UNIVERSITY OF MICHIGAN

SENATE ASSEMBLY

Minutes of Regular Meeting of 21 June 1982

ATTENDANCE

Present: Barald, Carey, Barritt, Bishop, Blass, Briggs, Brooks, Brown, Browne, Caffesse, Crowfoot, Carter, Cassidy, Cooper, Courant, Dahl, Danielson, Green, Grosse, Hildebrandt, Hopwood, Hultquist, Kaplan, Kelsey, Lockwood, Pugh, Ludema, Meyer, Mosher, Pollock, Powell, Regezi, Ringler, Rucknagel, Claflin, Tentler, Weiner, Whitehouse

Absent: Aberbach, Bailey, Beck, Bulkley, Burdi, Catford, Crane, Easley, Esteban, Evans, Abdel-Massih, Fellin, Haddock, Hagen, Hilbert, Hollinger, Janecke, Kahn, Keren, Knudsvig, Lawrence, Maassab, Martin, Moerman, Morash, Nadon-Gabrion, Nagy, O'Meara, Rae, Rinne, Robinson, Root, Senior, Simon, Smith, Stevenson, Wieland

CALL TO ORDER

The meeting was called to order at 3:19 p.m. by Professor Bishop, chairman. The minutes of the meeting of 17 May, 1982, were approved.

MATTERS ARISING

Professor Barritt asked about SACUA's discussions with Vice President Frye concerning promotions to tenure in units under review. Specifically, what is SACUA's position and does it represent the administration or the faculty? Professor Bishop replied that SACUA is negotiating with Vice President Frye, without success so far, about some disagreements as to how such promotions should be handled. He did not feel free to present Vice President Frye's position;

SACUA's position is that such promotions should proceed normally and that, in case of discontinuance, the newly tenured faculty should be treated like all other tenured faculty. The matter will be discussed further at SACUA's meeting with Vice President Frye next Monday. Professor Barritt objected to Professor Bishop's unwillingness to report Vice President Frye's position, since it has already been reported in the Observer. Professor Bishop replied that he is not sure the position is completely articulated as policy yet. He added that maintaining SACUA's understanding with the executive officers regarding confidentiality improves communication with them.

Professor Crowfoot requested a copy of SACUA's letter to Vice President Frye about promotions in reviewed units.

Professor Kaplan moved, and Professor Cooper seconded, that the Assembly endorses SACUA's position on tenure in units under review and asks the administration for an early clarification of its policy. Professor Hildebrandt said that this motion, not having been on the agenda, could not be voted on at this meeting.

REPLACEMENT FOR SACUA MEMBER

Professor Bishop reported that Professor Donald Brown will be on leave next year and that SACUA wishes to appoint Professor Cheryl Easley (Nursing) to fill the resulting vacancy on SACUA. He explained that Professor Easley was the candidate with the largest number of votes in the last SACUA election who was not elected and who is still eligible for SACUA membership. The Assembly unanimously confirmed the appointment.

CESF SUBCOMMITTEE ON EARLY RETIREMENT

Professor James Wendel, chairman of the CESF subcommittee on early retirement, presented his subcommittee's report. The number of non-standard early retirements, that is, ones that are individually negotiated and do not simply follow the Standard Practice Guide, is increasing rapidly, but information about such arrangements is hard to get except under guarantees of anonymity. The subcommittee recommends further study and an eventual broadening of standard practice to include some of what is now non-standard. The administration is also studying early retirement in the context of the five-year plan. The CESF subcommittee is more concerned with the faculty member's equity in his career and hopes that the administration will involve faculty in its discussions. Subsidiary issues that arose in the subcommittee's work included the possibility of an early retirement advocate and the status of the (non-tenured) research staff.

DISCUSSION

Professor Kaplan asked whether the subcommittee had looked at the retirement furlough, which costs the University about a million dollars per year. Professor Wendel replied that it had not, but it could in the context of redefining standard practice.

Professor Hildebrandt asked whether data had been gathered from other universities. Professor Wendel replied that the available data cover only standard early retirements; non-standard ones are often "off the books" and also covered by the retirees' privacy rights.

In reply to a question from Professor Green about further plans, Professor Wendel said that there should be a follow-up committee next year.

Professor Crowfoot asked whether the subcommittee had requested from the administration the number and a general description of non-standard cases. Professor Wendel said that it had requested this information from the schools and colleges.

Professor Cooper objected to the implication, in the subcommittee's written report, that older faculty are "less than normally productive." Professor Wendel, noting that he is himself an older faculty member, assured Professor Cooper that no such general implication was intended.

Professor Browne expressed concern about the possibility of administrators targeting a particular faculty member and using psychological pressure to get him to take early retirement. Some protection is needed. On the other hand, if early retirement policy is made completely open, the more valuable older faculty will take the money and run. Professor Bishop remarked that an early retirement advocate could provide some protection against abuses. Professor Wendel said that the had not heard of any cases of targeting, but substandard raises can be used to convey the message.

Professor Kaplan asked whether CESF has figures on how much it costs to retire early. Professor Wendel said that it does not but could develop them.

MICHIGAN RESEARCH CORPORATION

Professor Walton Hancock reported that the University is considerably behind other universities (e.g., MIT, Berkeley, Stanford, Wisconsin, Minnesota) in technology transfer arrangements with business. There seems to be no satisfactory reason why industry isn't beating on our door as it is at our sister institutions. Several suggestions have been made and studied concerning a Michigan Research Corporation (MRC) to improve the University's interaction with industry. Professor Hancock presented and discussed three such recommendations. Most of the information was shown on transparencies, copies of which were distributed to the Assembly, and therefore will not be repeated here.

Recommendation 1 was for a for-profit corporation, started with a $200,000 investment from the University, and attracting other equity capital, to reduce research ideas to marketable form. The University's equity would come from investment funds, not operating funds (a departure from the traditional strategy of blue-chip investments) and compares with analogous investments of $300,000 by Michigan State University and approximately $500,000 by Michigan Technological University. Hancock reported that the venture capital that an MRC would try to attract does exist and, with interest rates high, represents an important source of capital.

In reply to questions from Professor Weiner, Professor Hancock said that joint appointments between the University and MRC would be possible and that the MRC's strategy would be to go for a major success immediately in order to attract more funds and favorable publicity.

Recommendation 2 was to set up an MRC-like group within the University, probably in IST. For such a group to be effective, the Regents would have to delegate to it more authority than the director of IST and even the Vice President for Financial Affairs currently have.

Recommendation 3 was to do nothing about an MRC and simply improve the University's patent system.

DISCUSSION

Professor Cooper noted that a memorandum from the LSA Executive Committee refers to a $200,000 annual investment by the University and that the Howe Report predicted a need for $10 million in start-up funds plus $1 million per year for ten years (a total that exactly matches the five-year redirection plan). Professor Hancock said that he disagrees with the Howe report's prediction and that he is unsure where the LSA Executive Committee's figure came from. He repeated that Recommendation 1, which he favors, involves only a one-time investment of $200,000 by the University. Professor Brown asked Professor Hancock to comment on the LSA Executive Committee's letter. Professor Hancock said that he had just seen the letter before the meeting; he too would oppose an investment as large as the one mentioned in the letter. Professor Cooper said that the University wouldn't profit much from a $200,000 investment in a $20 million corporation; what then is the MRC's purpose? Professor Hancock replied that it was to improve the environment for the faculty.

Professor Browne said that other universities are not getting much profit from their analogues of the MRC. Professor Hancock said that they get between $30 million and $50 million in research contracts. Professor Browne asked whether this research represents intellectual curiosity about the universe or just money. Professor Hancock said that universities have been careful to protect academic values. The research is published (with slight delays of perhaps 60 days for patent applications) and supports graduate students, just as government sponsored research did in the past.

Professor Weiner agreed that trying for a big success is a good initial strategy for the MRC but noted that it implies that only a few faculty will be affected. Other mechanisms would be more beneficial to faculty whose ideas are on a smaller scale. Professor Hancock said that such other mechanisms, e.g., increased patent function, are also in the proposal.

Professor Pollock asked about the possibility of a compromise between recommendations 1 and 2; he suggested strengthening the patent function within the University to help identify marketable ideas and seek outside capital. Professor Hancock replied that strengthening the patent function was included in all the recommendations, but if nothing else is done it will not be possible to attract equity capital.

Professor Rucknagel said that one of the advantages listed for Recommendation 1, increased probability of getting state funds, seems more applicable to Recommendation 2. Professor Hancock said that this is not the information that he got. Professor Rucknagel then asked whether MRC-like arrangements elsewhere had caused competition and resentment within the faculty by setting up a special subset of the faculty that brings in (and gets) the money. Professor Hancock said that he has seen no evidence of this, but that problems can arise if we are not careful.

Professor Brown noted that efforts like an MRC are apparently quite successful at creating new jobs, and he asked why the state doesn't set up a corporation to work with all the universities. Professor Hancock said that such an arrangement is possible but would involve extra bureaucracy. The goal is for the good to succeed and not have to carry the others. He mentioned that Lieutenant Governor Brickley had recently proposed some other ways (e.g., reduced workmen's compensation payments) to attract high technology industry to Michigan.

Professor Crowfoot asked why the MRC project hasn't gotten started earlier. Professor Hancock replied that no business interests were beating on our door with $20 million. Professor Barald asked why, in this situation, venture capital is thought to be available; she mentioned that one high technology company rejected Michigan as a site, and she asked if the situation had improved. Professor Hancock said that one objective of MRC is to cause an improvement by publicizing that ideas are here.

Professor Kaplan asked who will debate the recommendations and make the decision about MRC. Professor Bishop replied that the Assembly is to express the wishes of the faculty and make a recommendation to the administration.

Professor Cooper asked why nobody is knocking on our door. Professor Hancock said he didn't know. Professor Cooper asked whether the MRC would change the situation, for an investment of only $200,000. Professor Hancock said that it would and that other funds from equity and limited research partnerships would be available in addition to the University's $200,000 investment.

Professor Ludema remarked that although many faculty try to interact with industry there is no good reason for him to try to attract big industrial contracts to the University. He considered it counterproductive to get into big negotiations with the University.

Professor Barritt asked whether a vote was to be taken today; Professor Bishop replied that this was for the Assembly to decide.

Professor Grosse suggested that the absence of knocks on our door may be due to the type of industry in Michigan and that the MRC might have to deal mainly with out-of-state firms. Professor Hancock said that, of twenty-five major venture capital firms in the U.S., only four are in Michigan. But the MRC's research would be done here, and, although licensees cannot be required to do their production in Michigan, they would probably want to, if they need to consult us.

Professor Rucknagel asked why East and West coast universities are attracting industry money, for example for recombinant DNA research. How do they differ from us? Professor Hancock said that our faculty is less entrepreneurial than theirs and has, in the past, concentrated on government grants. But things are changing, so we must change and reorganize. Professor Ludema remarked that our pay structure is based on government grants and on how department chairmen view various kinds of money.

Professor Hancock announced that he had a few copies of the full MRC Report available for distribution.

Professor Bishop asked whether the Assembly wished to vote on the recommendations or leave them as a matter of information. Professor Barald moved to leave them as a matter of information, and Professor Cooper seconded the motion. Professor Pollock said that, as the only elected faculty body, we owe it to the people who will decide the issue to tell them how we feel. Professor Bishop said that the question could be brought back for further action at another meeting. Professor Browne suggested that Assembly members get opinions from their colleagues. He said that some schools have no direct interest in the MRC. ("Except insofar as it would aid the state's economy" added Professor Brown). Professor Barald agreed and expressed a desire to investigate the issue in more detail before voting on it.

Professor Brown said that the administration seems to be waiting for an expression of faculty opinion. He suggested that proponents of the MRC seek out faculty support, document it, and bring it to the administration. He said that the Assembly's inaction should not be construed as a negative judgment. Professor Bishop replied that the Assembly officially represents the faculty. Professor Brown agreed but said that it should not decide technical specialized issues.

Professor Cooper asked for and received the chairman's assurance that the issue will be re-introduced at a future meeting.

Professor Kaplan suggested asking the various schools to discuss the MRC proposals or having CESF poll the faculty on the issue.

Professor Barald's motion was put to a vote and passed.

OLD BUSINESS

Professor Barritt said that, in his two years on the Assembly, he had found it one of the most frustrating bodies. A full agenda is presented, we sit politely, and we go home; there is no opportunity to introduce matters of immediate interest, and Assembly actions often come too late to influence decisions. He said that, as a representative of the Education School, which is under review, he is concerned about two differences between the five-year plan and the selective reduction proposal approved by the Assembly in February, 1981. First, the five-year plan involves reallocation, not reduction. Second, President Shapiro's proposal, approved by the Assembly, included a preference for reductions being determined by the faculty themselves, but the five-year plan institutes review committees external to the schools. Because of these differences, it is not correct to say that the Assembly has endorsed the five-year plan.

Professor Barritt listed several other problems with the five-year plan. The first is a potential conflict of interest for the faculty on the review committees. The charges to these committees say "If you don't get the money out of these schools, we'll find it elsewhere," and the "elsewhere" includes the reviewers' units. The second problem is secrecy in the review committees. They operate without observers, and one committee wrote directly to individual faculty. The third is the assertion that the reviews are for the Budget Priorities Committee; they are actually for Vice President Frye. Why did the Budget Priorities Committee undertake this? The fourth problem is that there seems to be no clear vision of the University driving the plan. What should the University look like in five years? Vice President Frye had no clear answer to this question, but someone should.

Professor Bishop said that SACUA can take these comments under advisement or Professor Barritt can put a specific item on the Assembly agenda. Professor Barritt requested that the charges to the review committees be distributed for discussion at the Assembly's September meeting. Professor Bishop mentioned that Defense Department sponsored research is already on the September agenda. Professor Kaplan said that September may be too late, and he suggested that SACUA consider calling a special meeting of the Assembly to discuss the reviews. Professor Bishop said that SACUA will consider it; he added that there is a mechanism for Assembly members to call special meetings.

ADJOURNMENT

The meeting was adjourned at 4:55 p.m.

Respectfully submitted,

Andreas Blass

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Senate Secretary