

THE UNIVERSITY OF MICHIGAN

SENATE ASSEMBLY

Minutes of Regular Meeting of 19 September 1983

ATTENDANCE

Present: Lindner, Bailey, Barald, Beutler, Blass, Briggs, Brown, Boyd, Bulkley, Burdi, Burt, Caldwell, Carter, Catford, Cooper, Courant, Dahl, Danielson, Easley, Eaton, Eschman, Farley, Fellin, Green, Kahn, Grosse, Herbert, Hilbert, Hildebrandt, Howe, Janecke, Kaplan, Knudsvig, Kusnerz, Lawrence, Lehmann, Lockwood, W.G., Ludema, McClamroch, Mermier, Norman, Moerman, Morash, Mosher, Payne, Powell, Rae, More, Ringler, Cohen, Scheele, Sears, Stebbins, Taylor, Warschausky, Whitehouse, Wieland, Young, Zweifler

Absent: Brooks, Caffesse, Evans, Loup, Hopwood, Kalisch, Kelsey, Keren, Lockwood, W.J., Deshpande, Margolis, Nagy, Radine, Robinson, Smith, Solomon

CALL TO ORDER AND MINUTES

The meeting was called to order by Professor Hildebrandt at 3:18 p.m., and the minutes of the meeting of 20 June 1983 were approved. In connection with the SACUA minutes of 27 July, Professor Lehmann asked whether SACUA had changed its mind about putting the topic of work-study funds on today's Assembly agenda; Professor Hildebrandt replied that it had.

REMARKS BY CHAIR

1. Professor Hildebrandt reported that the University plans to eliminate the retirement furlough for faculty hired after 1 January 1984. The change will not affect present faculty, and has been discussed by SACUA and by the deans, with no major objections arising. The document containing the proposal is available at the SACUA office; and comments can be directed to Professor Hildebrandt.

2. SACUA's annual retreat with Assembly committee chairs will take place on 21 September. Assembly members are invited to suggest to the committee chairs topics for consideration by their committees.

NOMINATIONS AND APPOINTMENTS

Professor Hildebrandt presented SACUA's slate of nominees for all the Assembly's committees as well as the Budget Priorities Committee and the Board for Student Publications. He added the name of Professor James Koopman as a nominee to the Review Panel for Classified Research. There were no nominations from the floor. Professor Cooper moved approval of the slate presented by SACUA. The motion was seconded and passed on a unanimous voice vote.

STATUS REPORT ON THE FIVE YEAR PLAN - VICE PRESIDENT AND PROVOST B. E. FRYE

Vice President Frye reported on the five-year plan of program reduction and resource reallocation that began in February 1982. The following is a summary of his report.

The objective of the plan is to cut approximately \$20 million from the general fund budget and to reallocate this money to the University's highest priority needs. The intent is to preserve excellence by averting generalized malnutrition. To that end, the plan is based on selective cuts and reallocations. Today's report is in three parts: first a summary of progress to date, second an evaluation of the process, and third prospects for the future.

The sources from which the \$20 million will be taken have now been identified, and all units have been notified of their budget cuts. Approximately \$9 1/2 million have already been cut and reallocated, \$3.7 million from instructional units and \$5.5 million from non-instructional units. The full \$20 million cut will reduce instructional budgets by 7.3% and non-instructional units by 17.1%. About 20% of the cuts will come from selective program reviews and 80% from variable shared reductions, but some of the latter will ultimately come from program reviews within units. Reviews will have more impact than the dollar amounts indicate, through restructuring and improvement of programs. Because the University is a labor-intensive enterprise, and because budgets for current account and equipment had already been cut, most of the five year plan's cuts will be felt through staff reductions. The cuts made to date will lead to a full time equivalent staff reduction of approximately 200. Professorial ranks have been reduced by 3 to 3 1/2%, professional and administrative by 6.1%, and service and maintenance by 26.5%. Short term instructional appointments have increased enough to keep the total instructional staff almost constant. The overall reduction in instructional staff is 0.7% compared with 9.5% in non-instructional staff.

In the first year of the plan, the entire \$5.1 million cut was reallocated to faculty salaries. Of the \$4.4 million cut in the second year, \$1 million went to salary improvement, \$1 million to begin a graduate student merit scholarship program, \$1 million to instructional equipment, \$1/2 million to libraries, and \$1/2 million to new program development.

Before the five year plan was adopted, \$11.6 million had to be generated by internal budget cuts to cover a shortfall in state appropriations. Taking this into account along with the five-year plan, one can say that internal reallocations produced 9.4% (out of a total 17%) salary growth in the past three fiscal years.

Other economy measures taken in recent years include an energy cost avoidance program that has saved more than \$5 million per year, a transfer to auxiliary fund units of certain costs previously carried for them by the general fund, and savings in space management.

The worst of the cuts are unquestionably behind us, and we have a great deal of cause for optimism. We have coped well. While some lasting damage has been done and there are still hurdles to be jumped, our standing among the world's great universities is comparatively undiminished, and in the end we will find ourselves strengthened.

Was (and is) the budget-cutting worth what we get from it? Externally imposed cuts in revenues require budget-cuts of some sort. A few still advocate shared poverty, but most of us see no alternatives to selective retrenchment. I do not believe that selectivity is the issue. Rather, the question is whether the process used, particularly in the selective reviews, is the best one. The process was designed to be (1) participatory and open, but not to the extent of impeding decision-making, (2) built on our traditions of faculty governance, not administrative fiat, (3) a rolling sequence of reviews rather than a review of everything at once, and (4) fair and just. I still believe these objectives are right, but there have been costly difficulties and there is a great deal of room for improvement in the process. The main difficulty, responsible for perhaps 90% of the problems that have arisen, is the unduly long duration of the reviews, ranging from almost a year to 18 months. Such long periods of uncertainty produce high levels of anxiety and are unfair to our colleagues in reviewed units. Any further reviews must be very substantially accelerated. A second difficulty was that liaison between the review committees and the reviewed units did not work as well as had been planned; this led to a perception of inadequate opportunity for input to the review process. A third difficulty that arose, though only sporadically, was inadequate communication to the University community about the reviews.

The most serious cost associated with the reviews has been the strain on morale and reputation in the reviewed units. While this had been anticipated intellectually, the intensity of the strain was unexpected. It appears to be due to the conflict, in the review process, between two fundamental values of the community: academic excellence and the collegial environment of mutual trust.

On the other hand, the benefits are also great: cost containment, ability to address our highest priority needs, program improvement resulting from the evaluations, enhanced flexibility of resources, and as a result an enhancement in the overall quality of the University.

The outlook for the next few years is unquestionably optimistic. The sources for the remaining reductions under the five-year plan have been identified, so the period of uncertainty is past. State support is expected to at least keep pace with inflation, and there are good prospects for special support to offset some of our past losses. Private support has been increasing rapidly (18% per year), and the capital campaign to be launched in October is expected to generate not only \$80 million for facilities but another \$80 million in endowment, which will increase annual revenues by \$5 to \$7 million. Student applications are strong, and the overall quality of the student body is increasing.

Nevertheless, our sense of optimism should be realistically guarded. Continuing internal management of resources will be needed; to rely on net growth for institutional development would be foolhardy for several reasons. First, though the state's economy is rebounding, a return to the 1978 level of employment is not expected. Moreover, the priority of higher education in the state is not entirely clear. Second, the college age population is declining, by 25% to 35% in our region; this decline can affect not only the priority of higher education for state funds but also the quality and size of the student body and thus tuition revenue. Third, several internal problems remain to be solved, for example, excessive dependence on tuition for the general fund (43% now; 30% ten year ago), a salary gap in comparison with our peer universities (especially private ones), increases

in utility costs (12% to 15% per year), and a deficit of at least \$4 to \$5 million per year in general fund expenditures for equipment. Expected increases in funding will not meet all these needs and leave room for flexibility. Some programs of regular reviews, with a budgetary as well as an evaluative component must become the norm.

I do not plan any more reviews of the sort we have just been through. There is no list of schools, colleges, or other central units to be reviewed. Furthermore, I would hold in abeyance any such reviews until the process can be improved in the ways mentioned earlier. I will discuss with AAAC, BPC, and SACUA whether other units should be reviewed, but first I will ask their assistance in the evaluation and redesign of the review process. There may be reviews ongoing or planned within units. Indeed I shall encourage schools and colleges to make their budget reductions selectively and to maintain a continuing process of reviews. But I will also work with them to assure that we learn from our experiences to improve the review process.

We have come through a serious crisis in good shape. The challenge now is to capitalize on the comparative advantage that we may well enjoy among major state universities in the next few years. We must be willing to continue to re-evaluate ourselves and reallocate resources, guided by the goals and vision of the University that have served us well in the past. These goals are qualitative, not structural:

1. Balance between strength in the fundamental disciplines and a broad base of applied scholarship;
2. Commitment to excellence in undergraduate teaching as well as graduate and professorial teaching and research;
3. A balanced comprehensive University dedicated in educational philosophy to breadth and interdisciplinary cooperation, not to narrow specialization;
4. An environment supportive in material, intellectual, and spiritual ways of individual faculty and student development;
5. Responsiveness to the perceived needs of the state and the nation, in particular our responsibility to women and minorities;
6. Above all, dedication to the highest standards of academic excellence.

Fiscal constraints prevent us from maximizing all our objectives. Choices will have to be made, and we will be the better for it. Indeed, it can be argued that many of the changes we are now making are difficult, in part, because they are long overdue.

I am grateful for the support that faculty and students have given and, I am sure, will continue to give in these matters, and I am pleased to have had the opportunity to speak to you today. I would be glad to hear your suggestions and to respond to questions as best I can.

DISCUSSION

Professor Kaplan said that the University has been through a series of shocks and suggested that they could have been avoided by planning ahead and carrying out the cuts and transfers more slowly. He also said that, although shared poverty is too extreme, an effort could have been made to have everyone pitch in, say by slight increases in teaching loads in return for slight increases in pay. Vice President Frye agreed with much of the first point, although cuts will generate disagreement in any case. He also agreed that a call for sharing might have been appropriate, in addition to other measures, but said it would have been disastrous as a primary strategy, since the problem is not a short-term one.

Professor Cohen asked about the apparent contradiction between Vice President Frye's perception of improved student quality and the Dunn committee's report of growing difficulties in attracting the best graduate students. He also asked about the future impact of federal funds. Vice President Frye replied that the improvement in student quality is at the undergraduate level; graduate student support is a high priority for reallocation. Concerning federal funds, he pointed out that federally sponsored research costs the University money; indirect costs are real. Research should be consistent with the University's basic scholarly goals; subject to this requirement, research activity should be enhanced, even if it requires a University subsidy.

Professor Bailey said that he is distressed by the trend toward better students but from elite schools. He asked whether we can get the best students without sacrificing diversity. Vice President Frye agreed that this is an extremely important issue. We are, quite properly, prevented by law from admitting as many out of state students as our reputation would permit. As the pool of students decreases, our tuition is rising to levels near those of the great private universities. We have a serious problem in attracting and keeping minority students. Part of the problem is financial: We meet the financial needs of in-state minority students with a combination of scholarships and loans, but poor people are reluctant to take large personal loans. We must re-examine the whole problem, including the attrition rate.

Professor Barald expressed dismay at the decrease in number and quality of graduate student application. She felt that part of the problem is the poor public image caused by retrenchment. Vice President Frye said that public relations difficulties are part of the problem but not the principal part. In the sciences, the problem seems to be the dollar gap between the University and its peers (documented in the Dunn Report) and the fact that the University's stature in the hard sciences is not as great as in the humanities and social sciences. Funding in the sciences at the University is not comparable with funding at the institutions that excel; this is why the administration is giving special attention to the sciences. But the matter of status is a very long term problem.

Professor Janecke asked for a list of research incentives; he felt that individual researchers are left on their own to seek funding. Vice President Frye replied that committees have presented a smorgasbord of possible incentives, based on what the faculty perceive as shortcomings. The suggested incentives include pressure from colleagues, better students, replacement of antiquated equipment, improvement of research administration, and recognition of money brought into the

University by returning some University resources to faculty. (The returned money must come from resources other than indirect cost recovery, since that money is needed to pay real indirect costs.)

In connection with Vice President Frye's statement of commitment to undergraduate education, Professor Bulkley asked whether there is a long term change away from undergraduate teaching and toward graduate teaching and research. He also asked about equity for those faculty who work in undergraduate education rather than research. Vice President Frye replied that undergraduate teaching has increased and graduate and professional teaching have decreased as measured by student numbers or by proportion of teaching effort. He felt that his trend is right in general, up to a point, but may have gone too far in some units. Faculty should look to the balance. He also noted that the average undergraduate class size has been decreasing and that he is pleased by the quality of instruction in the professional schools. In connection with the second question, he said that rewards and recognition for teaching are sometimes inadequate. We must fight against the perception by junior faculty that teaching doesn't count; it does, though perhaps not enough.

ADJOURNMENT

The meeting was adjourned at 4:39 p.m.

Respectfully submitted,



Andreas Blass
Senate Secretary