

THE UNIVERSITY OF MICHIGAN

SENATE ASSEMBLY

Minutes of Assembly Meeting, December 13, 1976

ATTEN-
DANCE

Present: Professors Adams, Angus, Aupperle, Browder, Cartwright, Christensen, Cornell, Corpron, Cosand, Crawford, Crichton, DeKornfeld, Diamond, Downen, A. Edwards, Eisley, Elving, J. Harris, Jones, Kachaturoff, Caldwell, Kish, Lands, Leary, Lehmann, Lindberg, Livermore, Lytle, Merte, Millard, Heers, Nesbitt, Olson, Portman, Rabkin, Scott, George, Sherman, Weeks, Winans, Colburn, Williams

Absent: Baublis, Bornstein, Brazer, Child, Cohen, Coon, Deskins, O. Edwards, Faulkner, Fekety, Flynn, Goldman, Gordon, Gray, Browne, R. Harris, Hildebrandt, Horsley, Johnson, Murphey, Proctor, Simonds, Soucek, Stross, Northcutt, Votaw, West, Zorn

Guests: A. Lawrence Fincher, Harold Shapiro, Thomas Dunn

CALL TO
ORDER

Professor Williams welcomed Assembly members and called the meeting to order at 3:22 p.m.

APPROVAL OF
MINUTES

The minutes of the November 15, 1976 meeting were approved as distributed.

ANNOUNCE-
MENTS

Professor Williams announced additions to the December meeting agenda which had been distributed with the call to the meeting. Appointments to SARC and AMCF were to be voted upon as well as the appointment to Student Relations Committee noted on the agenda. The Assembly agreed to consider these two appointments at the meeting.

ELECTION
OF REPLACE-
MENT FOR
PROFESSOR
JONES ON
SACUA

Two nominees were presented to the Assembly to fill for Winter Term 1977 the slot vacated by Professor Lawrence Jones on SACUA. The names were Professor Votaw and Professor DeKornfeld. An election was held and Professor Votaw was elected to serve as a replacement for Professor Jones.

NOMINA-
TIONS AND
APPOINT-
MENTS

SACUA proposed the following nominees for the three appointments the Assembly had agreed to consider:

1. Eddie L. Boyd, Pharmacy, to replace Sallie Churchill on the Student Relations Committee;
2. James Chaffers, Architecture and Urban Planning, to replace Raymond Elliott on SARC;
3. Joseph Cosand, Education, to replace John Tropman on AMCF.

There were no additional nominations from the floor of the Assembly and the nominees presented by SACUA were elected to serve as designated.

PRESENTA-
TION BY A.
LAWRENCE
FINCHER,
ASS'T VICE
PRESIDENT
FOR STATE
RELATIONS

Professor Williams introduced the topic "What Every Faculty Member Should Know About Formula Funding", to be delivered by Dr. Fincher, by saying that it was SACUA's intent to secure greater faculty understanding of the budget process. Further, Professor Williams pointed out the importance of the formula funding concept to the University's appropriation from Lansing. It was his expressed hope the presentation by Dr. Fincher would aid members of the Assembly to better understand the process proposed in Lansing to determine the University's appropriation.

Dr. Fincher began his presentation by outlining the background of formula funding and reviewing his role on the Task Force assigned to assess the concept. He noted that, although extensive analysis of the concept has been completed, no final numbers have been provided. It is the staff's thinking that if the current concept is applied, The University of Michigan would receive a 40% increase in State appropriations. He said this magnitude of increase cannot be expected.

After these brief observations about his role in examining the formula concept and comments about the uncertainty of dollar amounts to be produced by the formula, Dr. Fincher took the Assembly through a twelve (12) page handout he had distributed to all in attendance. The handout, entitled "Status Report on State Funding Model", was designed to address the critical issues of the concept. The pages of the handout had been selected from a 250 page report which was the product of a thirty-member Task Force of institutional representatives charged with analyzing various formula funding models.

Dr. Fincher pointed out that the original model, which had been discussed on campus last spring, had three dimensions. The dimensions (or parts) were: A) Foundation of Support, B) Role and Mission, and C) Special Grants. This original concept has been amended in such a way as to integrate the three dimensions into "interactive sets." Dr. Fincher also noted that the term "Funding Model" has been discarded for the designation of "Investment Needs Model." The Task Force felt the new designation more accurately describes the resource requirements which the model produces for the higher education system.

Following the presentation of the conceptual changes in the model as it has evolved since its introduction, Dr. Fincher moved to a special concern of The University of Michigan faculty, namely, will peer institution comparisons impact the model? Dr. Fincher first assured the Assembly that the issue had been addressed and that long and careful discussion had been devoted to peer group comparisons. The information in the handout provided by Dr. Fincher supported his position. It was the decision of the Task Force to recommend that the model not be solely dependent upon statewide trends in Michigan. Dr. Fincher told the Assembly that the recommendation was clearly to "focus upon the best data available with reference to national trends and peer group institutions."

Dr. Fincher also made clear the point that the model was not to be a management document. Decisions concerning management of local affairs were not to be affected by the model or the funding process.

Dr. Fincher was careful to alleviate fears the faculty may have held concerning the impact of formula funding upon peer comparisons and management of University affairs.

As a next step Dr. Fincher took the Assembly through the actual proposed structure for the model. The model is structured in such a way so as to include seven major components--three components under a primary functions category, and four components under a support functions category. They are shown below:

Primary Functions

1. Instruction
2. Research
3. Public Service

Support Functions

4. Academic Support
5. Student Services
6. Financial Aid
7. Institutional Support

In an aside observation, Dr. Fincher noted that components as now outlined could be placed under the original concept with its Parts A, B, and C. However, the structure that is now proposed has been integrated so as to result in less confusion in the appropriations process.

In order to show how the model might work, Dr. Fincher selected several of the components and explained further subdivisions that would be used to arrive at final dollar amounts. He talked about the instruction, academic support and research components in some detail.

A final point of the presentation by Dr. Fincher was devoted to the actual application of the model. Dr. Fincher explained the important resource requirement indices as determined by the estimated student credit hours taught per capita faculty during the academic year. He also described the various ratios of SCH/FTEF as applied within lower division, upper division, graduate I, and graduate II categories by academic program.

He closed by offering assistance to those who wished more information on the topic. Dr. Fincher also cautioned the Assembly that final numbers have not been assigned at this date and that we must all keep abreast of various developments in Lansing as they may affect the model.

PRESENTA-
TIONS BY
PROFESSORS
OMAS DUNN
AND HAROLD
SHAPIRO

The next item on the agenda was a discussion of faculty involvement in the budget process. The topic was placed on the agenda in order to give Assembly members background on the formation of and function of the Budget Priorities Committee. The discussion was also a natural follow-up to the presentation of Dr. Lawrence Fincher.

Professor Williams first introduced Professor Thomas Dunn who was the chairman of the original Budget Priorities Committee. Professor Williams noted the indebtedness of the faculty to the efforts of Professor Dunn in bringing careful and considered faculty input to the budget process.

In his opening remarks Professor Dunn observed the complexity of the \$400 million a year University of Michigan budget. He said the task of analyzing the budget is monumental especially in light of the fact that even if every item were as large as \$50,000 there would be about 8,000 such items. He noted, however, that he had enjoyed the process and was pleased to have the opportunity to share his experience.

Professor Dunn proposed to divide his talk into two sections; the first dealing with the formation of the Budget Priorities Committee and the second devoted to some personal reflections on the operation of the Committee and the budget process.

Professor Dunn reported that the notion of faculty involvement in the budget process as we know it now was first suggested in 1970 by President Fleming. The President had suggested the formation of a Commission on Resource Allocation. The Commission was appointed and met on a regular basis until the summer of 1972. Two major reports were produced, one outlining the budget process followed here at Michigan. This document is considered to be an excellent exposition of the budget process. A second report also devoted to the budget process was developed by the Commission.

At the same time this was under way President Fleming suggested in a memorandum to the Executive Officers the formation of three new committees: the Program Evaluation Committee, the Long-Range Planning Committee, and the Budget Priorities Committee. The structure was such that they were to fall under the direction of the Presidential Office of Budgets and Planning and were to be coordinated by a Steering Committee with the President as chairman. The committees were to have a specified membership from faculty, administrative personnel and student groups. Professor Dunn was appointed as the chairman of the first Budget Priorities Committee and held the post for two and one-half years. Professor Dunn reviewed the original charge sent to the Committee by President Fleming. When considering the charge and the complexity of the University budget, Mr. Dunn felt that there was no sense in turning to a zero budget concept as a starting point. In its place the Committee decided to use a priorities concept on an incremental basis. The fourteen member committee met on a regular basis and Professor Dunn noted that no factionalization or polarization took place within the Committee. Professor Dunn suggested that the early cooperation of the members of the Committee was an aid in promoting its early effectiveness.

Professor Dunn observed that the functions of the Committee do change with time--none of the specific functions are static. Professor Dunn stated that the early function of the Committee was to raise the "level of consciousness" among members of the faculty. He noted the advisory nature of the Committee's work but quickly added the very high level of cooperation that had been shown by the Executive Officers of the University. The Committee should not, in Mr. Dunn's opinion, serve as a "club" to be used against the administration. The function of the Committee is clearly advisory, and efforts to force decisions might well be to the ultimate detriment of the Committee.

Professor Dunn turned to the second point of his presentation at this point. In sharing his reflections of the budget process, Professor Dunn told the members of Assembly that he would first give some of the assumptions that he bases his analysis upon. His assumptions were threefold. First, Professor Dunn observed that it was his best judgment that financial growth in Michigan will be slow for the next five years. This, coupled with high inflationary costs, especially in energy, will mean little chance for large increases in our state appropriation. Second, the number of students enrolling at Michigan will decline slightly or, at best, remain at an even number. Third, and finally, the University will not be able to greatly change its number of faculty members and therefore will have difficulty adjusting to student interests or changing social values.

With these assumptions Professor Dunn continued to outline the resulting problems. These problems include an imbalance between instructional support and non-instructional budgets, the use of internal savings for salary raises, and the pressure upon overhead money in an era of diminishing grant support. Professor Dunn also noted that these fiscal problems when viewed in the context of a continuous decline in the legislative contribution can only mean greater pressure to rely more heavily upon student fees. In the area of capital expenditures Professor Dunn noted that the problem seems to be that we have no orderly process for determining priorities. Further, he said that there seems to be no systematic program for adding new projects or renovating existing structures. The last problem was an administration-related problem. In Professor Dunn's view, the growing centralization of various administrative functions is likely to produce lower levels of faculty participation. The problems associated with a greater centralized administration are many, but foremost among them may be the lowering of morale in various faculty and student groups because of a centralization of the more vital decision-making functions.

Remedies to these problems are not easily found, in Professor Dunn's opinion. However, several recommendations were presented. He suggested the following:

1. Salary accounts must be limited to a smaller fraction of the total budget than is now the case. Further, any salary increases based upon internal savings must be limited to the amounts saved from purely salary accounts.
2. Gift programs must be equally spread throughout the University.

3. The limitation of 2/9 of academic year salary for summer research and/or teaching should be increased to 3/9 of the academic year salary.
4. Capital programs must be systematized and maintenance (energy-saving) efforts must be planned and more carefully accounted in the future.
5. We must delegate responsibility, as well as functions, and make sure that this responsibility is exercised locally, i.e., where the best academic and personnel decisions are possible.

Professor Dunn closed by saying no one is coming, or will come, to our aid in these times of financial stringency. We must depend upon our own initiative and upon our individual efforts.

Professor Williams introduced Professor Harold Shapiro, the current chairman of the Budget Priorities Committee, to continue the discussion of the faculty involvement in the budget process.

Professor Shapiro thanked Professor Dunn for giving such a thorough description of the background of the Budget Priorities Committee. He said that he had been prepared to address some aspects of the history of the Committee, but since it had been done he could turn his attention to the functioning of the Committee as it is now constituted.

Professor Shapiro began with the interesting observation that the Committee is, and in fact must be, responsive to the desires of the central administration in the sense that it can only play a role that is acceptable to the central administration. This is not to say that the administrative desires are at odds with faculty concerns, but rather to demonstrate the fact that the Committee was established to aid the central administration in the budget process. Professor Shapiro mentioned that the original charge to the Committee must be viewed as a request by the administration to assist and advise the executive officers in the allocation of funds. The Committee can be an effective force for faculty views only if the administration in fact either shares these views or wishes to accede to them. It is not capable of assuming the administrative functions themselves.

Professor Shapiro was clear on the point that the administration has been most aware of the faculty view. As a matter of

fact the faculty view dominates the Committee as it is now constituted. In addition, Professor Shapiro noted that there has been a good-faith effort put forth by the administration.

Problems ahead seem to be all centered upon the resourcefulness of this University in meeting the fiscal stringencies of the next few years.

Professor Shapiro talked briefly about turning from "incremental" priorities planning to a zero-based budgeting concept. One of the difficulties here is that we are now in an era of providing due process procedures. If we guarantee due process to all and move to zero budgeting notion, it would take a tremendous amount of time and information. This has many implications in terms of faculty time and central administration cooperation, with quite problematical outcomes.

On another point, Professor Shapiro addressed the issue of decentralization. It is true that in the large units deans can allocate in such a way as to actually avoid central administration recommendations. This may not be bad, for in many instances the deans are closer to the needs of their college.

Professor Shapiro noted several factors about the Budget Priorities Committee recommendations. First, the final budget is always much "smoother" than recommended by the Committee. Variations which were fairly large at one point are smaller in the final budget. There is an "evening off" process as budgets are finalized. Mr. Shapiro noted, however, that over time these differences, even though they are small, can have an impact. A second observation is that the central administration is looking to move items out of the general fund budget. Most of the moves were brought to the attention of the central administration by the Budget Priorities Committee. Professor Shapiro said that these suggestions have been viewed as a significant contribution.

Professor Shapiro closed echoing the remarks of Professor Dunn in saying that we must rely on our own efforts to keep Michigan strong. He said that it can remain the strong University we know, but only if we are all willing to contribute to the tough decisions which lie ahead.

Professor Williams thanked both speakers and then opened the floor for questions and comments.

Professor Caldwell asked Dr. Fincher the first question, and it concerned a table included in the handout Dr. Fincher had distributed to members of the Assembly. Specifically, he wanted to know if the student credit hours taught per capita faculty ratio (SCH/FTEF Ratios, Table 1) were to apply across all institutions of the State. Dr. Fincher answered the question affirmatively, however he continued to say that the product of applying the ratios was just one factor in determining the final dollar amount to be appropriated to a given school.

Professor Elving took up the issue of how we must use our own initiative to "protect" the University. He noted that we have more and more demands placed upon our time as it is now. In his view we simply cannot go forth with additional efforts in behalf of the University.

Professor Shapiro agreed with Professor Elving's observation and extended the point by saying that it was his opinion that recent remarks by President Fleming that workloads should be increased are extremely damaging. He said that in his own case he found it necessary to ignore less urgent tasks that he might otherwise do if his workload were not so heavy. He said that it was his view that many other faculty members were experiencing similar difficulties. We must simply choose the highest priority tasks--imaginative research funding, student recruitment, and teaching.

Professor Dunn picked up the point and said that the time has come for us to let administrators administer. The faculty cannot continue to repeat administrative functions. For an example, Professor Dunn said that he has concluded that there is no need for the rank of Associate Professor. It is simply no longer needed and the promotion process serves to provide needless paperwork.

Professor Elving joined the discussion again to agree with the remarks of both Professor Shapiro and Professor Dunn. He added to the commentary of new work responsibilities we have all recently encountered the point of the increased recognition of due process procedures. He said that in his department one dispute over a promotion resulted in over sixty hours of work.

Professor Lands shifted the direction of the discussion by saying that he was very supportive of the notion of a Budget Priorities Committee. He wondered, however, if a degree of efficiency might be provided if an outside group could supply criteria to assist the evaluation process. He asked Professor Shapiro if such criteria would be helpful to the Committee.

Professor Shapiro noted that the criteria used are multi-dimensional and are used by individual committee members in quite different ways. The problem has been addressed before and no solution reached. It is unlikely that any set of criteria would increase the efficiency of the Committee.

Professor Elving asked Dr. Fincher about the Program Complexity Factor discussed in the Task Force report (page 41, item 6). He wanted further clarification of the concept. Dr. Fincher said that there has been difficulty with this concept because of the various weightings that must be placed on the various programs for different degrees. He said the intent was to incorporate the unique "role and mission" aspects of the institutions. Professor Elving said that he wondered about comparing a biology program at M.S.U. with a program on our campus. Dr. Fincher noted that quality was not a factor, but rather student numbers was the point of analysis. Proposals on this point have been varied and complex with not one of them very satisfactory in comparing and recognizing quality programs.

Professor Eisley asked if the effect of this formula was to "even out" state-supported universities. Dr. Fincher said "no", pointing out the peer group factor had been built in. He again cautioned the members of the Assembly to recognize the interactive nature of the model.

Professor Christensen said the complexity factor should be considered. It was his view that by just considering student numbers the needs of outstanding programs would not be recognized.

Professor Caldwell of the Flint campus expressed his deep concern about the model and its impact on funding the needs of his campus. He observed that from his examination of the information provided by Dr. Fincher, an extensive graduate program would be most helpful to the Flint campus. Dr. Fincher replied that he too was concerned about supporting the operations of the Flint campus, and said he saw "difficulties" in the proposed model.

Professor Livermore was interested in the "due process" remarks made by Professor Shapiro in his presentation. Professor Livermore said that it may be that more information does, in itself, fit into the notion of due process. The irony is that more information has had an inverse effect on decision-making. Professor Shapiro said that it does seem true that we hold to the belief that with just a little more information an easy

solution can be found for a difficult problem. This is not always the case, and, as Professor Shapiro observed, the point is that a decision must be made. Professor Dunn joined the discussion by noting that one thing he has found is that tough problems are not solved by easy answers. Information is needed. He continued by saying that in this day when decisions must be justified in order to insure due process, the information must be collected and preserved.

No further comments were made and no additional questions asked. Professor Williams again thanked the speakers for their participation in the meeting.

No new business was presented, and Professor Williams accepted the motion for adjournment.

ADJOURN-
MENT

The meeting adjourned at 5:00 p.m.

C. William Colburn
Secretary