motor vehicle production fell by 41 percent. He gave two reasons for this drastic reduction:

1. General decline in automobile sales.
2. Mix of automobiles produced in Michigan. In FY '80, 45 percent of all of Michigan's auto production was in the standard or full-sized cars.

He noted that he is somewhat optimistic because of the forecast of higher auto sales and a favorable change in the mix of autos produced in Michigan in 1981-82. It is expected that for FY '81, about 35 percent of Michigan autos will be standard size, and 11 percent will be sub-compact sized cars. Michigan produced no sub-compacts in FY '80.

He then moved to the economic factor of Michigan wage and salary employment, noting that in FY '80, there were 4 percent less people employed in the wage and salary sector than in FY '79. Although no major improvement is expected in FY '81, he believes that an upturn of 3.2 percent will be seen in FY '82.

At this point, Dr. Roberts paused to mention that the biggest criticism of the Governor's budget is that he is too optimistic. He said that the Democratic leadership in the Legislature is so sure of this, that they are passing the Governor's budget almost without change because they are so confident that the Governor is overly optimistic, and he will have to come back in six to nine months and be responsible for further cuts.

He noted that the predicted employment level for FY '82 is less than that for FY '79.

Regarding the Consumer Price Index (CPI), Dr. Roberts pointed out that there is a little optimism when looking at the figures (FY '80 - FY '82), but that the important fact is that even if the prediction for FY '82 is correct, if the price increases are added over FY '79 - FY '82, a 50 percent change will have occurred over those four years. He explained how this is important to people -- particularly the elderly, who were used to putting money aside (literally), and, if they continue to do so, will lose 50 percent of its value over four years. He said that our senior citizens must learn the new economics.

Dr. Roberts indicated that Michigan Personal Income (MPI) is one of the single most important economic statistics used by the Department. MPI is the measure of all income from all sources for individuals. If the inflation factor is taken out, he showed how real personal income in Michigan for FY '80 declined 9.8 percent. This means that the average household in Michigan was 9.8 percent worse off. He felt that it would be FY '82 before we see some real economic growth.

He then discussed Constitutional Revenue Limit (CRL) as a factor that affects our state economy. These constitutionally prescribed limits were discussed regarding Proposal E (the Headley Amendment) passed in 1978. He reminded the Assembly that the amount of revenue the State could collect - 10 percent times calendar year 1980 MPI for FY '82. This figure is \$9.026 million. He said that the State expects to collect \$8,184 million from all sources for FY '82, a difference of \$842 million. This means, according to Dr. Roberts, that the Governor and the Legislature can raise taxes by \$842 million and still be within the CRL. He explained that this is part of the forces that are now generating to change taxes in general, and he would not be surprised if part of the Tisch III proposal will include a tightening of the overall revenue limit.

His final comment about the property tax issue was that the Governor recognized this problem and put aside from his FY '82 budget \$125 million for such a proposal. He said that if the Legislature does not succeed in formulating a tax reduction proposal by Thursday, or if it decides on a pure tax shift, there is \$125 million available to be spent.

Dr. Roberts then discussed the Department of Social Services. He explained how this department has been increasing dramatically in terms of dollars and in terms of its share of the budget. Of the three main areas of the Department, he first mentioned Medicaid, a unit that provides \$600 million, compared with \$650 million the

State provides for all of the four-year institutions in the State.

The second area, Aid to Families with Dependent Children (AFDC), spends \$500 million, while the third, General Assistance (primarily single individuals with no other means of subsistence), costs \$240 million. He said that all three areas have been increasing at an alarming rate for different reasons.

1. Medicaid has been increasing because the number of those needing assistance and the cost of medical care have been increasing.
2. AFDC has been increasing primarily because of the dramatic increase in the number of recipients (FY '79-200,000/FY '80-240,000).
3. General Assistance has increased from 45,000 cases/month in FY '79 to 97,000 in FY '81.

He explained that this means that over one-in-ten householders in Michigan receives support from either AFDC or General Assistance.

Dr. Roberts then turned to the area of corrections, indicating that it is a frustrating area to deal with. He reminded the Assembly that two years ago, the people of Michigan decided to eliminate "good time" for those in prison by a record 75-25 vote. The people also voted against earmarking 0.1 of 1 percent of their income tax for new correctional facilities. As a budget official Dr. Roberts felt that he had two alternatives -- two representations of what that may mean.

1. The people do want correctional facilities, but they want the funds to come from some other area of the budget.
2. The people want overcrowding.

He explained that there is really no choice on overcrowding because the judicial branch has said clearly that there will be no overcrowding -- there must be new facilities, or prisoners must be released. He said that getting the money through the Legislature for new facilities is much easier than getting a community to accept a new facility.

#### Higher Education

Dr. Roberts began his comments on the plight of higher education in Michigan by comparing the current problems with those that have been experienced by K-12 in recent years. He said that the department's projections for FY '82 show that by that year, the number of

students in K-12 will have decreased by 400,000 from the number in FY '72. He expects that by 1993-94, the number of students graduating from K-12 in Michigan will be about 103,000. In 1975-76, the number was 155,000. This means that in the next twenty years, it is expected that there will be a decrease of about 33 percent.

He then showed how the birth rate in Michigan has been decreasing but is now increasing slightly. This upturn will not be felt by the institutions of higher learning for twenty years.

Dr. Roberts said that the fundamental issue to be faced in the future is whether or not all of the institutions that presently exist in the State will continue to exist. If not, how should the selection process be made? Should the State decide?

He assured the Assembly that the three major universities in the State would be in favor of the State providing funds for higher education on a competitive basis, and that the smaller universities would not favor such a system.

He then addressed the issue of declining enrollment, noting that this is clearly beginning in many institutions. He illustrated this by providing statistical information concerning declining enrollments at Eastern Michigan University, Wayne State University, and Western Michigan University. There were also examples of institutions that are experiencing increasing enrollment.

Dr. Roberts said that the issue is, "should a State formula be enrollment-driven"? He observed that the recommendations from the executive branch have been that they should be enrollment-driven.

Speaking about those institutions that are already declining substantially (not as a choice) due to the fact that they cannot attract enough students, he asked, "should the State make a conscious decision to give that university any more money"? He indicated that this is a very difficult issue of the future. He said that regardless of the formula used to determine which university receives a certain amount of State funds, it is necessary to observe what happens in the Legislature.

Dr. Roberts noted that by reviewing the recent history of how the Legislature has handled this issue, it appears that it has chosen to go with across-the-board increases. He said that if this continues, a policy of declining enrollment (real or conscious) will be beneficial. If the Legislature adopts enrollment-driven formulas, new problems will arise.

Dr. Roberts concluded his remarks by saying that he hopes that a tax reduction proposal is arrived at by the deadline, because if it

is not, the institutions of higher learning in Michigan will be in a grave situation.

Chairman Naylor then opened the floor for the Assembly members and the audience to make comments or ask questions of Dr. Roberts.

Professor Friedman asked what impact Dr. Roberts foresees on the State regarding what is occurring in Washington.

Dr. Roberts responded by saying that in his judgment, the problems with federal aid are not positive for higher education. He felt that the proposed reductions in student aid will adversely affect the number of students enrolling in institutions of higher learning. He added that federal cuts in social services and other areas of the budget will cause additional pressure to put State funds into those areas, and some of those funds will come from our secondary institutions.

Professor Nagy asked how the federal budget reductions will affect the State in general. It was Dr. Roberts' personal opinion that inflation is not Michigan's number one problem. He said that he is a strong supporter of a tax cut. If he had to choose between stimulating the economy and problems with inflation, he would favor stimulating the economy.

Professor Tek asked if the production of oil and gas on State property will add significantly to the State revenues in the future.

Dr. Roberts replied that there are some potential long-run benefits to the State in terms of the Budget. He said that such revenues have not been built into the FY '82 budget and purposely won't be included in the FY '83 budget. He pointed out that the environmentalists of this state went into the oil and gas fees that are collected and are "tiebarred" to it. This can only be changed by changing the law.

Professor Loomis asked why the funds available for higher education have decreased so much, and what can be done to increase them. Dr. Roberts said that the reason for the decrease (in Michigan) is that we have experienced an explosion in the demands on the Department of Social Services. In order to increase the funds available to higher education, he felt that the only chance is a big upturn in the economic conditions -- which he did not foresee. He said the passage of the Tisch III proposal would be a big "negative" for the State.

Raymond D. Vlasin (audience/MSU) noted that the data shows that the demand for degrees will be going down, but that there will be no downturn in the need for learning in non-credit areas. He asked if

there is any interest in, or effort underway to reconceptualize the role of the universities toward the non-degree areas.

Dr. Roberts said that the interest in the non-credit areas is always there, but the issue is a matter of ranking priorities. He reminded the Assembly that in terms of state spending, the State and local governments are under the gun by the residents -- and that there is (in his opinion) a majority of individuals who would be willing to "cut the guts out of state spending".

Professor Burdi asked if there is some indecision about whether State support for higher education would be enrollment-driven or formula-driven. Dr. Roberts responded by saying that "enrollment-driven" is generally a formula idea. The other is an across-the-board approach. He said that their formula includes enrollments and also other things -- such as quality. He added that the fundamental issue concerning the U-M is whether it will remain the same size. If it decides to remain the same, it will probably mean lowering the standards somewhat, as it will be difficult to maintain the enrollment of students in the top 5 percent of the class.

Professor Gordon said that it seems that we need to know the relative weighting of enrollment versus salary scale in a formula if a decision is to be made about trading off a decreased enrollment for higher faculty salary. He asked if we would be better off taking a cap on salaries in order to maintain enrollment?

Dr. Roberts said that in his judgment, using history as a guide, the probability is 70-30 that the formula in the next couple of years will not be enrollment driven.

Professor Baumgarten inquired as to whether he was suggesting that there is no way to make an implicit or explicit agreement on the part of the University that if it reduced its enrollment it would not have its funding reduced. Dr. Roberts said that he knows of no way that a standing legislature can legally bind a future legislature.

Professor Barnard asked what the administration's position was on program closures that have a direct effect on the people of Michigan (i.e., the nursing program at MSU). Dr. Roberts said that it is the position of the present administration that until such time that they are willing to dictate what MSU cannot close, they will not dictate what must be closed. He added that if it is decided that the State has a right to demand what cannot be closed, it seemed to him that they would also have the right to dictate what would be closed. He said that at the moment, the administration is not taking a position on this matter, although the State may eventually have to make such policy decisions.



Professor Pollock asked if the Legislature plans to look into the duplication of effort across all of the State institutions. Dr. Roberts had no information to offer on the subject.

Professor Morton Brown inquired of Dr. Roberts as to his estimation on level of support, totally, for higher education in the face of declining enrollments over the next few years.

Dr. Roberts' judgment was that the percent of the budget going to higher education will remain stable which means that the amount of dollars per student will be increasing.

Professor Friedman asked if the issue of an increasingly close partnership between the state and the universities in fostering high technology programs is being considered to help the universities financially.

Dr. Roberts felt that this is a very attractive concept. He wished that it would be possible to keep politics out of this area. He indicated that it is such an attractive concept that many Legislators are looking for ways in which they, or certain others, could get credit for it.

Professor Nagy noted that the handout showed that only \$1.5 million was provided for what Professor Friedman had just spoken about, and yet Dr. Roberts replied that incoming Legislators are in favor of it. He then asked why the amount was so small.

Dr. Roberts replied that the \$1.5 million was only the first step - a step that gets the program "up front funds" so that it can develop into a larger program.

Professor Gordon asked if anything was being done at the State level to moderate the situation of high energy costs at State institutions.

Dr. Roberts said that to his knowledge, there are no plans that the State is contemplating which would moderate energy costs for the universities or for the people of this state. He noted that Michigan imports about 90 percent of the energy it uses, so that any policies the State had on energy would not significantly affect the overall costs for that energy.

Professor Barritt asked if the Governor had given any thought to moving toward centralized planning for higher education throughout the State.

Dr. Roberts' response was, "yes". He said that although legally

the universities are autonomous, from a practical point of view, the Legislature has ways that it could influence what the universities do. He said that central planning is an issue that has to be discussed, and that it is an issue that addresses the question of whether the State can determine the curriculum of the various schools.

Chairman Naylor thanked Dr. Roberts for his presentation before the Senate Assembly.

REDIRECTION  
OF THE  
UNIVERSITY

Chairman Naylor notified the Assembly that (amended) Resolution A was on the floor and asked that the discussion be resumed.

Professor Hildebrandt moved that his substitute motion (included in the agenda for this meeting) be considered. The motion was seconded.

Professor Hildebrandt then presented four reasons why he put together his motion.

1. It reflects the voice of faculty concerns that have been raised in the Assembly, so that those concerns can receive more attention than by just being in the minutes.
2. He changed the style of that in Resolution A because he believed that moving inductively is superior to moving deductively. He also made his first statement on an affirmative note, that is, the center of the Assembly's discussion was to maintain academic quality.

He added that if underfunding does occur, "we ought to be concerned that indeed it will continue and it will result in a smaller university".

Logically following this, he felt, should be our concern for protection for program reduction, discontinuance, and protection for tenured and non-tenured faculty.

3. He has not changed radically the ideas expressed in Resolution A, particularly his first resolve clause.
4. He wanted to give more prominence to the issue of affirmative action - the last resolve cause in his motion.

Professor Senior spoke against the substitute motion. Although he agreed that the style and form of the motion was more "standard" than that of amended Resolution A, he felt that it did not speak to the dual role of the University as a state-supported institution and also a University of national and international reputation. He

also felt that because the second to the last paragraph contained so many options, it makes the motion too diffuse and caused it to lose real meaning.

Professor Morton Brown was also opposed to the substitute resolution. He did not believe that it was a radical departure from the original motion, but offered several specific reasons why he felt that the motion was a softening and in some places a loss, from the carefully worked out amended Resolution A.

Professor Nagy urged the Assembly to act at this meeting on the resolution on redirection, and then moved the question. It was supported.

Chairman Naylor then asked for a voice vote on whether to close debate on the substitute motion. The vote was affirmative.

The chairman then called for a vote to make Professor Hildebrandt's substitute motion the main motion. The motion was defeated (yes-8, no-39, abstain-0).

Chairman Naylor informed the Assembly that amended Resolution A was back on the floor. Professor Romani moved that the debate be closed on Resolution A as amended. The motion was passed by a hand vote (yes-35, no-10, abstain-2).

The Assembly then voted on Resolution A as amended. The Resolution passed (yes-38, no-8, abstain-1).

Professor Hilbert, as an editorial comment, said that in order to avoid the loss of what was debated in the Assembly concerning redirection over the past three months, it might be appropriate to place the Premises, Consequences, and Limitations of Resolution A in a format that would assure that all of the resolution would be transmitted.

Chairman Naylor said that the form of Resolution A could not be changed, but suggested that a cover letter with the transmitted resolution could contain such information. Professor Hildebrandt supported the idea.

Professor Naylor then brought up the issue of Resolution B. Professor Romani moved to delay consideration of the resolution until the April meeting of the Assembly. The motion was seconded.

Professor Nagy suggested that the next agenda item, Proposed Rules Changes be taken up and that the Assembly consider Resolution B if time allowed before adjournment.

Professor Romani withdrew his resolution.

PROPOSED  
RULES  
CHANGE -  
JOSEPH L.  
ULLMAN,  
CHAIRMAN,  
RULES  
COMMITTEE

Chairman Naylor invited Professor Joseph L. Ullman, chairman, of the Rules Committee, to present the Committee's proposed Rules changes which were included in the agenda for the meeting. Professor Ullman explained the Committee's rationale for the rules changes (Appendix I).

Professor Nagy asked if it was correct that the changes if passed at this meeting, would not take effect until next year? Professor Ullman explained why this was correct.

Professor Hildebrandt drew attention to the wording, "...last meeting of the year..." in Article III, Section 4 and 5. He said that it should be definitely understood that last means the March meeting of the Assembly each year.

Professor Romani moved that the Assembly adopt the proposed rules changes. The motion was seconded. The motion passed (yes-43, no-0, abstain-0).

CONSIDERATION  
OF RESOLUTION  
B

Chairman Naylor read Resolution B to the Assembly.

PREMISES:

1. The Regents's Bylaws delegate wide authority to the governing faculty in the conduct of the academic affairs of the University.
2. Redirection of the University can properly be achieved only with the active participation of the faculty.

RESOLVED:

- B1. That the process of reducing the size of the University shall be carried out with the active participation of the faculty through its constituted executive bodies, advisory committees and plenary groups;
- B2. That the fundamental scholarly and academic issues raised by the redirection of the University shall be publicly articulated at all levels so that a continuing discussion and climate of trust can be maintained among the members of the University community;
- B3. That plans for redirection shall be published, allowing sufficient time for affected persons and units to respond.

Professor Friedman felt that the importance of the motion was underscored by some of the activities occurring at Michigan State University. He felt that it is important for the existing faculty governing organizations to have input into decisions on redirection. He believed that we are proceeding at an appropriate speed with due deliberation, and urged that the Assembly transmit to the executive officers the importance of continuing the participatory relationship between the faculty and the administration. He urged the acceptance of Resolution B.

Professor Gordon urged the Assembly not to pass the resolution in an automatic manner. He felt that we need to say some very important things to the University community at this time - and say them strongly. He said that there are many issues yet to be addressed regarding the whole process of redirection. He gave several examples.

1. Is there any interest across campus in the kinds of decisions that any particular college makes about its redirection?
2. There is no adequate mechanism for asking what colleges ought to sustain major cuts, and which should get the major budget increases.
3. The question of selective reduction of individuals has not been adequately addressed from the point of view of the important issue of the maintenance of academic freedom.

Professor Gordon also discussed other problems such as protection of small departments of high quality, and the issue of funded research in the context of the national political climate where priorities may be shifting.

Professor Weiner felt that it would be advisable to incorporate some safety factors and mechanisms into Resolution B.

Professor Hilbert was in general agreement with the previous two speakers, and suggested that a committee of the Assembly or SACUA study ways to refine, expand, and redefine the discontinuance guidelines and report at the next Assembly meeting. He then suggested that action on Resolution B be delayed until the study on the guidelines has been reported.

Professor Browne noted that Resolution B is not legislation, but the sense of the body - a way to make the public aware of the concern we have that the Administration receives our views on

redirection. He was sympathetic with the idea of reviewing the guidelines, and noted that SACUA is already working on that issue, but urged that we go on with Resolution B.

Professor Martin felt that it was important that the Assembly act on the Resolution today because it does not commit anyone to anything, but it does state directly and clearly that the Assembly feels that in order to preserve the kind of atmosphere that has subsisted so far - that we encourage these open processes to be continued.

Professor Burdi asked what the phrase "active participation of the faculty", as used in the discontinuance guidelines, actually means.

Chairman Naylor responded by saying that SACUA has taken the position that the phrase means faculty vote.

Professor Nagy felt that Resolution B obviously goes with Resolution A. He also supported Professor Hilbert's suggestion to review the discontinuance guidelines. He expressed his view that the Assembly must get its views on redirection to the Regents as soon as possible and recommended that action on Resolution B be taken today.

Professor Gordon said that he hoped that the Assembly would not restrict its attention only to the discontinuance guidelines, as there are many other kinds of policy and procedural mechanisms that need to be developed. He also urged the Assembly to vote on Resolution B today.

Professor Hildebrandt moved that debate be closed on Resolution B. It was seconded. The motion passed by a voice vote.

Chairman Naylor then called for a hand vote on Resolution B. The resolution passed (yes-36, no-1, abstain-1).

Professor Kaplan (audience), speaking on Dr. Roberts' earlier remarks, said that if the Legislature passes its property tax reduction proposal, it will be just the beginning of one more battle and that we should be prepared to participate.

Professor Baumgarten noted that nothing has been expressed in Resolution A and B about the University's responsibility to the people of the State. He said that in light of Dr. Roberts' comments about people being concerned only with their own self interest, our resolutions might give the public no reason to be especially concerned with tax money to the universities. He said that he would like to see a statement that would say something to the effect that "the process of reducing the size of the University shall be carried

out with due consideration for the public's needs for educational services from the University".

OLD AND  
NEW  
BUSINESS

There was neither old nor new business.

ADJOURNMENT

The meeting was adjourned at 5:12 p.m.

Charles C. Kelsey  
Senate Secretary