

THE UNIVERSITY OF MICHIGAN

SENATE ASSEMBLY

Minutes of Regular Meeting of 20 October 1986

ATTENDANCE

Present: Ascione, Bassett, Bissell,
Borcherts, Briggs, Burdi,
Chudacoff, Cohen, Comninou, Craig,
Dandekar, Debler, DeCamp, Dobbins,
Durrance, Gage, Glover, Goldberg,
Yang, Haefner, Hanks,
Hollingsworth, Hook, Larson,
Lavoie, Lehmann, Lenaghan,
Leonard, Lewis, Lockwood, Lorey,
Lougee, Loup, Lusk, Margolis,
Manis, McCarus, McClamroch, Meyer,
Miller, Moerman, Moore, Moran,
Mosher, Nadelman, Ness, Oleinick,
Olsen, Olson, Pierce, Reed,
Muirhead, Rosenthal, Hudson,
Rutledge, Sanders, Sargous,
Schteingart, Shannon, Nystuen,
Stapp, Borer, Stebbins, Wiseman,
Berent, Yocum

Absent: Arnett, Barlow, Brewer, Vorus,
Checkoway, Eggertsen, Ard, Gray,
Han, Malvin, Ross, Schauer,
Seidler, Silverman, Thomson,
Weiler, White

Professor William Stebbins convened the meeting at 3:18 p.m.

MINUTES

The minutes of 15 September were corrected as follows and then accepted.

p. 4, line 6, change "member's" to "members'"

p. 8, line 5, insert "the sponsor" so that the line reads, "to the sponsor and the sponsor in turn might try to alter..."

p. 1, last line, change "Adapting to the New Excellence" to "Shaping the New Excellence."

MATTERS ARISING

The first public forums to discuss research policies, the reports of the Ad

Hoc Committee on Classified Research and related issues will be held this Wednesday and Thursday evenings.

THE NEW HEALTH INSURANCE FEES

Reporting for a CESF subcommittee, Professor Roy Penchansky summarized recent developments. In August, 1986 CESF learned that the University was recommending a policy change stating that all future increases in health insurance premiums would be shared equally by the University and its employees. CESF signalled its opposition to these changes. CESF maintains that the 20% increase in health insurance premiums (effective 12-1-86) are at variance with recent trends. The national rate of increase for health care costs is now only 10% per annum, thus bringing into question the need for such a large increase in premiums at UM. CESF also maintains that good data is fundamental to determining trends, takes issue with the quality of data used by the University and sees the need for monitoring performance over a period of time.

SACUA and CESF asked the Regents to postpone approval of the premium hike so that the matter could be studied further. However, the Regents approved the rate increase at their September meeting. President Shapiro will appoint a committee to explore some of the issues which surfaced in discussions and Professor Stebbins has asked a group of faculty nominated by SACUA to formulate a charge to this committee.

Responding to Professor Michael Sanders' request, Professor Penchansky discussed the fact sheet included in today's Assembly packet. He explained that health insurance costs are a function of two major factors: cost and utilization of health care. The current Blue Cross/Blue Shield report does not indicate which factor is causing the increase in fees. If local costs are rising faster than the national trend, we need to ask why that is so. To date this has not been done to CESFs' satisfaction. This year the University is accepting a \$4.5 million increase and passing half of this on to the employees in the form of higher premiums for family coverage. CESF will continue to address this matter and to work with others who are concerned about it.

COMMITTEE APPOINTMENTS

Professor Stebbins reported the following nominations:

Judy Olson, Budget Priorities Committee, one year (replacement);
Ralph Lewis, Financial Affairs Committee, one year (replacement);
Holde Borcherts, Student Relations Committee, two year (replacement).

Professor Burdi moved, Professor Nadelman seconded, that the nominations be accepted. Motion passed.

THE DISTINGUISHED FACULTY GOVERNANCE AWARD

Professor Stebbins acknowledged faculty governance awards made to Professor Jan Lindberg and Professor Wilfred Kaplan on October 14 at the State of the University Address and Faculty Awards ceremony.

This Distinguished Faculty Governance Award was established by SACUA in 1986. Criteria for the award are as follows:

Faculty members who consistently place University interests before personal or departmental interests represent a scarce resource which all faculty members treasure. Their concern with the general welfare protects and nourishes our individual welfare.

The kinds of corporate activity which these University citizens take on give us a secure sense of collective conscience. Faculty governance is the arena in which these citizens serve, and it is faculty government through the Senate Advisory Committee on University Affairs which recognizes their accomplishments with this award.

Professor Stebbins congratulated both recipients. The Assembly concurred through loud applause.

THE COMMITTEE ON THE ECONOMIC STATUS OF THE FACULTY REPORT (CESF)

Sheila Creth, former chair, noted the inclusion of the full report in today's Assembly packet. She stated that the Committee had conducted a major survey of faculty salaries and continues to work with the results. CESF intends to issue three separate reports on the survey. The first will be on market and equity adjustments, the second will focus on faculty salary compensation, and the third will be on merit review procedures. Relative to the last, CESF is interested in whether a set of guidelines for the merit review process should be established. The Committee invites comment from the Assembly as to how the survey results should be analyzed and presented.

CESF continues to pursue the issue of a UM cafeteria-style benefits plan. The Committee has learned that such a plan would be more costly to the University and that as long as CESF and the faculty continue to emphasize faculty salaries, resources to improve benefits will be lacking.

Regarding peer institutions, Professor Ward Bissell asked if it is generally accepted who U of M's peers are and that the U of M should be competitive with them. Ms. Creth replied that she was not aware of any challenge on the part of the Regents to the list of peers and noted that they seemed most concerned about position relative to the public institutions. She

does not know whether the faculty feels that the list is appropriate. Professor Feingold noted that President Shapiro has questioned whether the list is the most appropriate one. CESF is studying the question. The comparisons of compensation with peers is a concept accepted by the Regents and the President, particularly in regard to recruiting new faculty. In Professor Feingold's view, the University does better at recruiting new faculty than at rewarding those already here.

Professor Al Burdi questioned what mechanisms exist to insure that after the Administration distributes money to the units, the units actually channel all of it to faculty salaries. Is it possible for some of this money to go to other, higher priorities in the unit? He also questioned if faculty salaries should be recognized as a fixed item early in the budget preparation process and asked if CESF had considered these questions. Ms. Creth replied that CESF had not and did not know how CESF would determine if all salary money from the Administration actually went to salaries. Professor McClamroch noted that in the last few years the practice has been to encourage units to add 1-2% of their own money to the salary program.

Professor Joanne Leonard observed that the gap between minority and general salary levels, as well as that between male and female salary levels seem to remain quite large. What progress has been made in closing these? Ms. Creth replied that CESF is awaiting results of a study being conducted by the Affirmative Action Office.

Professor Carl Hanks asked if CESF is investigating any alternative to TIAA/CREF for retirement. Ms. Creth replied that it is not. Professor Feingold explained that one issue recently raised about retirement programs concerns social policy issues. CESF would be discussing this matter at its next meeting. Professor Cecil Nesbitt, chair of the CESF subcommittee on retirement benefits, stated that a report relevant to the issue of transferability of TIAA/CREF retirement funds is available from the Commission on College Retirement.

OLD BUSINESS

There was none.

NEW BUSINESS

There was none.

ADDRESS BY VICE PRESIDENT FOR ACADEMIC AFFAIRS AND PROVOST JAMES J. DUDERSTADT

Provost Duderstadt stated that in his remarks he would reflect his view as Provost, comment on the current status of the University and suggest the directions in which it can or might go in the future.

The dictionary defines "provost" as "the one in charge." At Michigan the Provost is the one who says no, so the President can say yes. The President leads and determines direction; the Provost pushes and determines pace. Both are chosen from the faculty ranks. The Provost reminded the Assembly that he is first and foremost a faculty member who has spent 20 years teaching, doing research, serving on committees (including Senate Assembly) and pushing against administrators. He was comfortable in the College of Engineering and left it largely because he was convinced that the University is at a stage similar to that of the College of Engineering five years ago when he became Dean.

This is a time of opportunity, responsibility and challenge. To be sure there are clouds on the horizon. State funding is poor and Gramm-Rudman and federal tax reform may have negative impacts. Yet the U of M seems poised to surge ahead. It remains the flagship of higher public education in the nation. It has a faculty of great intellectual strength and unusual breadth and a student body of a quality unsurpassed by any public institution. It also has the largest alumni body in the country, with one out of every thousand Americans being a Michigan graduate. The University must count among its strengths its ability to attract additional resources. It exists in a prosperous state with the potential to provide greater support and, in concert with others in the State, is rebuilding these funding mechanisms. The University is also learning to adapt to the changing nature of federal funding without compromising its values. Private support, typified by the \$160 million Capital Campaign and the \$60 million Annual Giving Program, is also increasing. Because of its constitutional autonomy, the U of M has an unusual ability to control its own destiny and enjoys the best of the public and private worlds. Annual state funding of \$200 million is equal to a \$400B endowment which is greater than that at either Harvard or Texas. In summary, the University enjoys opportunities unmatched by any other institution in the country.

The University also has some important responsibilities. Students are the most valuable resource of our nation. Those entering the institution currently show an extraordinary quality and commitment. We must be responsible stewards of them and provide the "value added" of an outstanding education. The U of M has a major responsibility to meet its commitment to the liberal arts in this regard. There is also the responsibility to the faculty. Over the last five years, the U of M has hired over 900 new faculty members who are among the best available. The University owes them the opportunity to develop their exceptional talents to the fullest by providing them with the environment, support and encouragement to push to the limits of their abilities. Finally, as a public institution, Michigan has an important responsibility to our state and nation.

If we are to grasp these opportunities while meeting our responsibilities,

we must face several significant challenges. These challenges are not so much concerned with resources but rather with the very nature of what we believe the University is and what we wish it to be. These are challenges of excellence. First, we must pick up the pace. We need to build a level of intensity and expectation to settle for nothing less than the best in the performance of faculty, students and programs. This is the margin which sets the U of M apart from the thundering herd of schools right behind us. The pace we run sets our visibility and allows us to attract additional resources.

Second, we must focus our resources to achieve excellence. The University should not try to be all things to all people but instead should concentrate on building spires or peaks of excellence. Quality should dominate breadth and capacity. Third, we must give the highest priority to academic excellence. The U of M's reputation will be based on its activities in instruction and scholarship. Fourth, changing intellectual currents demand intellectual leadership at the forefront of discovery. Because knowledge in a field generally is like an S-shaped curve, the University must "slide down the curve" into higher risk areas. It must shift to a change-oriented risk-taking culture which relishes change and stresses bold, new initiatives. Because new knowledge is created at the interfaces of disciplines, we must defy the deification of disciplines and encourage our people to work across disciplines albeit within the disciplines themselves. Fifth, we must create more sense of community and collegiality to foster an environment where disciplines work together and where the "centrifugal" forces on strong disciplines can be resisted.

The Strategic Planning Process currently being developed is one way to respond to the challenge of leadership. Its objectives are: 1) to develop, implement and sustain a flexible planning process that will identify University objectives and priorities; assess (and perhaps modify) the dynamic environment in which the University must operate and develop both strategic and tactical plans for achieving these objectives; and 2) to link this planning process to resource allocation and management decisions at all levels of the University.

In trying to develop this strategy, he began with certain premises. First, it is not appropriate or possible to rely primarily on central management of an institution of this complexity and diversity. Instead, we should establish institutional objectives and priorities and then implement processes which encourage management at all levels of the University to move toward these objectives. Second, we must have a clear image of what we want to do, an "institutional strategy," and then be capable both of communicating this to the University community and assessing decisions from this perspective. Third, within the University we seek a flexible and responsive organization with considerable decentralization of authority, but strong

institution-wide strategic priorities, accountability, and effective coordination.

The proposal now being considered is a two-stage process. The first is strategic planning at the University level. This phase will involve assessing the environment, identifying and clarifying institutional values, objectives and priorities, formulating strategic plans, implementing tactics and assessing the process and results. The second phase is tactical implementation at the unit level. It will involve planning at the unit level, review of unit planning activities within the context of University goals, allocating resources to the units, resource management by the units and assessment of results.

He delineated several features of tactical implementation. Shortly, the Administration will announce a series of University-wide initiatives which will be widely shared and aimed at bringing the elements of the University closer together. Examples might include the quality of undergraduate life at Michigan, the research agenda, graduate student financial aid and multi-disciplinary or cross-disciplinary research in high risk areas. Such initiatives will be funded centrally, "off the top" of the General Fund, and will be in response to proposals submitted from the "grass roots." The underlying concept is to create the opportunity for initiatives whose specific details are designed by the University community. The Administration also expects to continue differential allocation of resources to further University priorities. These will come "off the top" of the General Fund but will involve some reallocation among units. Units would be asked to plan on picking up approximately one percent of the General Fund base budget increase through internal reallocation to accommodate possible revenue shortfalls. Most units will be encouraged to move ahead with as little interference as possible, albeit within the normal budget review and allocation process. However, those units facing unusual challenges, opportunities or needs would receive more direct attention. Over the next three or four years the Administration will arrange a series of discussions in a "retreat" format with all units to better understand their needs, objectives and priorities. Academic, administrative and auxiliary units would be included in this planning process. These discussions would be conducted from an "all resource" perspective, in which all funds, facilities and human resources are considered. He noted that the process may sound more elaborate than it really is and indicated that the emphasis should be on flexibility and process.

In the first phase of its strategic planning, the University will need to decide what it wants to be. Part of this process is to identify the ways in which the University is unique. It is a large, comprehensive, public, research institution with a serious commitment to scholarship. It has unusual breadth and rich diversity in its academic disciplines and professional schools, and in its cultural and social activities. It enjoys an unusual

degree of participation of faculty and students in University decision-making and probably has the highest quality undergraduate student body of any public university in the nation. He suggested we take advantage of these factors by choosing a mission which links teaching, research, and service with quality, breadth and size for undergraduate, graduate and professional education and faculty development. For the decade ahead such a mission could be "building the leadership of tomorrow on a foundation of academic excellence." The key to success in this mission will be academic excellence: education, scholarship, and research of the highest quality. Such a mission would take advantage of the University's current status, enhance its impact on society in a manner consistent with its responsibilities as a public institution and lay the foundation for its long term strength and distinction through the achievement, contributions, and influence of its graduates and faculty.

In trying to develop this strategy he began with certain premises. The first is that academic institutions are profoundly people-dependant. Hence, the key to excellence is attracting and retaining outstanding students, faculty and staff and providing them with the environment and encouragement to push to the limits of their abilities, and then getting out of their way. Second, the University must strive for an entrepreneurial, change-oriented, risk-taking culture. Such a culture stresses excellence, achievement and excitement, removes constraints from talented people and encourages them to "go for it." Third, as a faculty member for twenty years, he continues to think that the faculty ought to run the University. Fourth, he must keep in touch with the larger community. Thus, he will sit in Senate Assembly meetings as an observer and hopes that this will not dampen discussion. He will also visit schools and colleges and continue to be accessible via the MTS message system.

The University will face many challenges in the near future and has an important responsibility to its students, faculty, state, nation and even world to meet these. He sees the decade ahead marked by opportunity, responsibility, and challenge. He also foresees that Michigan will be an extraordinarily exciting place and looks forward to working closely with the Senate Assembly over the next several years.

Professor Maria Comminou noted that in some instances risk-taking for the faculty will involve changing fields and that requires much money and time. How will this involve the Administration in risk-taking and financing? Provost Duderstadt replied that this is an important question. Over the next few months the Administration will announce major initiatives to encourage such activity. We will need to look more flexibly at faculty role models in high risk areas and to get behind faculty and students to encourage their work on the "cutting edge."

Commenting on the process the Provost delineated, Professor Myra Larson applauded the approach and asked what connection, if any, there was to the state. Provost Duderstadt replied that either he, President Shapiro or Vice President Richard Kennedy spend at least one day each week in Lansing working on the University's behalf. At the same time it is important to acknowledge that the U of M is also a national resource.

Professor Bissell applauded many of the comments contained in the Provost's address, specifically those dealing with collegiality and cooperation. He noted that in LSA there was competition between faculty "stars" and those considered dispensable. Together with the trend toward centralization and away from departmental autonomy this had a negative impact on morale and therefore a negative impact on productivity. Provost Duderstadt remarked that Strategic Planning will stress institution-wide initiatives on the assumption that creativity bubbles up from the grass roots.

Professor Burdi asked how the Administration will assess progress in the Strategic Plan. Provost Duderstadt replied assessment that is a critical element and may be more difficult to produce than determining the plan's objectives. He hopes that as a community of scholars we can agree on general objectives and some means to assess progress toward their achievement. At present there is no easy answer.

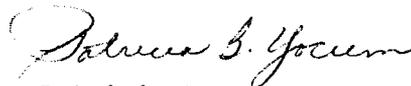
Professor John Meyer asked for a fuller definition of "spires of excellence." Provost Duderstadt explained that through use of the phrase he is suggesting that the University will have to accept some ordinary quality but it also should have some programs (not necessarily grounded in disciplines) which are superb.

Professor Stebbins thanked the Provost for his remarks and invited all to a reception in the Assembly Hall.

ADJOURNMENT

The meeting adjourned at 4:48 p.m.

Respectfully submitted,



Patricia B. Yocum
Senate Secretary