

MINUTES OF SPECIAL MEETING
of the
MSU BOARD OF TRUSTEES
February 6, 1981

President Mackey called the meeting to order in the Union Ballroom at 4:44 p.m., February 6, 1981.

Present: Trustees Bruff, Fletcher, Howe, Krolikowski (arrived at 4:48 p.m.), Lick (arrived at 5:20 p.m.), Martin, Reed and Sawyer; President Mackey, Vice Presidents Breslin, Cantlon, Stewart, Thompson and Turner; Acting Vice President Schonbein, Associate Vice President Wilkinson, General Counsel Carr, Assistant to the President Simon, Faculty Liaison Group, and Student Liaison Group.

1. Approval of Proposed Agenda

Trustee Bruff moved approval of the proposed agenda, seconded by Trustee Reed. Approved by a vote of 6 to 0.

2. Public Comments on the Proposed Resolution on Urgent Financial and Personnel Matters

Public Comments
on the Proposed
Resolution on
Urgent Financial
& Personnel
Matters

Professor Fred Horne, Chairperson, Steering Committee, stated that the Faculty Council, at its special meeting on February 5, adopted a resolution (copy on file in the Secretary's Office) to the Board of Trustees as a substitute for the resolution on "Urgent Financial and Personnel Matters." Professor Horne commented on the ways in which this resolution differed from the proposed resolution. He said the intent of the Faculty Council's resolution is to improve the quality of the University; it emphasizes programmatic modifications as the mechanism for affecting change; and it avoids a public declaration of a state of financial crisis.

Professor Robert Boger, Chairperson, University Committee on Faculty Tenure, and Associate Professor Michael Rubner, Chairperson, University Committee on Faculty Affairs, expressed their opinion that there is no need for the Board of Trustees to adopt a declaration of financial exigency at this time, but that it should direct the Administration to examine all options for resolving the existing and potential financial conditions of MSU, including the option of program reduction. They felt that if the need for such a declaration does emerge that it should be a combination of reasonable, deliberative and a comprehensive planning process which will enhance the quality of the University.

Professor Steven Spees, Chairperson, University Committee on Academic Policy, stated that although the Committee supports the necessity for programmatic cuts, it is concerned that cuts of the type being proposed will have very severe and adverse effects upon the excellence of the University.

Professor Bernard Kay, Chairperson, Department of Pediatrics, Professor Raymond Murray, Chairperson, Department of Medicine, and Professor Charles Sweeley, Chairperson, Department of Biochemistry, expressed collectively that although the tenure system should be respected, it should not be protected at the cost of programmatic excellence. They urged the Board of Trustees to recognize and declare that the University is in a financial crisis and to take prompt steps to set the University on a course where academic excellence and quality are the pointers on the campus.

Professor Kay indicated that he felt that although the missions and goals of Michigan State University might remain the same, the programs designed to meet these goals will need to be modified, restructured or replaced. He felt that every effort should be made to place tenured faculty into areas that will take advantage of their expertise. He urged that the excellence of the University programs which are consistent with the goals of the University take top priority and that the basis for faculty retention be those faculty who make these programs excellent.

Professor Lawrence Lezotte, of Counseling and Educational Psychology and the Institute for Research on Teaching, stated that he believes the University is indeed in a financial crisis which has existed for several years. He stated that the turning point came when he observed that in the College of Education the costs of programs exceeded the financial resources available to support them. He further stated that he believes that the current crisis does demand immediate action and should be acted on decisively. Planned program deductions are the only sensible way to bring costs in line with revenue, and he encouraged the Board of Trustees to publicly acknowledge the financial crisis.

Tom Hocking, President of COGS, expressed concern over the possible cut in graduate assistantships because of the University's financial status. He urged the Board's consideration in this area.

Bruce Studer, President of ASMSU, expressed the concern of students of possible cuts in federal financial aid programs; namely, the National Direct Student Loan and the Basic Education Opportunity Grant. He stated that cuts in these areas would reduce the student population at MSU more than a major tuition increase. If these cuts become a reality, there will be quite a number of students who will not be able to attend MSU or any other university. He asked the Board's support against these dramatic cuts.

Public Comments,
cont.

2. Public Comments on the Proposed Resolution on Urgent Financial and Personnel Matters, cont.

Professor Collette Moser, AAUP, indicated that it is recognized that the University needs to engage in long-run programmatic curtailment and, perhaps, elimination, but that the University should slow down this process, to assess carefully the financial data and their sources, and to give the highest priority to academic freedom and tenure. She further stated that the AAUP feels that the most orderly procedure is for the Board to adopt, at this time, the decisions and statements of the University Committee on Faculty Affairs and the University Committee on Tenure.

Professor Jack Bass, Physics, stated that if the Board of Trustees adopted the declaration of a financial crisis, it would be the most significant act ever taken by a Board at MSU since it will be an act of complete variance with the history of the University. He stated that if the University dismissed tenured faculty it could cause severe damage to the University from which it may not recover for decades.

Professor Neil Vande Vord, Faculty Associates, stated that the Faculty Associates supports the position of the University Committee on Faculty Affairs and the AAUP in requesting a postponement of the declaration of financial crisis or exigency. He stated the planning process could continue, including planning for programmatic reductions. He further stated the belief that a declaration of financial crisis should be adopted only after all rational adjustment possibilities have been included in the budget and it is still clearly shown that this University cannot remain viable without laying off tenured faculty. He then proposed that the Administration present its proposed budget, final program reduction plans, and its program for meeting the policy mentioned previously for retention and retooling as a package.

Professor Martin Fox, Statistics and Probability and member of University Committee on Faculty Tenure, expressed deep concern for the maintenance of the tenure system. Although he said he could not endorse the statement on a financial crisis at this time, he felt that it may become necessary at some later time.

Professors E. Fred Carlisle, Ruth Hamilton and Walter Adams, members of the President's Select Advisory Committee, stated the Committee had advised the President that, in their view, Michigan State University is undergoing a long-term financial crisis. They suggested the University should continue to move systematically with the planning and establishment of long-range goals for the University, receiving as much input from the faculty and various units on campus as necessary. Dr. Adams expressed to the Board that it must confront the reality of basic economics and make a choice.

Dean Judith Lanier, Council of Deans, pointed out that despite the difficult choices of program needs, the Deans are convinced that the quality of their academic programs are in jeopardy as a result of an eroding fiscal base. She said immediate steps should be taken to correct the longstanding problems of overcommitment. She presented a resolution, unanimously endorsed by the Council of Deans, supporting the programmatic approach adopted by the Board of Trustees.

Dean W. Donald Weston, Council of Deans, said the University does have a fiscal crisis and it cannot be managed by the short-term methods used in the past. He encouraged the Board of Trustees to pass the proposed resolution.

3. Briefing on University's Financial Status

At the request of President Mackey, Vice President Thompson gave a brief update on the financial situation at Michigan State University.

Vice President Thompson pointed out that the University is in its tenth tough budget year. He emphasized that the data given to the Board highlights that the constant dollars behind each faculty member have declined 40 percent during the course of the last ten years. The constant dollars behind each student have declined 25 percent the past ten years.

Vice President Thompson said that the above does not include the current year which would result in even a greater decline. He indicated that the University's Library is currently funded 33 percent below the average funding level of other Big Ten libraries. He further reported that the main campus budget failed to keep up with inflation during this ten-year period. He commented that this data shows that a true financial crisis does, in fact, exist.

Briefing on
University's
Financial
Status

4. Action Item: Resolution on Urgent Financial and Personnel Matters

President Mackey made the following statement:

As President of Michigan State University and Chief Executive Officer of the Board of Trustees, it is my responsibility to bring to the Board recommendations I believe to be in the best interest of the University. You, as members of the Board, have reason to expect these recommendations to be based on the best and the most comprehensive data available and the best possible analysis. My recommendations should be realistic and timely. It is not unusual for the issues on which I must make recommendations and on which you must act to be important or for the decisions that you must make to be difficult. Michigan State University, like our society, is pluralistic, diverse, and frequently characterized by strong and competing values. In such an environment opposing opinions are often strongly held.

The issue on which you are to act today, and on which I must make a recommendation to you, is important to the future of this University. Clearly, important values are in conflict, and opinions differ and are strongly held. We are presently engaged in a process that is remarkably open, comprehensive and realistic. It is realistic in terms of the situation the University confronts and in the time available for action. The process will give you well-founded recommendations for your consideration in carrying out your responsibility as the governing board.

I have considered in-depth the data at the national, regional and state level. I have also considered the advice and recommendations that have come from faculty, students and staff. It is my judgment in the light of all of the information available and based on the analysis of this information, that we are indeed confronted with a serious financial crisis that has been a long time in the making and that is likely to be with us for a considerable period of time. It is clearly serious enough to warrant your taking the proposed action at this time.

It is my recommendation that you act affirmatively on the proposed resolution and that the University's planning process be continued resulting in the submission of proposals for your consideration. I assure you that the important values of this University that have led to its growth and development and are a part of its essential nature as a university are in the forefront of my thinking and that of other administrative officers.

Trustee Bruff moved the adoption of the resolution as follows: Supported by Trustee Krolikowski.

"Urgent Financial and Personnel Matters"

As the 1980s begin, the State of Michigan and its institutions of higher education in general, including Michigan State University, face severe fiscal problems. As these problems impact upon Michigan State University, the ultimate responsibility for resolution of them rests with the MSU Board of Trustees because it has the constitutional obligation under Article 8, Section 5, of the Michigan constitution to assure the institution's financial integrity. In addition to its constitutional authority this duty emanates from Articles 7 and 10 of its Bylaws as amended. Article 7 of the Board's Bylaws states that "nothing in these Bylaws, or regulations issued pursuant thereto, shall prevent the Board of Trustees taking prompt action on urgent financial and personnel matters necessary to the best interests of the University." Article 10 of the Bylaws emphasizes the Board's responsibility for preserving the financial integrity of this University:

...To the end that the financial integrity of the University shall always remain inviolate, the Board of Trustees pledges that it will maintain constant vigil over its funds through regular review and periodic reports, and such adjustments in income and reserves as shall guarantee the probity of its obligations.

The Board has considered the information submitted by the President concerning the nature of the fiscal crisis. In summary, Michigan State University is severely underfunded, there is a revenue shortfall of approximately \$10 million for 1980-81 and a potential budget deficit of \$29.2 million for 1981-82. In view of predictions of the State economy, it is also anticipated that appropriations in future years will not be adequate to fund the University at its current program level.

The Board's constitutional obligation to safeguard the fiscal integrity of Michigan State University and dedication to high academic goals and the quality of programs, cannot be jeopardized by allowing a fiscal crisis to evolve into a survival situation for this institution. Timely and prudent action is essential. As expressed in our budget statement of December 5, 1980, if the University attempts to sustain all of its current programs and activities, the result would be a nonselective diminution of overall program quality. Within the context of immediate and long-term financial resources, assurance of maintaining Michigan State University's commitment to high academic quality is possible only by selected continuation and adequate funding of programs and activities essential to the central role and mission of the University.

Resolution on
Urgent Finan-
cial and
Personnel
Matters,
approved

4. Action Item: Resolution on Urgent Financial and Personnel Matters, cont.

The following comments were made by members of the Board of Trustees:

Trustee Bruff - The Board started this process following the November election and after Governor Milliken's address to the citizens of Michigan which included bad economic news for higher education along with a number of other programs. We, as a Board, were faced with taking action in December which included a two-and-a-half day layoff and a fee surcharge. The process continued with public hearings, in which Vice President Thompson and Provost Winder presented to the University community the financial crisis that faces Michigan State University. The Board received the same presentation and additional data as well as information from various groups and persons.

I compliment the Administration as well as the total University community involved in the review process. The Board was concerned that the process be one where there was an opportunity to participate and an opportunity to be heard. I am satisfied that that has occurred.

All of the speakers we heard today seem to be in general agreement on three points: (1) that there is a financial crisis of some kind, though there are varying opinions as to the degree of the crisis, (2) that we must make selective programmatic changes rather than across the board cuts, and (3) the positive commitment to academic quality at Michigan State University must be maintained. I believe that the resolution is positive and emphasizes high academic quality.

Although the Board has been asked by a number of persons to delay adopting the resolution until recommendations are actually made, it seems inconsistent to me that we should be asked to delay when it is recognized that selective programmatic cuts must be made in order to meet the financial crisis. Program changes, retrenchment, reductions, or elimination presumably will mean termination of some employees. This will not be limited to tenured faculty, untenured faculty, or to nonacademic personnel since all employee groups are likely to be touched by these changes. I would prefer to use the word "termination" rather than "firing" or "dismissal." I am committed to due process and humane treatment of all employees of this University. I wish to emphasize that employees and their employers in the public as well as the private sector are faced with this same problem. Therefore, I support the resolution that was moved.

Trustee Reed - I feel that Michigan State University has always been a great University and will continue to be a great University. We have studied in detail the work that has been put before us and I, too, commend all of those involved for the efforts that they have put forth. I feel that we have concerned ourselves with this first step long enough, and I think it is time we take this step and move on to positive action for the betterment of Michigan State University.

Trustee Martin - There is no question that we are all in agreement that we do have some financial problems. The main question in my mind is one of deliberate speed. I am not convinced that we need to have this statement in order to do the things that we need to do. I do not understand why we cannot continue our plans for programmatic reductions, curtailment or elimination without this resolution. I do not feel that this type of resolution will lead to the type of environment we need to have. I believe that a few more months of deliberation and thought would not be asking too much.

Trustee Howe - Unless the Board is willing to take this first step, by adopting the recommended resolution, it is inappropriate to ask the Administration, Deans, faculty, and students to continue to participate in the decision-making process. The economic crisis is not just happening at Michigan State University - it is happening to the State, the City of Detroit, the Upper Peninsula - it is happening everywhere.

Trustee Lick - To proceed with planning for program changes without actually stating that we have a serious financial situation is a direct contradiction. If we are going to approve program changes, we have to declare now that we have this serious financial situation and then proceed with the planning process. To delay it for several months would practically make the implementation of these changes impossible. It is something that needs to be done in a rather short period of time. I am pleased with the opportunity for information flow and input.

Trustee Krolikowski - In responding to Dr. Martin's question, I believe the resolution is necessary because of certain legal implications that made it a proper legal predicate.

4. Action Item: Resolution on Urgent Financial and Personnel Matters, cont.

Comments by members of the Board of Trustees, cont.:

Trustee Fletcher - I am not unsympathetic to what will happen to tenured faculty. It does not mean that by adopting the resolution offered by the Chairperson this evening that I believe we should in any way abuse the tradition or legal commitments to tenure. I recognized the importance of tenure to the University and the academic process. However, I believe that we can no longer escape the ultimate responsibility confronting this Board in saying clearly to the University that we do have a financial crisis and must act accordingly. I believe that we have no other choice, and I once again remind people of my promise to try to help not only in solving these problems, but in finding resources for higher education. I feel this is the ultimate long-range answer on which this Board and those interested in MSU should be focusing.

Trustee Sawyer - I have a strong sense that what we are going through right now, as painful as it is, brings us to the crossroads of Michigan State University - an opportunity, perhaps, to make some decisions that should have been made previously, and for which we should have planned. But I hope that we can all look at this as a very positive opportunity for us to enhance the quality of Michigan State University in those areas of our greatest strength and in the truest tradition of our land-grant heritage.

Consistent with this statement of commitment and its legal obligations, this Board hereby adopts the following resolution:

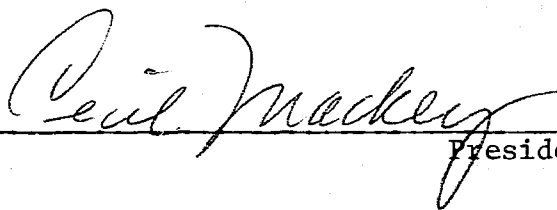
Following our review and study of the supportive fiscal information provided to us and our concurrence in its assessment with respect to the appropriation for the year 1980-81 and the potential deficit budget for 1981-82, and for succeeding budget years, and based upon revenue predictions for future years;

This Board hereby declares that Michigan State University is in a state of financial crisis which requires action on "urgent financial and personnel matters" in the best interests of the quality of this University. Consistent with this philosophy the President is hereby directed to present to this Board recommendations for the resolution of this crisis commencing with its next meeting.

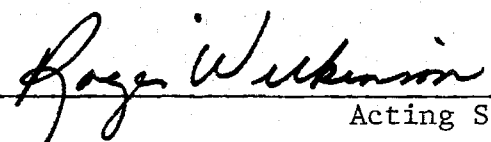
RESOLVED that the above resolution be approved.

Approved by a vote of 7 to 1. Trustee Martin voted No.

Adjourned at 6:45 p.m.



President



Acting Secretary