

LEGISLATIVE REFERENCE LIBRARY  
LD3323 .M56  
Minnesota Univ. - Report of the University Study Com  
  
3 0307 00042 0607

C64.38

6067

C 2

Keep

LEGISLATIVE REFERENCE LIBRARY  
STATE OF MINNESOTA

Report of the  
**UNIVERSITY STUDY COMMISSION**  
A Legislative Interim Commission

on the  
University of Minnesota

*Submitted to the  
Legislature of the State of Minnesota*

November 10, 1972

LD  
3323  
.M56

Report of the  
UNIVERSITY STUDY COMMISSION

A Legislative Interim Commission

on the  
University of Minnesota

*Submitted to the  
Legislature of the State of Minnesota*

November 10, 1972





State of Minnesota  
SENATE

November 10, 1972

Wendell R. Anderson, Governor  
Members of the Legislature

On behalf of the University Study Commission  
I herewith transmit said Commission's report pursuant  
to Minnesota Session Laws 1971, Chapter 806, Section 2.

Very truly yours,

EDWARD J. GEARTY, Chairman  
University Study Commission



## TABLE OF CONTENTS

	<i>Page</i>
Commission Membership and Procedures .....	7
Introduction .....	9
Summary of Recommendations .....	11
Discussion of Problem Areas	
A. Board of Regents .....	13
B. Administrative Structure .....	14
C. Faculty Accountability .....	15
D. Financial Operations	
1. Budgets .....	18
2. Investments .....	21
Report on the Legal Status .....	25
Appendix	
A. Commission Hearing Attendance .....	32
B. Bibliography .....	36
C. Bill of Particulars .....	40



# COMMISSION MEMBERSHIP AND PROCEDURES

Minnesota Session Laws 1971, chapter 806, section 2 created the University Study Commission. The law specified a commission of fifteen members; five members of the House of Representatives appointed by the speaker, five members of the Senate appointed by the committee on committees and five persons appointed by the Governor from among the interested public. Commission members are the following:

## SENATE:

John Tracy Anderson  
Edward J. Gearty, Chairman  
Jerome M. Hughes  
J. A. Josefson  
John L. Olson

## HOUSE:

Neil S. Haugerud  
Verne E. Long  
Rodney N. Searle  
Vernon L. Sommerdorf  
Charles R. Weaver, Vice Chairman

## GOVERNOR'S APPOINTEES:

Lyle T. Farmer, St. Paul  
Karl F. Grittner, St. Paul  
Mrs. Marjorie A. Loeffler, Minnetonka, Secretary  
Robert W. MacGregor, Minneapolis  
John M. Warder, Minneapolis

The Commission held its first meeting on October 29, 1971. Commission officers were elected and members discussed their charge and the procedures they should adopt to fulfill the purpose of the Commission. At the second meeting on November 12, 1971, procedures for operating were firmed up.

The Commission decided it would hear testimony from all segments of the University society, state officials and others who desired to present their views. Eight public hearings were held from November 12, 1971 through May 2, 1972. Each hearing was recorded and the minutes were typed for the benefit of Commission members. Accompanying the oral testimony the Commission received many exhibits and reports. The Appendix in part contains a summary of the hearing dates, the people who attended and those who testified plus exhibits and reports.

Following the public hearings the Commission held a series of executive sessions to discuss the information received and formulate a report.

The Commission had the assistance of the following staff in conducting its affairs and writing its report:

Tom Poirier, *Executive Secretary*  
Richard Sands, *Assistant Senate Counsel*  
Beulah Due Johnson, *Recording Secretary*  
Eleanor Dierckins, *Recording Secretary*

# INTRODUCTION

The University Study Commission was created by the 1971 Legislature to "study and consider the finances, budgets, financial operations and legal status of the University of Minnesota with the purpose of improving the Legislature's understanding and consideration of University financial and operational matters."

The Commission carefully considered this legislative charge and established procedures to fulfill this charge. Technically, the charge overlaps the responsibilities of a number of legislative commissions and committees. Duplication of effort was avoided wherever possible. The University Study Commission report was developed concerning specific problem areas. The report gives the Legislature an overall view of five major problem areas, a discussion of the problems in each area, and a set of recommendations which could assist in resolving the problems.

A number of problems were encountered which came within the domain of other legislative commissions or committees. For example, the retirement and pension systems at the University are the responsibility of the Legislative Retirement Study Commission. These problems are not reviewed in this report. However, the Commission recognizes their importance.

Public hearing formats permitted open discussion and comment. The Commission listened to pros and cons, questioned respondents and received a wealth of information on many issues of major public concern. Public testimony was gathered at eight hearings which gave many people the opportunity to express their views. In addition, people were publicly invited to testify if they had any knowledge of substantive issues of which the Commission should be apprised.

After completing the hearings, the Commission met to review and evaluate the testimony received at the hearings. Great care was given to isolate the real issues from the broad range of testimony. In our view, the five most important issues of concern to legislators and the public are as follows: Board of Regents, Administrative Structure, Faculty Accountability, Budgets, and Investments.

Our report includes a discussion on the legal status of the University. We do not make any recommendations to change the present legal status.

The University Study Commission, acting as a whole, has extensively reviewed and revised each section of the report and herein submits this report to the Legislature.

The Commission expresses appreciation to those who provided testimony and other information.



# SUMMARY OF RECOMMENDATIONS

The University Study Commission recommends that the Board of Regents of the University of Minnesota consider the following policy suggestions:

## A. BOARD OF REGENTS

Align the operating procedures of the University and that of its staff to conform with the procedures governing other public bodies in like circumstances, pursuant to state law. The University, whether technically required to or not by law, should adopt the practices which are required of other public bodies, as a matter of sound business practice, good public relations and scrupulous guardianship of its public trust.

Explore the possibility of having staff directly responsible to the Board of Regents in order to better evaluate matters brought before the Board. This staff would be independent from central administration. The Commission had sensed a general feeling that the Board of Regents do not always receive adequate briefings on central administrative proposals.

## B. ADMINISTRATIVE STRUCTURE

Appoint a provost for each campus, including the Minneapolis and St. Paul campuses, who would report directly to the president of the University. The president would thus be removed from the day-to-day administrative responsibilities for any one campus and would serve as chief executive officer of the total University system.

Integrate the coordinate campuses with the Twin Cities campuses so as to better utilize the resources of each component of the University system.

## C. FACULTY ACCOUNTABILITY

Insure that high quality education is available to all who seek it, that students have easy access to their professors, and that the educational offerings at the University are constantly being re-evaluated to maintain this high quality.

See that the tenured faculty have job security and protection, but not at the expense of quality education. Faculty tenure should rest on accountability and performance as they relate to the student and his future. Department heads should take more responsibility for the performance of their faculty.

Establish guidelines in order to appraise the value of teaching and research efforts of faculty against total compensation of salary, retirement, consultantships, use of facilities and other fringe benefits.

Establish guidelines for consultantships. All professors and others employed by the University should reveal their past and present consultantships which relate in any way with the subject under consideration when testifying before any legislative committee or other public bodies.

## D. FINANCIAL OPERATIONS

### 1. Budgets

Encourage central administration to continue meeting with permanent and interim legislative committees and staff to provide better correlation of their financial requests with programs funded by state appropriations.

Adopt an instructional program budget approach which will assist the University in the presentation of its funding needs to the Governor and the Legislature.

### 2. Investments

Arrange to apply temporary investment income excesses or deficits to the budget estimate for the following year. Excesses should be added to and deficits deducted from the budgeted income expected from temporary investments.

Manage the Permanent University Fund for the benefit of the people of Minnesota. The investment change into a total return program was made in order to produce greater benefits for the people of Minnesota than the benefits produced by the previous investment program. These benefits should be realized by maintaining an increasing level of legislative offset, which is desirable from the legislative standpoint. The Board of Regents should seek the necessary legal changes to permit an appropriate portion of appreciation from the Permanent University Fund to be used as an offset to the legislative appropriation.

Consult with the appropriate state officials before making any future major changes in investment policy.

Encourage the use of services offered by financial institutions operating in Minnesota, where practical. Consistent with good investment practices, where practical, efforts should be made to invest in those companies and institutions which are socially responsible.

\* \* \* \* \*

The University Study Commission recommends to the Minnesota State Legislature the following:

During the legislative session joint House-Senate hearings should be held for the University to present its budget plan. However, each house should reach its conclusion separately.

The Legislature should enact long-range planning as required in Laws 1967, Extra Session, chapter 8, section 18, which read as follows:

"The legislature hereby declares that publicly supported institutions of higher education in Minnesota, must, for the public good, assume certain responsibilities in long-range planning and community relations. The University of Minnesota, state colleges, and state junior colleges are hereby directed to develop, and to report progress to the 1969 and succeeding legislatures, policies and programs dealing with these responsibilities. The report should include comprehensive, long-range plans for future expansion of facilities and campuses with particular attention to the problems of student housing, parking, student transportation, building sites, and the effect of these matters upon zoning, population density and character of surrounding, established neighborhoods. Insofar as possible, such plans should be developed in cooperation with representatives of surrounding neighborhoods and officials of contiguous governmental units."

# DISCUSSION OF PROBLEM AREAS

## A. BOARD OF REGENTS

### *Overview*

The Board of Regents of the University of Minnesota is a legally constituted body. Its members are elected by the Minnesota Legislature. It is the repository of authority in the University and controls the University. It is a public body governing a public institution. A primary source of the University's funding is from tax monies, both federal and state. Therefore, a primary responsibility of the Board of Regents is to exercise its charge not only in a capacity of a direct relationship to the University but also in a capacity of a direct relationship to its supporting public. The Board of Regents' public constituency is represented by the Minnesota Legislature and this direct relationship is effectuated to a greater or lesser degree by the confidence that the Legislature has in the Board of Regents.

The Legislature can do that which is necessary to better understand the operation and functions of the University, by such means as this University Study Commission, but the Legislature cannot and should not govern or control the University of Minnesota. The Legislature does have a powerful instrument of influence, the power of the purse. While the Legislature, through its appropriation statutes can mandate programs and focus on areas of current public concern, the Board of Regents has the responsibility of governing the University under all circumstances.

The Board of Regents meets eleven times a year and establishes management guidelines. Management of the University requires a full-time staff.

Since its founding in 1851, the University has become the largest educational institution in the state and one of the largest in the nation. Its great size has demanded increased attention to good management procedures. Recently, the Regents have taken a more direct role in management of the University by forming committees which deal directly with specific areas. These committees review policy matters in their areas and meet with central administration and other groups. Committee recommendations are then brought before the full Board where they are voted on by the Regents.

### *Problems*

If the Board of Regents does not function as a guiding force in governing and directing the University, it fails both the University and the people. One thing that becomes apparent as one studies the University is that the Board of Regents must govern and control the University and not the University govern and control the Board of Regents.

The extraordinary expenditures of funds by University staff for purchases of services, supplies and capital items without specific authorization by the Regents is at variance with

state law governing the procedures of other public bodies in like circumstances. This procedure, when followed by other public bodies, has been held to be a non-delegable authorization to a chief administrative officer and staff. Recent disclosures have held both the University staff and the Board of Regents up to public censure because of this procedure. Major criticism could have been avoided if the Board of Regents had exercised their authority prior to central administration making such expenditures.

At present the Board of Regents receive no compensation except for expenses. The question has been raised as to whether some compensation should be paid to the Board of Regents. It is the Commission's recommendation that when state constitutional and executive officers' salaries are again the subject of study by a citizen's committee or commission, that the question of compensation for members of the Board of Regents be considered.

### ***Recommendations***

The Board of Regents should make sure that the University align its operating procedures and that of its staff to conform with the procedures governing other public bodies in like circumstances, pursuant to state law. The University, whether technically required to or not by law, should adopt the practices which are required of other public bodies, as a matter of sound business practice, good public relations and scrupulous guardianship of its public trust.

The Commission has sensed a general feeling that the Board of Regents do not always receive adequate briefings on central administrative proposals. In order to better evaluate matters brought before them, the Board of Regents should explore the possibility of having staff directly responsible to the Board. This staff would be independent from central administration.

## **B. ADMINISTRATIVE STRUCTURE**

### ***Overview***

The administrative structure of the University is complicated by the fact that it is a multi-campus institution with a Twin Cities campus and coordinate campuses at Crookston, Duluth, Morris and Waseca. In addition, there are ten branch stations around the state and at least one faculty member (an Extension Agent) is stationed in each county. (The branch stations are located at: Cloquet, Crookston, Duluth, Excelsior, Grand Rapids, Itasca, Lamberton, Morris, Rosemount, and Waseca.)

Administration of the University begins with the Board of Regents who elect a chairman and a vice chairman from their membership. The University President is ex officio President of the Board of Regents and is the chief executive officer of the University. The president is assisted by six vice presidents who manage University affairs; provosts in charge of each coordinate campus, and the statewide University Senate which is composed of elected student and faculty representatives and ex officio non-voting members.

The Board of Regents generally conducts its monthly meetings in Morrill Hall on the Minneapolis campus. The president and vice presidents and their staffs, referred to as central administration, also have offices in Morrill Hall.

## *Problems*

When Minnesotans think of the University of Minnesota, they generally think of the Minneapolis campus and the president as the spokesman for Minneapolis campus programs and problems. This is due to the fact that he is the chief administrative officer of that campus and at the same time he is the chief executive for the total University system. In the University administrative structure, all management decisions and guidelines flow from Morrill Hall to units on the Twin Cities campus, the coordinate campuses and branch stations.

The University has four coordinate campuses which compete with each other and the Twin Cities campus for academic programs and finances. The provosts, as the chief administrative officers of the coordinate campuses, have input to the University system only through the Special Assistant to the President and Associate Vice President for Coordinate Campuses. This input channel does not permit direct communication with the University president. The geographical separation of the coordinate campuses and the Twin Cities campus limits the exchange of ideas with central administration.

## *Recommendations*

It is recommended that the Board of Regents appoint a provost for each campus, including the Minneapolis and St. Paul campuses, who would report directly to the president of the University. The president would thus be removed from the day-to-day administrative responsibilities for any one campus and would serve as chief executive officer of the total University system.

The Commission recommends that the University integrate the coordinate campuses with the Twin Cities campuses so as to better utilize the resources of each component of the University system.

## **C. FACULTY ACCOUNTABILITY**

### *Overview*

The Financial Report for the year ended June 30, 1971 reported total academic salaries and wages amounted to \$85,769,208. The total academic staff, (Full Time Equivalent—F.T.E.) of 6,727 received an average salary of \$12,750. The University budgeted academic salaries from state appropriations of \$55,660,234 for 4,099 F.T.E. staff members which results in an average salary of \$13,579. The F.T.E. total of 4,099 includes 438 academic staff members involved in Agricultural and General Extension, Summer Session, Agricultural Schools, Experiment Stations and the University High School. The difference, 2,628 faculty members, are funded from sources other than state appropriations.

The University projected F.T.E. enrollment of 44,467 for 1971-1972 and 45,310 for 1972-1973. Based on an academic staff of 4,099 salaried by the state and adjusted by riders in the appropriations bill, the faculty/student ratios are 1 to 11.1 for 1971-1972 and 1 to 11.3 for 1972-1973. The actual classroom ratio varies widely as to academic discipline and graduate and undergraduate level.

Faculty members have an average of seven class hours per week. An aggregate of twenty-five hours per week are spent in class preparation, evaluation of and conferences with students. In total, an average of thirty-two hours per week is directly related to instruction. In many cases, additional hours are spent on academic pursuits and departmental activities.

Faculty members report to their department head, the department head reports to the college dean, and the college dean reports to the vice president for academic administration. All official academic matters are the responsibility of the vice president for academic administration. Faculty on coordinate campuses report to the academic vice president on all academic matters but for organizational purposes report to the special assistant to the president and associate vice president for coordinate campuses. Faculty involved in the health sciences also report to the academic vice president on all academic matters but report to the vice president for health sciences for organizational purposes.

Faculty members can be involved in University governing procedures by being elected a faculty senator. The University Senate is composed of faculty and student members. Faculty senators represent about two-thirds of the University Senate membership which comes from all the campuses. The Twin Cities Assembly, comprised of faculty and student senators from the Twin Cities campuses, is only concerned with Twin Cities campus affairs. Senate committees on Educational Policy (SCEP) and Resources and Planning (SCRAP) have been involved in the budget process. The Senate Consultative Committee discusses questions of educational policy, personnel, University services and the budget. This committee has been expanded to include people who could help it make recommendations on the budget and it is now called the Expanded Consultative Committee (ECC).

Departmental representation by college deans is also a part of the Administrative Committee which advises the president.

The American Association of University Professors (AAUP) is a national professional organization. The Twin Cities campus chapter, the third largest in the country, had 635 members on December 31, 1971. AAUP is primarily concerned with academic freedom, tenure, working conditions and salaries.

Tenure is an academic privilege which grants permanent appointment for an indefinite time period to competent faculty members. Faculty granted indefinite tenure can be removed for cause, retirement and the abolishment of their positions because of budget reductions. After a faculty member has served for six years, his department peers decide if he should be given tenure. Tenure is not granted to everyone and after six years the faculty member is granted tenure, terminated, or given a terminating appointment of one year. The Board of Regents must approve all tenure appointments after review by the academic chain of command and upon recommendation by the University president. Tenure provides that the permanent faculty member is protected from dismissal until proof of incompetence or cause is presented. The burden of proof is on the one bringing the charge. Finally, tenure insures that the challenged faculty member will be judged by a committee of his peers. The Commission is not aware of any faculty member who lost tenure through this process. The tenure system has been approved by the Board of Regents.

Some faculty members have outside consulting and employment contracts on a recurring basis. According to testimony, the time required for consulting and outside employment must not interfere with the consultants' responsibilities to the University. Further, any consulting arrangement or outside employment must relate to teaching or research activities. Approval to consult on a continuous basis must be given by the department head, college dean, vice president for academic administration (acting in the name of the University president) and the Board of Regents. Consulting time should not exceed one day per seven-day week. Permission for consulting on a one-time basis is granted at the discretion of the department head.

### *Problems*

Achieving the appropriate balance between hours applied to research and teaching is a difficult task. Each faculty member is uniquely different. Some are superior at research and some are superior at classroom teaching. Some disciplines carry an inherent stress on research or training. The teaching and research proportion presently may lean too heavily toward research.

Coupled with inherent differences in disciplines is the external pressure on faculty to publish. Research has to precede any effort to publish. Real or imaginary, the "publish or perish" concept places demands on faculty which are unfair. It is not certain that the path for promotion follows the publish trail.

Student criticism has been made of the number of undergraduates taught by teaching associates (non-tenured graduate students). In addition, large classes watch course presentations on closed circuit television. Students testify that they do not have easy access to their professors. Also, according to testimony, the great minds may not be teaching or relating to a significant number of students.

The paramount priorities of higher education faculty are academic freedom and tenure. Both have flourished in our country for many years. The Commission received a general feeling that there have been some abuses of both academic freedom and tenure by some faculty members. We do not propose any changes in the ideals embodied in academic freedom and tenure. We do feel that both ideals carry the burden of job responsibility. Faculty members are expected to direct their energies towards responsible education. We are concerned with professors who do not fulfill the spirit or the letter of their assigned duties. It has been called to the attention of the Commission that some faculty also crusade for questionable causes in the classroom, while others lecture on their personal views to captive student audiences who are not receiving the course content they paid to receive. Questions have been raised as to the relevancy of some courses and programs as well as credit given for non-academic courses.

The basic unit on the campus is the department. Recommendations for the hiring of faculty and for educational programs which will be offered initiate from the departments. The faculty within each department is a close-knit peer group capable of professional discrimination or capable of ignoring inabilities of their peers. Departmental programs can be designed to accommodate faculty at the expense of students. Testimony indicates very little supervision of faculty members. Further testimony also indicates that, especially for

tenured faculty, his or her own ethical standards are the major criterion of accountability. The departmental structure makes it difficult for faculty to complain about abuses within a department. Deans and administrators should be familiar with all departments. Testimony indicates this is not the case.

Consulting privileges have also been abused. This activity is keeping some faculty out of the classroom. Conflicts of interest occur. Faculty consulting may compete with job responsibilities. It has come to the attention of the commission that certain faculty members testify before legislative committees and other public bodies, in their capacity as experts from the University, without revealing that they are or have been employed by parties interested in the outcome of the legislation or subject being considered. Some faculty members earn more from consulting than from their academic salaries. The Commission asks the Board of Regents to determine if there is any reason why outside monies earned by faculty by virtue of their University position should not be revealed.

### ***Recommendations***

The Board of Regents should insure that high quality education is available to all who seek it, that students have easy access to their professors, and that the educational offerings at the University are constantly being re-evaluated to maintain this high quality.

The Board of Regents should see that the tenured faculty have job security and protection, but not at the expense of quality education. The Commission recommends that faculty tenure should rest on accountability and performance as they relate to the student and his future. Department heads should take more responsibility for the performance of their faculty.

The Board of Regents should establish guidelines in order to appraise the value of teaching and research efforts of faculty against total compensation of salary, retirement, consultantships, use of facilities and other fringe benefits.

The Board of Regents should establish guidelines for consultantships. All professors and others employed by the University should reveal their past and present consultantships which relate in any way with the subject under consideration when testifying before any legislative committee or other public bodies.

## **D. FINANCIAL OPERATIONS**

### **1. Budgets**

#### ***Overview***

University operating budgets are prepared annually. Each legislative session the University submits a biennial budget to the Governor and Legislature. The University's request for state financial support is contained in the biennial budget. Legislative appropriations provide a major source of income for the operating budget and the building (capital) budget for each year of the biennium.

The operating budget process begins with the Board of Regents setting the budget

principles to be used in preparing each budget. Academic, administrative, service units and coordinate campuses prepare their budgets on these principles and submit their requests. The requests are subjected to extensive discussion and review by administrators, University Senate committees, Regents' committees and budget planners. The president and vice presidents make a final review and then submit their plans to two Regents' committees: Educational Policy and Long-Range Planning; and Budget, Audit, and Legislative Relationships.

These two Regents' committees review the budget prepared by staff and conduct hearings on this budget. After consideration, the budget is returned to the president and vice presidents with directives as to the committees' position on the contents of the proposed budget. The president and vice presidents revise the budget as directed and submit it again for review by the two Regents' committees. The budget is then submitted to the full Board of Regents.

The building budget is prepared by following a similar procedure. Requests for buildings and space are reviewed and discussed before presentation to the Regents' Physical Plant and Investments Committee. This committee recommends a building budget to the full Board of Regents.

The Board of Regents committee structure provides Regents with a detailed understanding of the complex budget process. The committees' recommendations are generally accepted by the full Board of Regents.

The Board of Regents also approves the University requests for special state appropriations, a substantial source of funds. The special appropriations dedicate funds to particular programs and cannot be used for general operations. The special appropriations are granted by the Legislature to place emphasis on specific new and continuing programs.

The University budgets have been prepared on an incremental basis for many years. In 1971 the University changed its method of budget preparation to a system of priority allocations. A new office of Budget Planning and Information Services develops data essential for preparing the budgets. This office can produce data linking expenditures of funds with programs in order to facilitate program budgeting. Instructional program budgeting is being developed to reveal all of the instructional costs relating to a program.

After completing its budget plans for the biennium, the University presents its financial requests to the Governor and the Legislature. Formal presentation is made when the document containing the University budget figures is submitted. The Commissioner of Administration reviews the University budget, this budget is given to the Governor, and the Governor then sends his budget recommendations to the Legislature.

Legislative committees and staff receive the University budget containing its financial requests and the Governor's recommendations. The Legislature determines how much financial support will be given to the University. An appropriations bill which contains those monies which are designated for the University is then prepared, passed by the Legislature which, when signed by the Governor, becomes law.

A new method of indicating legislative intent was utilized in 1971 when the chairmen of the several committees dealing with the budget sent the Board of Regents a "Bill of Particulars" which contained ideas for improving the 1973—1975 budget review and noted other areas of legislative concern. A similar "Bill of Particulars" was sent to the other systems of higher education in the state. The Appendix contains a copy of the "Bill of Particulars" sent to the University.

### *Problems*

Accurately estimating annual income is difficult. Nevertheless, budgets are prepared which project income amounts.

Higher education competes with other state departments for state funds. With inflation affecting every department, competition is intense for limited state funds. The Governor and Legislators determine what funds will be appropriated by the state and how they will be allocated.

The 1971 Legislature granted financial support to the University which was \$31,982,698 higher, an 18.3% increase, than the 1969 biennial appropriation. The University originally requested \$101,737,764 more than its 1969 appropriation, a 58.3% increase. The 58.3% increase was built into the biennial budget for 1971—1972 and 1972—1973. When the University received 18.3% in place of the requested 58.3% increase, it adopted a program of "Retrenchment and Reallocation" (R & R).

The R & R process caused considerable concern for faculty, students and staff. The appropriations for maintenance and operations were based on reduced enrollments, which translated into reduced academic and civil service positions. The University released some non-tenured teaching personnel which caused considerable comment. Students felt that they were not consulted in preparing the budget. The reallocation process shifted funds away from some programs favored by some students and faculty. These decisions prompted student and faculty allegations that the reallocation process produced undesirable results. The University has arranged for more participation by students and faculty in developing future budgets.

The University maintenance and operations budget is based on enrollments. The method of counting enrollment was changed in the 1971 legislative session to conform to the practice already in use by State and Junior Colleges. Enrollment for the 1971—1973 period was based on Full Time Equivalent students (F.T.E.).

The University presented its budget in a different format to the 1971 session. Legislators, unfamiliar with the new presentation, found it difficult to analyze. Legislators frequently commented that the budget was not correlated with programs. In many instances the University was unable to adequately explain how much money was allocated to various programs.

The legislative process delays financing decisions until late in the session. This in turn creates problems for the University.

### *Recommendations to the Board of Regents*

The Board of Regents should encourage central administration to continue meeting with permanent and interim legislative committees and staff to provide better correlation of their financial requests with programs funded by state appropriations.

The Board of Regents should adopt an instructional program budget approach which will assist the University in the presentation of its funding needs to the Governor and the Legislature.

### *Recommendations to the State Legislature*

During the legislative session joint House-Senate hearings should be held for the University to present its budget plan. However, each house should reach its conclusion separately.

The Legislature should enact long-range planning as required in Laws 1967, Extra Session, chapter 8, section 18, which read as follows:

"The legislature hereby declares that publicly supported institutions of higher education in Minnesota, must, for the public good, assume certain responsibilities in long-range planning and community relations. The University of Minnesota, state colleges, and state junior colleges are hereby directed to develop, and to report progress to the 1969 and succeeding legislatures, policies and programs dealing with these responsibilities. The report should include comprehensive, long-range plans for future expansion of facilities and campuses, with particular attention to the problems of student housing, parking, student transportation, building sites, and the effect of these matters upon zoning, population density and character of surrounding, established neighborhoods. Insofar as possible, such plans should be developed in cooperation with representatives of surrounding neighborhoods and officials of contiguous governmental units."

## **2. Investments**

### *Overview*

The University operates two investment programs. One program is temporary investment management and the other is endowment fund management which includes in-house and external management.

Cash reserves are invested by the Temporary Investment Management office. Large amounts are invested until needed and substantial income is earned on the short-term investments. Estimates of the temporary investment income are included in the budget.

Legislation was enacted in 1971 which regulates the flow of state money to the University. Formerly the University automatically received a monthly check from the state for one-twelfth of its annual appropriation and this practice led to the accumulation of sizable cash balances. The University now must certify its need for additional state funds by certifying that its cash balance resulting from state funds does not exceed a prescribed amount. The same legislation restricts payment of state building funds under certain conditions.

Endowments are created when the Board of Regents accept gifts or bequests which

are to be administered for purposes designated by the donor or testator. Most endowments are established on a permanent basis and provide that only the income earned from the gift be used for the endowed purpose. Some endowments permit the expenditure of part or all of the gift itself in addition to the income earned.

The University Investment Department invested endowments under their control to produce ordinary income (dividends and interest) to provide for purposes intended by endowments. In 1963 the Permanent University Fund was transferred from the State Board of Investment to the Board of Regents solely for the purpose of investment. Over the years this fund has grown into one of the largest land grant endowments in the nation. Original sources were congressional grants during the state's early history and the First Morrill Act. The land grants gave the University title to land which contained iron ore. The royalties received from companies mining the iron ore have been and continue to be a major source of principal. This permanent endowment fund is invested to produce ordinary income. Minnesota taxpayers benefit from the investment of the Permanent University Fund because the ordinary income earned reduces the amount of money which is paid from the state general revenue fund to the University for maintenance and operations. Permanent University Fund ordinary income is appropriated in effect by the Legislature to the Board of Regents.

On November 22, 1969, the Board of Regents adopted a new investment policy for endowment funds. Formerly the endowments were managed internally with the emphasis placed on earning ordinary income. The new policy entailed shifting investment responsibility to investment management firms; investing for appreciation and ordinary income; and redefining income to be the composite of ordinary income and appreciation/depreciation on investments whether realized or unrealized. A team of new managers was retained and instructed to manage for maximum total return. Investment performance is now measured on the total return basis. Budgeting for endowment needs on the total return basis was recommended. However, it has not been implemented. The University continues to budget ordinary income earned on investments because there is not an adequate legal base to permit use of appreciation. Some University endowment funds permit the use of appreciation for budgeting. The Permanent University Fund is an endowment fund which does not have an adequate legal base to permit the use of appreciation in budgeting.

The 1971 Legislature enacted legislation which requires the Permanent University Fund to be administered in accordance with statutes describing investment restrictions and accounting principles for certain state investment funds. The University has conformed to the statutes by revising its investment restrictions and accounting policy for the Permanent University Fund. The State Public Examiner was notified of the revisions by the University vice president for finance, planning and operations in a letter dated February 15, 1972. It is now established, among other points, that . . . "The Permanent University Fund will be managed for maximum total return consistent with income requirements. 'Income' from the fund will include only dividends and interest as defined by generally accepted accounting principles."

### *Problems*

The University Accounting Department, aided by the Temporary Investment Manage-

ment office, provides an estimate of income from the short-term investment pool to budget planners. The estimate is based on anticipated money available for investing, period of time invested, and rate of interest expected to be earned on the investments. Realized income can vary significantly from the estimate because the actual principal, rate and time factors experienced may be quite different from the factors which were projected. The University has been conservative and has consistently underestimated the actual income, which creates excess income resulting in a windfall which may be used for any purpose chosen by the University.

The change in investment policy for the endowment funds produced a lengthy debate. Some factors which promoted the debate were the timing of the change relative to subsequent investment market events, the selection of a team of out-of-state investment managers, and the substantial increased cost of the new investment program.

Our attention is confined to the Permanent University Fund because this fund is a public trust administered by the Board of Regents. Changes in the investment policy of this trust fund accrue to the benefit or detriment of the citizens of our state because it affects the level of state appropriation. The Commission feels this issue is of paramount importance because it becomes a matter of concern to the people of Minnesota.

The University retained a bond management firm whose service began on December 31, 1969 and three equity management firms whose service began on January 27, 1970. These firms in effect converted the securities they were given to manage into cash in order to make other investments. The State Public Examiner reported that the asset conversion which took place for bonds on December 31, 1969 and for equities on January 27, 1970 resulted in a net total write-down of approximately \$13.3 million for the Permanent University Fund. Traditionally this loss would have been amortized by transferring income to principal each year until principal has been restored. A policy of loss amortization would have retained the perpetual nature of the Permanent University Fund. The University testimony indicated it did not and does not intend to amortize the loss taken at the time of conversion. If the loss had been amortized the income which offsets the state appropriation would have been severely reduced. A reduction in the offset would have required greater funds to come out of the state general revenue fund for the University appropriation resulting in an increased tax burden on the people of Minnesota.

The new investment policy as described above has produced greater ordinary income because of currently favorable interest rates and the termination of loss amortization. The University does intend to amortize losses realized after May 1, 1971, the effective date of an act which amended Minnesota Statutes, Section 137.022, concerning the Permanent University Fund.

The new program could be of benefit to the state if ordinary income and realized appreciation together could be used as an offset to the appropriation from the state general revenue fund rather than only ordinary income as the legislative offset. A Regents' resolution authorized the shift of money from bonds which pay high income to equities which pay low income but have greater appreciation potential. However, at present the University is not permitted to use realized appreciation as an offset to the legislative appropriation.

### *Recommendations*

The Board of Regents should arrange to apply temporary investment income excesses or deficits to the budget estimate for the following year. Excesses should be added to and deficits deducted from the budgeted income expected from temporary investments.

The Board of Regents should manage the Permanent University Fund for the benefit of the people of Minnesota. The investment change into a total return program was made in order to produce greater benefits for the people of Minnesota than the benefits produced by the previous investment program. These benefits should be realized by maintaining an increasing level of legislative offset, which is desirable from the legislative standpoint. The Board of Regents should seek the necessary legal changes to permit an appropriate portion of appreciation from the Permanent University Fund to be used as an offset to the legislative appropriation.

Consult with the appropriate state officials before making any future major changes in investment policy.

The Board of Regents should encourage the use of services offered by financial institutions operating in Minnesota, where practical. Consistent with good investment practices, where practical, efforts should be made to invest in those companies and institutions which are socially responsible.

# REPORT ON THE LEGAL STATUS

## *Introduction*

The University of Minnesota has a unique legal status among public institutions in Minnesota: its Board of Regents has constitutionally confirmed autonomy in the management of its own affairs.

This unique status has come about because:

1. the legislative act which is the University's charter (Territorial Laws, 1851, chapter 3) vested "the government of the University" in a Board of Regents, with the power and duty to enact laws for the government of the University;

2. the state constitution, adopted subsequently, in 1857, perpetuated unto the University all the rights, immunities, franchises, and endowments, heretofore granted or conferred (Minnesota Constitution, Article VIII, section three [prior to 1962, numbered section four]); and

3. the Minnesota Supreme Court determined in 1928, that notwithstanding 70 years of contrary law and practice, the constitutional terms referred to above, "are those of confirmation in perpetuity of a prior grant of corporate rights. So the University, in respect to its corporate status and government was put beyond the power of the legislature by paramount law, the right to amend or repeal which exists only in the people themselves." *State v. Chase*, 175 Minn. 259, 220 NW951.

Since *Chase*, the courts have added little to the meaning of "government of the University", beyond its original pronouncement that "government" in this context means exclusive management and control.

The Attorney General, over the years, upon request, has however issued several opinions on specific points of contention which at least since 1936 generally support a broad interpretation of University autonomy.

While the University enjoys a unique legal status in Minnesota, there are colleges and universities with a similar status in other states. In fact, the list of such institutions has grown in recent years. As recently as December, 1971, the principle of autonomy was generally reaffirmed by a trial court with respect to Michigan's three constitutional universities.

The policy behind the principle, as restated in *Chase* from a Michigan decision is:

to put the management of the greatest state educational institution beyond the dangers of vacillating policy, ill informed or careless meddling and partisan ambition that would be possible in the case of management by either legislature or executive, chosen at frequent

intervals and for functions and because of qualities and activities vastly different from those which qualify for the management of an institution of higher education.

### *Historical Summary of the Development of University Autonomy*

The Territorial Legislature of Minnesota established the University in February, 1851. Earlier that month, Congress had passed a law assuring a grant of some 46,000 acres for the use and support of a university.

Regents were elected, a private subscription was raised to buy land, a preparatory school was started near the Falls of St. Anthony, and the lands from the federal grant began to be selected. The preparatory school closed after four years, even as plans proceeded for the development of the University.

Unfortunately, the construction of the new University building coincided with the Panic of 1857, and the University was left with an empty building and increasing debt because the land secured by the federal grant had not yet been converted to money and despite the fact that the Legislature had authorized two bond issues.

At about the same time, the Congressional Act authorizing statehood for Minnesota made reference to a land grant for a state university, which because of a quirk in the language and diligent efforts by Minnesota lawmakers, resulted in 1870, in an unprecedented second federal land grant for a university.

In the succeeding decade three separate acts of reorganization of the University were passed in 1860, 1864 and 1868, substantially gutting the original University charter, most visibly by providing for a different number and manner of election of regents; and a separate agricultural college was authorized at Glencoe, designed to be the recipient of proceeds from another nearly 100,000 acre federal land grant accruing to Minnesota pursuant to the Morrill Act of 1862.

The Civil and Sioux Wars intervened however, and by 1867 the University having paid off most of its debt through land sales, appeared to be a more promising concern than Glencoe. So the University received the Morrill grant and its first legislative appropriation, and reopened its preparatory school at the refurbished Old Main building on the present Minneapolis campus. The idea for a separate agricultural college was temporarily abandoned, the Legislature having been convinced that one strong university was better than two weak ones. The University began its college program in the fall of 1869 under its first president William Watts Folwell.

In 1889, in the course of a fiscal crisis the University survived a second attempt to separate the Agricultural College, when Governor Pillsbury, the founder of the reorganized University relieved the fiscal crisis by donating \$150,000 to build a new science hall. Resolutions pledging the preservation of the University as a single institution were then adopted by the Legislature.

Between 1903 and 1905 the Regents reluctantly relinquished exclusive control over the University by submitting to a state board of control created in 1901 to oversee purchases

and construction in state agencies. In 1905, the Legislature returned exclusive control to the Regents except as to the purchase of fuel and the erection of buildings.

A similar dispute arose over 1925 legislation creating a commission of administration and finance which attempted to exercise some control over University affairs. The *Chase* decision resolved this struggle in favor of the University.

The basic principle of the University's autonomy has been substantially unchallenged since 1928, though periodically an inquiry, suggestion or point of contention, with respect to the limitations or alteration of the University's autonomy temporarily surfaces.

The hope, expressed in the *Chase* opinion:

that with this broad indication of [the] respective fields of power [of the Legislature and The Regents] their mutual regard for each other's constitutional provinces will make unnecessary any further judicial attempt to mark the precise line dividing their respective jurisdictions

appears to have been realized to date.

### *The Chase Case*

The *Chase* decision affirmed the judgment of a lower court which compelled the state auditor to approve a voucher, and issue his warrant for an expense incurred by the Regents related to implementing a plan of group insurance for permanent employees of the University.

The auditor had refused to act because the Commission of Administration and Finance acting pursuant to Laws 1925, chapter 426, which had given the Commission power to control expenditure of all state agencies, had disapproved the expense believing a group insurance plan begun at the University might necessitate extension to all state employees — a policy decision that should be made by the Legislature.

The state supreme court determined that, however autonomous the University might be, it is still an agency of state government as that term was used in the contested law. This brought the court to the question of constitutional autonomy. The expressly granted power to govern, in the view of the court, is the power to control, and as applied to corporations, the power of management. The court found that the Regents were the corporation in which were perpetuated the things covered by the constitutional confirmation, rejecting the formalistic argument that the things perpetuated ran to the University as an "institution" and not to the Regents as a "body corporate". The court concluded that the institution as distinguished from the corporation has no being; so that the charter grant and the constitutional perpetuation could vest in the institution only in the sense that it was a corporation. Having made this fundamental determination the court reasoned:

1. that the people have invested the Regents with a power of management of which no Legislature may deprive them;

2. that this puts the Regents in a position somewhat analogous to that of the board of an ordinary corporation in which all authority unless specifically ruled otherwise, is in the board of directors;

3. that the whole executive power of the University having been put in the Regents by the people, no part of it can be exercised or put elsewhere by the Legislature;

4. that the Commission of Administration and Finance had no concern with the proposed expenditure of University funds, the right so to control University finances being the power to dictate academic policy and direct every institutional activity; and

5. finally, that so far as the contested law gives the Commission any power of supervision and control over University finances it is unconstitutional and inoperative.

### *The Fanning Case and Conditioning Appropriations*

The University, almost from its inception, has had to depend on legislative appropriations. *Chase* acknowledged in passing that the Legislature has "the undoubted right within reason to condition appropriations as it sees fit." Quoting a Michigan decision, the court continued, "In such case the regents may accept or reject such appropriation . . . If they accept, the conditions are binding upon them."

In 1929, the Minnesota Supreme Court in *Fanning v. University of Minnesota*, affirmed the denial of an injunction sought by certain taxpayers to prevent the University from paying off bonds for the construction of a dormitory with rents from campus buildings.

The taxpayers relied principally on a proviso that had been attached to University maintenance appropriations from 1919 through 1927, but which was deleted in 1929 after the *Chase* decision:

Provided, that the money derived from rents when and as collected from buildings on the campus is hereby appropriated for the maintenance and improvement of the University Campus

to urge that this assumed condition prohibited the University from diverting rental proceeds to the construction of a dormitory.

The court concluded that the power to govern the University implies the power to construct building, and that assuming, without deciding that the proviso is a condition, a dormitory is an improvement of the campus, and thus within the meaning of the statute.

The opinion added that in any event the Legislature could not appropriate to the University that which already belonged to the University, that the campus rentals all the time were subject to the disposition of the Board for University purposes, and that having the right of disposition, the Board could use campus rentals for the building of a dormitory without a legislative appropriation for such purpose and in spite of an appropriation for a different one.

The court did reaffirm the principle that if the University accepts an appropriation it must take it with the conditions attached.

This is as much as has been said by our highest court on the question of conditioning of appropriations. Other states, with constitutional universities particularly Michigan, have

decisions on this question, but they must be read in the light of their somewhat different constitutional language.

The tenor of this authority is that:

1. the Legislature may condition its appropriation within reason;
2. that such conditions cannot extend to or control the use of other University income;
3. the Legislature may require reports on University expenditure and
4. certain University income may be treated as a deduction from the legislative appropriation.

### *University Autonomy and the Police Power of the State*

The University is not a sovereign enclave. It is not above the law or beyond the lawmaking power of the Legislature. Its charter is a grant of specific powers. "The constitution added nothing to the quantity of the grant. . . . The board must keep within the limits of its grant." The Minnesota cases support these propositions.

The power to govern the University can occasionally conflict with, and must give way to the police power of the Legislature to enact laws for the public health, safety, and welfare, which power the Legislature cannot contract away.

The difficulty comes in determining what is within the proper exercise of the police power and thus paramount to University autonomy, at one extreme, and what is clearly within the meaning of the government of the University and not an exercise of police power at all at the other extreme.

The difficulty is compounded because the contesting interests have exercised restraint in pursuing the specific dimensions of these broad terms, out of mutual respect, and perhaps out of fear of the trauma of litigation, and because of the extraordinary deference given in Minnesota and elsewhere to the principle and the policy behind the principle of institutional autonomy such that the specter of the police power of the state has seldom been raised in the cases.

To illustrate the possibilities of conflict between these two broad principles consider the following not-so-hypothetical examples. Note that even in situations which appear to be within the exclusive domain of either the Legislature or the University, the interest of the other power is evident.

1. *A law establishing a professorship in Scandinavian Languages.* This appears to be clearly within the sphere of the government of the University, yet the Minnesota Legislature passed such a law in 1883. This is not to say that the Legislature could not make such a professorship an object of a specific appropriation in which case the University could have the use of the money only if it established such a professorship.

2. *Authority with respect to the Conferring of Academic Degrees.* This at first glance would appear to be within the sphere of government of the University, but there is substantial

authority that the privilege of granting degrees is very intimately related to the public welfare, and is unquestionably subject to regulation by the state because among other concerns the state has an interest in prohibiting diploma mills. An early decision affecting the University of Maryland states that the Legislature may control the power to grant degrees as an exercise of its police power. This question is not directly at issue in Minnesota, as the Legislature apparently in the exercise of this police power has empowered the University in its charter "to confer such degrees and grant such diplomas as are usually conferred by other Universities."

3. *Compensation of University Employees Under Workmen's Compensation Laws.* It is likely that the compensation of University employees would necessitate the expenditure of University funds and thus would appear to be beyond legislative control. But a divided Michigan Supreme Court has affirmed a judgment to the contrary as against one of Michigan's constitutionally autonomous Universities, with this rationale:

*The defendant corporation* [Michigan State University] is not vested by the State Constitution with any powers of a police nature. Neither is the defendant corporation vested with any power to regulate the general welfare of the people of this state. It is for the Legislature to exercise such powers . . . We find that the Workmen's Compensation Act is a valid exercise of the power of the Legislature even when it makes necessary the expenditure of [University] funds. The act is approved as a piece of legislation aimed not at the defendant alone, nor against any of the activities of the defendant of a nature peculiar to the defendant. The act is of broad scope addressed to the subject of the liability of employers in broad fields of employment. The Workmen's Compensation Act does not undertake to change or disturb the educational activities of the board.

The control of [University] funds must be considered as given to defendant for the purposes of the particular and peculiar educational activities of the [University] not for the purpose of disturbing the general relationship in this state of employer and employee, nor evading laws enacted to promote the general welfare of the people . . . [The constitutional provision giving the general supervision of the University and the direction and control of its funds to its board] is not to be construed as withholding from the Legislature the authority to make the defendant board liable and subject to the entire Workmen's Compensation Act. *Peters v. Michigan State College*, 30 NW 2d 854 (1948).

4. *Health Laws.* In a case involving the requirement of vaccination as a condition of admission to the University of California, the court in expanding on its decision stated that

[The Regents] concede that the power vested under the constitution in the Regents is not so broad as to destroy or limit the general power of the Legislature to enact laws for the general welfare of the public, including laws regulating the subject of vaccination, even though it might incidentally affect the University of California, as such a law would be paramount as against a rule of the Regents in conflict therewith. *Wallace v. Regents*, 242 P. 892 (1926).

5. *Public Employment Labor Relations.* An appellate court has held that the University of Michigan is required to bargain collectively with its non-academic employees under Michigan law, and such law is a valid exercise of the police power and does not infringe upon the general supervision of the institution or in the control of its funds, quoting the *Peters* case, above. *Regents v. Labor Mediation Board*, 171 NW 2d 477 (1969).

6. *Regulation of the Sale of Intoxicating Liquors.* This has traditionally been recognized as within the police power of the state. In the exercise of that power, the Legislature has forbidden the sale of intoxicating liquors on the east side of the Mississippi River within one mile of the main building of the University. In 1971, this law was amended to permit a liquor license and sales in the Alumni Club. *Laws 1971, chapter 882.*

7. *Defining, Prosecuting and Providing Punishment for Crimes.* This is what is most commonly associated with the police power and the University concedes the state's supremacy in this area by implication in *Bailey v. University of Minnesota*, 290 Minn. 359 (1971). Yet the University has an obligation to maintain order on campus, and it has some internal disciplinary machinery for this purpose.

In the light of these illustrations, it is not hard to imagine the valid assertion of the state's police power, even as against the Regents' power to govern the University, in such areas as pollution control, building codes, fire laws, unemployment insurance, land use and planning, (especially if made generally applicable to the state and its agencies), and the University generally at least acquiesces in the authority of the state in these areas.

It should be noted in conclusion that the determination of the legal relation of the University and the Legislature with respect to any specific matter, will depend on the facts of the case raising the issue.

## APPENDIX

### A. COMMISSION HEARING ATTENDANCE

NAME	TITLE	HEARING							P- Present
		T- Testified							
<i>I. University of Minnesota</i>									
<i>A. BOARD OF REGENTS</i>									
		11/12/71	11/29	12/16	1/27/72	2/16	3/7	4/4	5/2/72
Elmer L. Andersen	Chairman		T						
Josie R. Johnson			P	P					
Lester A. Malkerson			P	P					
Neil C. Sherburne	Vice Chairman				P				
Loanne R. Thrane			P	P	P	P		P	
John A. Yngve									T
<i>B. ADMINISTRATION</i>									
Rodney A. Briggs	Acting Secretary to Board of Reg.		P		P				
James F. Brinkerhoff	Vice Pres. for Finance, Planning & Operations		T		T	T			T
Donald Brown	Assoc. Dir. of Dev. Office				T	T			
Clarence Carter	Administrative Assistant			P					
Holger Christiansen	Athletic Finance & Facilities Coordinator								T
Eugene Eidenberg	Assistant Vice President for Administration		T		P	P	T		
Lyle A. French	Vice Pres. for Health Sciences		P					T	
R. J. Geary	Assistant Athletic Director								P
Paul Giel	Athletic Director								T
Jack Imholte	Provost, Univ. of Minn., Morris				T				
Stanley Kegler	Assoc. Vice Pres. for Coordinate Campuses & Educational Relation.		P	P		P	P		
J. G. Lalla	Ass't. Univ. Attorney						P		
Lloyd Lofquist	Ass't. Vice Pres. for Academic Administration					P			
Fred Lukerman	Ass't. Vice Pres. for Academic Administration				P			T	
Malcolm Moos	President		T		T	P	T		
Robert Odegard	Exec. Dir., U of M Found. & Dir. of Develop. Office		P						

Hugh Peacock	Ass't. Vice Pres. for Planning					P			
Frank Pieper	Dir., Dept. of Civil Service Personnel							T	
David R. Preston	Ass't. Vice President for Health Sciences								T
George M. Robb	Exec. Ass't. to Vice Pres. for Coordinate Campuses & Educational Relationships	P	P	P		P	P		P
Jean Schlemmer	Admin. Ass't. to U. Pres.					P			
Duane C. Scribner	Exec. Ass't. to U. Pres.		P						
Wm. G. Shepherd	Vice Pres. for Academic Administration		T	T		P	T		T
Cal Stoll	Head Football Coach								
Russell Tall	Assoc. Dir. of U. Relations			P					T
R. Joel Tierney	University Attorney							T	
Stanley Wenberg	Vice Pres. for Coordinate Campuses & Educational Rel.		T			P	T	T	T

C. FACULTY

Carl Auerbach	Professor of Law			T		T			
Ralph Berdie	Professor & Coordinator, Admissions, Regis. & Student Records			P					
May Brodbeck	Professor of Philosophy					P			
John Darley	Professor & Chair. of Psychology Dept.			T		P			
Robert A. DeYoung	Slavic Bibliographer			T					
Robert Evans	Ass't. Prof. of Philosophy			T					
Edwin Felien	Ass't. Prof., University College			T					
Eleanor Fenton	Ass't. to Dean, Gen. Extension Div.			P					
Paula Giese	Ass't. Prof. of Humanities			T					
W. S. Howell	Prof. Dept. of Speech-Comm.			P		P			
Warren Ibele	Assoc. Dean of Grad. School, Prof. of Mechanical Eng.							P	
Walter K. Johnson	Assoc. Prof. Civil & Min. Eng.			P					
Sam Krislov	Prof. of Political Science			T					
D. T. Lykken	Prof. of Psychiatric Research			P					
H. Macey	Dean Emeritus			P					
W. P. Martin	Dept. Head, Soil Sciences					P			
Keith McFarland	Acting Dean & Prof. of Home Ec.			P					
Jack Merwin	Dean & Professor of Education			P		P			

**A. COMMISSION HEARING ATTENDANCE**

NAME	TITLE	HEARING							P-Present	
		11/12/71	11/29	12/16	1/27/72	2/16	3/7	4/4	5/2/72	
C. Robert Morris	Professor of Law				T					
George Rapp, Jr.	Assoc. Prof. of Geology & Geophysics			P						
Maynard Reynolds	Director of Special Education				P					
Edward Silberman	Prof. & Dir. of St. Anthony Falls Hydraulic Lab.			P						
Donald Singley	Ass't. Professor of Mathematics			T						
Donald C. Swanson	Professor of Classics	P	P	T	P					
E. W. Ziebarth	Dean, College of Liberal Arts			P						

**D. STUDENTS**

William A. Butz				P					
Roman Dela Campa				T					
Gene Dokken						P			
Timothy Graca							P		
Mark E. Hagedorn					P	P			
Peter Hames				T	T			P	
Paul Hardt				T					
Cynthia Kaufman					P				
Richard Kelsey					T	T			
Harvey Kidman				P					
Roger D. Kingstrom								P	
Michael LaBrosse						P		P	
Darrell Larsen				T					
Edward Lohmann			T	T			T		
Ed Lotterman					P				
William McNally				T					
F. Howard Nelson		P	P	T	P			P	
Gary Schwantz				T					
Francis Shor		T		T					
David Truax				P	T				
Connie L. Weisenburg				P					
David N. Wetzel							P		

**2. State Employees**

William Bergland	Audit Dir., State Pub. Exam. Office								P
Robert E. Blixt	Exec. Sec., State Board of Investment					T	T		



## B. BIBLIOGRAPHY

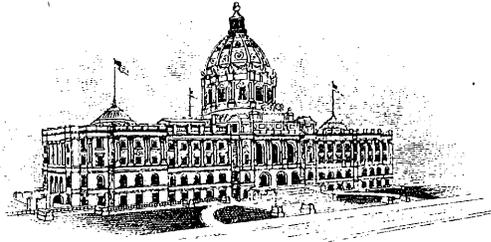
<i>DATE</i>	<i>AUTHOR</i>	<i>DOCUMENT</i>
1971	American Jewish Committee Barron's Educational Series, Incorporated	Group Life in America University of Minnesota: Barron's Profiles of American Colleges, An in-Depth Study
Jan. 27, 1972	Blixt, Robert E. Executive Secretary State Board of Investment	Portfolio of Investment Papers
June, 1972	The Carnegie Commission on Higher Education	Reform on Campus: Changing Students, Changing Academic Programs
June, 1972	_____	The More Effective Use of Resources, an Imperative for Higher Education
Feb., 1972	_____	Institutional Aid: Federal Support to Colleges & Universities.
July 20, 1972	Constitutional Study Commission	Report of the Education Committee
Dec. 16, 1971	De Young, Robert U of M Faculty	Chart on Funds for Books and Buying Power
Dec. 16, 1971	_____	Table on Price Trends in Book Costs
Aug., 1969	Ford Foundation: Advisory Committee on Endowment Management	Managing Educational Endowments
April, 1969	Ford Foundation: Cary, William L. Bright, Craig B.	The Law & Lore of Endowment Funds
April 20, 1972	Goldstein, Steve U of M Student	University of Minnesota Athletics and the Consolidated Fund: A Misuse of Student Fees
1960	Governors Advisory Committee	Investment of State Trust Funds
Nov., 1971	Higher Education Coordinating Commission: Research & Educational Resources Planning Staff	Planning Report #5 Current Operating Revenues and Expenditures in Minnesota Higher Education, 1969-70
Dec. 9, 1971	Legislative Retirement Study Commission	University of Minnesota Faculty Retirement Plan
April 17, 1971	_____	University of Minnesota Retirement Plan
	Lohmann, Edward U of M Student	Notice of Formation of a Student Advisory Board to the Commission

<i>DATE</i>	<i>AUTHOR</i>	<i>DOCUMENT</i>
	Minnesota State Employees Union, Council No. 6	Civil Service: An Irony
Jan. 10, 1972	Moos, Malcolm University President	A Slogan of 'More for Less' is Just Not Enough, reprinted from the New York Times
	National Center for Higher Education Management Systems at WICHE (Western Interstate Commission for Higher Education)	Training and Implementation Program
	Nelson, Howard U of M Student	Retrenchment & Reallocation: Does it Reorder Priorities or Does it Just Reorder?
Dec., 1971	Piper, Ralph E. & Co. St. Louis, Missouri	Flight Facilities Report
Jan. 27, 1972	Schwartz, Gary U of M Student Science Magazine	Selected Data from University Financial Reports
		Higher Education: Reinforcement from the Carnegie Commission
Feb. 15, 1972	Student Advisory Board	Topics Students Would Like to See Considered in the Context of Commission Discussion
July, 1968	University of Chicago Fisher, Lawrence Lorie, James H.	Rates of Return on Investment in Common Stock: The Year- by-Year Record, 1926-1965.
Aug. 1, 1972	University of Minnesota	Letter Conveying Responses to Commission Requests
July 6, 1972	_____	Letter Conveying Partial Response to Commission Requests
May 12, 1972	_____	Committees of the Board of Regents
May 1, 1972	_____	Response to Commission Questions About Graduate School
Mar. 30, 1972	_____	Letter Reporting Financial Data to the Commission
Mar. 29, 1972	_____	Statement on Law School Consultant Practice
Mar. 28, 1972	_____	Graduate School Admissions Criteria
Mar. 2, 1972	_____	Response to State Public Examiners Annual Reports for 1969 & 1970
Feb. 15, 1972	_____	Response to State Public Examiner Regarding Amendment to Minnesota Statutes, Section 137.022

<i>DATE</i>	<i>AUTHOR</i>	<i>DOCUMENT</i>
Feb. 8, 1972	University of Minnesota	Analysis of Retrenchment & Reallocation Results
Jan. 21, 1972	_____	Investment Report for Eighteen Month Period ended June 30, 1971
1972	_____	College Faculty View Themselves and Their Jobs
Dec. 13, 1971	_____	University Attorney Response to Legal Questions
Dec., 1971	_____	Facts Pamphlet
Nov. 29, 1971	_____	Statement for Commission
Nov. 29, 1971	_____	Performance Measurement of Investment Managers
Nov. 23, 1971	_____	Abstract: College of Liberal Arts Retrenchment & Reallocation Proposal
July, 1971	_____	Accountability & Educational Criteria: University Planning for Selective Growth
June 10, 1971	_____	Investment Policy & Programs
June, 1971	_____	Toward 1985 and Beyond
March, 1971	_____	Over Two Decades: A Comparison of Selected Faculty Characteristics
Dec., 1970	_____	Selected Characteristics of the 1969-70 Full-Time Instructional Staff
Sept. 11, 1970	_____	Regents Statement on Higher Education in Minnesota
	_____	A Chronology of Retrenchment & Reallocation, 1970-Present
	_____	Budget Index and Account Listing for Fiscal Year, July 1, 1971 to June 30, 1972
	_____	Budget Book- 1971-72
	_____	Financial Report as of June 30, 1971
	_____	Brief Summary of Financial Report as of June 30, 1971
	_____	Information on University Cars
	_____	Statement on Certain Expenditures during 1969 & 1970
	_____	University of Minnesota: Years of Change and Challenge

<i>DATE</i>	<i>AUTHOR</i>	<i>DOCUMENT</i>
	University of Minnesota	Statement on Academic Freedom and Responsibility
	_____	By-Laws Explaining Regents Committees
Nov. 22, 1969	_____	Regents Investment Policy
July, 1969	_____	Constitution and By-Laws of the University Senate
July, 1969	_____	Constitution and By-Laws of the Twin Cities Campus Assembly
1969	_____	The Investment Operations of the University of Minnesota
Oct., 1968	_____	College of Education Faculty Load 1966-67
Sept. 1, 1964	_____	The Permanent University Fund
1960	_____	Faculty Attraction and Retention
April 7, 1972	University of Minnesota, Morris	Requests for the West Central Experiment Station
April, 1972	_____	Report to the Legislative Building Commission
Feb. 4, 1972	Whitaker, Robert State Public Examiner	Financial Affairs of the University of Minnesota, Years ended June 30, 1969 and June 30, 1970

C. BILL OF PARTICULARS



STATE CAPITOL  
SAINT PAUL, MINNESOTA 55101

State of Minnesota

HOUSE OF REPRESENTATIVES

May 26, 1971

Board of Regents  
University of Minnesota  
4th Floor, Morrill Hall  
Minneapolis, Minnesota

Dear Members of the Board:

In the course of reviewing and analyzing budgetary requests from the three systems of higher education during the recently concluded legislative session concern and dissatisfaction was voiced regarding the budget documents, certain administrative practices, and academic programs.

The following "Bill of Particulars" together with committee staff work papers is intended to convey to the Board of Regents and the President and his staff a clearer understanding and interpretation of legislative intent.

Some of the comments and observations relate directly to fiscal matters while others are intended to convey concerns and questions regarding all phases of the University's operation. It is the intent that the contents of this "Bill of Particulars" be viewed in the same light and given the same weight as appropriation riders usually incorporated into the appropriations act.

It is the sincere hope of the legislature that this approach will prove helpful in preparing the 1973-75 budget requests in a manner that will simplify and expedite legislative and appropriate committee review.

(1) The legislature views with concern recent statements made by University administration regarding proposed enrollment limitations and reductions of existing programs. If the University feels compelled to make some cutbacks or reductions it would be logical to assume that such reductions would take place to the extent possible in non-educational areas and items not vital to the basic mission of a university - the education of students.

The legislature applauds the Board of Regents' efforts to decentralize the University. It agrees that the East Bank is overcrowded and hopes that enrollments on the Minneapolis campus will not grow past the present level. At the same time, it should be made clear that the



legislature desires to see further development of outstate campuses to the point where they truly become coordinate, not subordinate campuses. This may require some internal administrative adjustments which the University is urged to make. The University would be committing a gross error in judgment by assuming that a flat across-the-board cutback and reduction of enrollments and programs at coordinate campuses as well as health sciences programs reflect legislative intent. The legislature expects to see a continued growth and expansion in the health sciences programs as presented to and funded by the legislature.

In budget presentations before the two committees, the University laid great emphasis on its changing mission with increasing emphasis on graduate and post graduate programs. The enrollment statistics supplied by the University do not support these claims. A great deal was said about the newly proposed "6 Cell" staffing formula and the additional staff that its application would require. However, analysis of current enrollments and the present faculty/student ratio do not support the need for additional staff. On the contrary, close analysis indicates an excess of academic as well as civil service staff.

(2) The conference committee report restores 50 academic positions with the intent that 40 of these positions must be allocated to medical sciences, including veterinary medicine. The remaining 10 positions may be distributed according to need. If needed, a portion of or all of the 10 positions may also be used for health sciences.

(3) The conference report provides for phasing out 75 academic positions the first year and 25 the following year. In accomplishing this reduction, it is hoped that this would not be done on an "across-the-board" basis but would rather be based on careful review of collegiate and departmental needs and programs.

(4) The funds included in the conference report provide for phasing out of 75 civil service positions the first year with an additional 25 positions to be phased out the second year.

(5) In the area of academic salaries, it is the intent of the legislature that in the course of reviewing and adjusting academic salaries the administration place emphasis on bringing academic salaries of the coordinate campuses to a more comparable level with Minneapolis campus. It is also hoped that lower academic ranks will receive special consideration in order to significantly improve their salaries.

(6) The University is requested to base salary adjustments on principles of merit and performance evaluation.

(7) Budget documents and related material should be available at the earliest possible date in order to provide sufficient time for legislators to study and familiarize themselves with budget requests.

(8) Budget documents should be complete, containing all necessary information in order to avoid confusing and conflicting additions and revisions.

(9) In addition to requested increases, the budget format should clearly reflect the current level of expenditures in a given area.

(10) Budgetary items of similar or closely related nature should be incorporated in the budget document in a local and sequential pattern.

(11) It would appear that closer cooperation and consultation with legislators and committee staffs prior to and during budget preparation is highly desirable.

(12) The University is requested to explore the possibility of converting from the present fee schedule to a fixed amount for each credit hour: It is felt that such fee schedule would lead to a more accurate and reliable method of projecting and analyzing tuition income.

(13) The conference report contains supplemental funds for the summer session. The legislature expects to receive an accurate account of full time enrollments, faculty/student ratios and actual cost of summer sessions and the extension program in the 1973-75 budget.

(14) The conference report includes as a separate line item funds for the Rochester Extension Program. This appropriation is intended solely for further development and support of the existing program. Since the responsibility and necessary funds to study the need for a University campus at Rochester have been given to the Higher Education Coordinating Commission, no portion of this appropriation may be used to conduct a similar or related study.

(15) The legislature is interested in receiving a report showing the manner in which the additional \$400,000 each year for student aid is spent.

(16) The legislature would also like additional information regarding the role of the Mines Experiment Station and the extent and nature of consultant contracts that faculty members have with mining or related industry.

(17) The legislature is interested in further review of the academic retirement program during the interim.

(18) The Board of Regents is requested to submit a written report on or before September 15, 1971, concerning the program plans and proposed expenditures for the drug abuse information and education program. Additional reports are requested on June 30, 1972, and before January 15, 1973, showing accomplishments and expenditures.

(19) The University is requested to continue to treat Waseca and Crookston outside the maintenance and operations budget through the 1973 biennium.

/s/ Donald Sinclair  
Donald Sinclair, Chairman  
Senate Finance Committee

/s/ Richard W. Fitzsimons  
Richard W. Fitzsimons, Chairman  
House Appropriations Committee

/s/ John L. Olson  
John L. Olson, Chairman  
Education Subcommittee  
of Senate Finance Committee

/s/ Rodney N. Searle  
Rodney N. Searle, Chairman  
Education Division  
of House Appropriations  
Committee