

**MINUTES OF THE SPECIAL MEETING OF THE
FACULTY SENATE
301 Gowen Hall
2:30 p.m., Thursday, 2 May 2002**

The meeting began at 2:39 p.m. but it was formally called to order at 3:21 p.m.

Introductory Comments – Bradley Holt, Chair, Faculty Senate

The purpose of this meeting was to provide the Faculty an opportunity to express their views on the budget this year. The agenda first included presentations on the budget, and the recommendation of the Senate Committee on Planning and Budgeting (SCPB). Then, the meeting was opened to discussion.

Background Information – Bradley Holt, Chair, Faculty Senate

Holt gave a presentation which he entitled "Budget 101." It was designed to explain how we got to where we are and the choices that we have made in the past. He began by explaining the "straw budget" that has been the basis for SCPB discussions. (Attachment 1 – "Straw Budget" is included in the archived copy.) This planning process began with a \$21 million deficit. This fact framed the question as one of how to find additional revenues to cover the deficit and maintain operations. As it pertains to salaries, there has been a discussion that we should focus on recruitment and retention rather than on salaries. Against this backdrop, the Senate Executive Committee sought the advice of the Code Advisory Committee for an interpretation of the priorities within the *Faculty Code* salary policy. Another question has been how much money can be spent on technology investments, grants and contracts, and deferred facilities maintenance.

Shifting his focus to the \$21 million deficit, Holt discussed how we got to this position. (See Attachment 2 – Budget 101 in the archived copy.) Last year, we made changes in tuition and in the student "mix." These and other decisions brought in a total of \$9 million. At the same time, the University faced increased costs, particularly for utilities. Added to this was an unfunded mandate to cover a 3.7% salary increase, and other commitments. This totaled \$25.7 million.

We also need to consider what new investments and choices were made. Costs for deferred maintenance, recruitment and retention, the library and faculty promotions amounted to \$29.7 million dollars. As a result, we ended up with a planned budget deficit of \$14.1 million.

"Where do we stand *this* year?" asked Holt. After outlining new revenues, he outlined new costs. For example, we decided to pay costs incurred as a result of new students, computer repairs, and costs for the teaching assistants. At the end of the day, as a result of the new investments, the new revenues and the new expenses, we have approximately a \$21 million deficit.

Thus, the "straw budget" is a summary of trade-off decisions we have made and for which there is a rich background of cumulative decisions and events.

Recommendation of the Senate Committee on Planning and Budgeting – Sandra Silberstein, Chair

First, she announced that the President must leave at 3:30 for a long standing prior commitment.

The SCPB discussions were framed by foundational decisions about student access. This means that increased financial aid must be provided to offset increased tuition. The premise of the budget policy, after this, was that the "quality of the university is determined by the quality of the faculty." This led to a resolution that "the strength of the institution is best maintained by honoring the faculty salary policy." Therefore, the committee recommended that the current faculty salary policy, including the funding of 2% raises, should be honored.

In terms of the straw budget, the SCPB discussions tended to put people (faculty, staff and students) before facilities. Thus, they felt what was potentially on the table was to take money from reserves for facilities. The tradeoff is between trying to get the indirect cost rate as high as possible and trying to proceed with facilities maintenance.

Three questions emerged from SCPB's discussion:

1. Should eligible employees receive merit/salary increases in 2002-2003?
2. How much of an average cut should colleges/campuses/administration be asked to absorb?
3. Where should salary funds come from?

-Reserve? Building funds? Cuts?

Holt added that our peer institutions are also trying to make the same decisions, with varying results. Community colleges got 3.6 % raise, WWU 1% for faculty and professional staff, and state employees got no raises. CWU will do about a 2% raise.

Discussion

Dick Ludwig started the discussion with a question for Lee Huntsman: What do these overhead discussions mean? What is the return on a \$10 million dollar investment here? Huntsman first asked how much money we should spend on research facilities. This would be for existing structures, not new buildings. At the same time, the team that negotiates indirect costs with the federal government is trying to see what is going on in other places in the country. Currently, the estimate is that we could get 60 cents for each dollar spent. This is all in the context that the Administration believes we have been under-investing in research facilities in a way that impairs faculty ability to do their work.

Don Janssen (Civil Eng) asked what percentage of grants and contracts actually pays the full overhead rate. Provost Huntsman answered that he could not really answer that but rough parameters could be provided. All federal grants pay the full rate except for training grants. Foundation grants tend to pay less. In the accounting office, the percentage of total dollars is about 28% so the average rate is somewhere in the thirties. Research conducted off campus has a 27% rate. So, there is not a uniform rate all across the campus. In general, we believe that we are leaving very little on the table. The University attempts to recapture everything that it believes is legitimate.

Warren Guntheroth (Pediatrics) suggested that the indirect cost be compared to the 2% raise figures. He pointed out that this is a carry forward each year, for salary, as opposed

to hoping we will get a recovery from federal funds. Choosing between the 2% and hoping to gain funds from grants, he would choose grants. Holt added that the trade off is not necessarily solely between grants and salaries. Also, he remarked, we made a lot of choices last year about a number of projects we wanted to pursue so there are a lot of tradeoffs, partially as a result of prior commitments.

Janssen asked a second indirect cost question: If the off campus rate is lower, why is there an increased rental increase? Shouldn't that be covered by the off campus overhead figures? Huntsman said that not all of our off campus space is related to research. We lease ¾ of a million feet. Some of it is for development or administrative work. It is part of central or unit budgets. While real estate has flattened somewhat in the last year, it had been very inflationary in the preceding years. It is also based on the turnover rates for various leases. So the lease figure is not related to research.

Mark McDermott (Physics) asked about the student aid figures. The straw budget lists \$3 million in the base column and \$1 million in the proposal. He stated that the President has been up front, and added that the faculty should be also, so that students will be made whole for the 16%. Silberstein explained that the \$3 million is to maintain and hold harmless the students and the proposed \$1 million was to go beyond where we are now and provide additional enhancement.

Steve Schwartz (Pathology) asked two questions. First, when new students come in, the new money appears to wash out with their associated costs. How does that work? Huntsman explained that if the state gives us new enrollment money, it also is an expenditure because we turn around and put it in academic units. That is why it appears on both sides of the ledger. The total increase in students will increase revenues but it also has costs. Also, right now we are overenrolled so we get the tuition but we do not get additional state support. Thus, we are trying to manage our enrollments down so that we match the state funded enrollment figures. This would mean we should not have to touch the reserve. Steve Schwartz also asked the bottom line questions: Are we better off with more or less students? Is it better for the students to have more or less? Huntsman added that if they come with tuition and state support, then it is a wash. But we are under-funded on a per student basis yet a high degree of over-performance despite the lack of support. Other states provide more for their students.

Steve Schwartz' second question was whether (pointing out that our indirect cost is less than that of industry) the indirect costs we bring in as researchers really help? Huntsman said yes, if it supports existing programs and facilities but if we need to make additional investments, there can be a loss. Steve Schwartz also asked if we have figures that would track this like a business. Huntsman said yes, and that we are doing better on this. The "feds" care a lot about direct costs but not as much about indirect costs. There are two parts to indirect costs: administrative costs (capped at 26%) and facilities. On the facilities side, we add up what we spend and apportion it to each grant. This explains why it is a high leverage investment and that careful negotiations pay off.

Kavasseri Ramanathan (Business) asked about long term prospects, and about how much we lose per student. What investment would we have to make to improve quality for students? On a long term basis, how do we deal with crisis – how do we manage the future? Huntsman commented that these are good questions, and that we have shifted our approach to asking the last question. One of the benchmarks we have begun to compile is per student costs. There are tremendous variations across the country. North Carolina is quite high while Michigan is quite low; the U Cal system is in the middle. These make

enormous differences. What are our options for dealing with this? First, we can confront the legislature with this information. Second, we can make a case for higher tuition given what we deliver. Then, we can get to other parts of the business plan and ask what we can change about changing the size of the institution. He thinks about changing the number of subsidized students. The only ones who carry their way are nonresident undergraduates. For every student that you could convert to non-resident, there is a huge difference financially. This problem is not unique to Washington; it is shared across the country and has been developing for three decades. This is also occurring against the backdrop of changing demographics for student enrollments.

Ross Heath (Oceanography) asked about the context of these changes. In one way, it is a short term problem but this would discount the seriousness of the problem. Failing to give an increase to junior faculty has a compound effect and carries throughout their careers. The trend in this state, if the economy is down, is that we get cut. If the economy is up, there are taxpayer rebates. There is never an outlay for the University and that is the trend we need to come to terms with. The point is that we are always operating in a tough picture. So we have to make a strategic decision about our student mix, differential tuition and whether we have admissions by departments, etc. We need to think about a number of strategic approaches rather than just look at short term tradeoffs.

Warren Guntheroth pointed out that the state constitution creates some problems because of the way that nonresident students can become residents given interstate travel. Also, he wanted to know about the 2% compounding on research facilities. Finally, the newspapers suggest that we are doing extremely well in terms of research funding. Huntsman pointed out that these are not the rules of residency as he understands them. Most states are much more stringent than we are; we are one of the most lax in the country. Most of our non-residents become residents within a year or two which represents a significant loss of revenue.

Silberstein thanked people for the strategic comments but asked that we focus on the direct question facing the body: salary increases.

The senator from Mathematics said that his departmental straw poll got some strong responses in his department. In their minds, this is the first real test of the salary policy and that they were in favor of the increase. If we do not get it, it will be difficult in the future to believe the Administration, making negotiation with the administration pointless. He heard from 24 of the 54 regular faculty regarding these propositions. Most supported these statements. Four had some concerns about whether an increase would do some damage.

Paula Szkody (Astronomy) opined that having just recently gone through the college application process that the determinant is not usually the cheapest place. Students and families are looking for the highest quality education, and that is why people come to us. If they want something cheap, then they go to community college. If we want that quality, it runs on faculty and thus 2/3s of her colleagues wanted an increase.

Another senator asked about the increased costs in health insurance which must be borne by faculty. For faculty being paid \$40,000 to \$45,000, the health care increases are a lot of money on top of a salary freeze. Is there a way, he asked, to cover this health insurance cost that would benefit the lowest paid faculty members? Holt answered that there are increased health care costs, and that faculty will have to pay more. We will not really know final costs until this fall. One figure floated has been an average increase of \$60 a month.

In regards to whether the University can add to the health care pool directly to offset the cost, he said that this road is fraught with difficulty. Silverstein asked that question, and at this time, the answer is that we do not know whether it is possible.

Noting that private donations are not listed, one senator wondered about development funds from alumni and whether we want to increase the investment in development. Holt said that last year there were additional investments in development. In terms of the budget, much of the money that donors give is earmarked so there are some challenges there. McCormick agreed with this description, pointing out that we are in the quiet phase of a campaign and we are trying to enlarge the number of alumni who give. We are up to about a 14% participation rate which is not good and we need to get it up much higher. The downside, though, is that dollars that come in are targeted. One of the major goals for each school will be to seek endowment funds which will increase faculty funding. The College of Arts and Sciences, for example, wants to raise enough money for 30 additional endowed chairs.

Henry Kautz (Computer Sciences) said that many of his colleagues are concerned about a backlash if we should give ourselves even a minor salary increase. Is there any strategy for educating the public if there should be an increase? Silberstein said that there are two answers. First is that the aid plans do provide the current level of access. Also, students have complained that it would be inappropriate for none of the large tuition increase to go to the Faculty. So there are questions on both sides. Ultimately we need to get better at making the case that we need to make.

Steve Schwartz asked a factual question: What proportion of the faculty pool of salaries comes from the state budget? Silberstein said we know that by college but not overall. Huntsman guessed, noting that there are 400 research faculty and 1000 WOT who bring in their own funding. Other faculty are on A/B plans. This is a big deal, he observed. We do not slice it by use so much as by source, and we do not have that number. Steve Schwartz asked whether faculty funded by grants will get an increase, since they are not funded by the state. Huntsman agreed that it is a significant issue although he does not believe it affects the majority of faculty.

Frank Vincenzi (Pharmacology) appreciated the earlier comments about running this place as a business and asked if there are programs that can be cut. Holt pointed out that there are discussions of targeted cuts. The cuts will not be across the board. Those discussions will take place at the college level. Silberstein added that we also have a process for program elimination that takes some time to complete and we will need to take the lead time to do that thoughtfully.

Huntsman added that this is not a short run solution but that this is a question for the long term and needs to be thought about thoughtfully. Also, he emphasized, the question for him is whether there is hope. Considered in this fashion, for him the issue becomes what do we literally stop doing regardless of the source of funding and second, what do we stop doing with state subsidies. For example, we can have total fewer students or fewer subsidized students. Also, there are ongoing discussions about specialty programs and whether they should be self sustaining. Are there some parts of the educational mission that should operate with fewer subsidies, he inquired. We are also trying to assess, by benchmarks, whether administrative services are efficiently and effectively provided. The point is that we are looking at everything; all of those elements are important and part of a multi-year strategy.

Craig Allen (Law) finds himself in agreement with many of the comments, especially on the effects for junior faculty and supported the proposition that we grant increases. But his question is whether we should invoke the financial emergency provisions of the *Code*? If you cannot provide an increase, isn't that a de facto admission of financial emergency? Holt and Silberstein pointed out that we are not in a financial emergency, and that it would have profound consequences to make that finding. From here, the discussion shifted to whether the reserves should be used to meet some of the shortfall.

At this point, a senator asked what the SCPB decided were the likely sources of funding the increase. Holt said that SCPB had a slightly different spread sheet (than what was on the overhead screen) when they came up with their figures. Those figures suggested that we need \$6 million to fund the raise. They changed the deferred facilities figures, and the maintenance figures, and took \$3 million from reserves.

Warren Guntheroth made a comment about scholarships and suggested that it might be easier to get donations for scholarships as tuition goes up. He suggested that this should be superior to raising money for faculty chairs.

Steve Tanimoto (Computer Sci & Eng) said that his colleagues are concerned that this raise could hurt staff and does not want this relationship to suffer. Silberstein said that SEIU has said it does not help anyone for the faculty not to get raises; this is from the classified staff so they are in support of this increase. One senator said their cuts would first be out of staff, and second out of teaching faculty. To her, this seems to be the reverse of what we should do. She would put emphasis on junior faculty. We need to think about our mission and how that leads to our strengths.

Cristoph Giebel (International Studies) proposed a multipart motion that urged Faculty and Administration cooperation and negotiation, the granting of an increase and a program that would allow Faculty to make donations back to the University. (Original motion described below.) This motion came out of discussions in his department, and recognized that there are two sides in this debate. He summarized the major points, pro and con, that have been made regarding salary funding. For example, he noted that this was a contractual agreement in which faculty gave up certain rights in exchange for the promise of regular increases. Not to honor this would make shared governance a joke. Also, he pointed out that others argue that an increase would be a terrible signal to the public. He opined that this motion meets many of the arguments that have been raised.

Before beginning debate, Holt pointed out that we are awaiting an interpretation of the salary policy and there is an executive order on this point. Is it absolutely a contract? This has not been asked.

Steve Schwartz said that this is an interesting wrinkle because it would be a nontaxable donation so that the federal government ends up subsidizing some of the donation. He will vote for this; he voted against the salary policy legislation two years ago because he felt it gave too much power to the chairs. He feels that our *Code* is our employment contract. There is a serious issue of credibility between the Faculty and the Administration, and he is very disturbed that the administration has made a unilateral decision regarding increases.

Warren Guntheroth pointed out that the motion has too many subjects for one motion. Secretary of the Faculty Vaughn agreed as a matter of parliamentary procedure. Cristoph Giebel then severed the amendments into two parts. Warren Guntheroth said he still was not sure whether this works. So first two paragraphs would be one motion, and the third

block would be a second. A friendly amendment suggested that each paragraph be a separate motion. Discussion of Motion 1: "That the faculty strongly requests the Administration not to make budget decisions unilaterally, particularly relative to chapter 24 of the *Faculty Code*."

Question called. **VOTE**: Passes overwhelmingly on a card vote.

Discussion of Motion 2: "That the faculty strongly requests the Senate leadership and the Administration to find, through negotiated agreements, ways to provide the merit raise without cutting faculty/staff/TA positions or programs."

Mark McDermott (Physics) said that as much as he supports the spirit of the motion, he cannot support the details of this motion. This is not a one year problem; there will be a question of shortfalls over two more biennia. To continue to do what we are doing will be a very difficult task. For example, Arts and Sciences suggested elimination of forty vacant positions. As he reads this, it says we cannot cut those vacancies. So what does "cuts" mean? Does it mean absolutely no cuts or rather an appropriate level of cuts of an appropriate type? Thus, he suggests that we vote it down.

Steve Schwartz suggested an amendment. The sense of what we did two years ago is maybe to use this to all of our advantage to increase interaction between faculty and administration. The amendment would read "to make any cuts only through joint negotiation" after the word "Administration" and before "find." This is to increase the level of collegiality. Cuts should be made openly and Faculty need to act as Faculty and take responsibility for cuts. Cristoph Giebel said this implicates the third motion. Refused as friendly amendment. Seconded as an amendment.

Holt stated that a lot of decisions are made at the college level; the Senate cannot have input at all of these levels. Thus, one senator proposed the language be amended as follows: "That the faculty strongly requests the Senate leadership and the Administration to make any cuts only through joint negotiation. Should any cuts be required, these should be made at the level of the unit council." Silberstein said looking at the straw budget, cuts will happen so the question is at what level cuts will occur and that most of these will be at the college level. Silberstein pointed out that they went to all of the colleges this year to make it clear that the College Councils are charged with this responsibility. One senator said that there is a logical problem here; there is no clear endorsement of the faculty's desire for a 2% increase. Maybe we should make that motion first and then discuss what would go along with that. Gutheroth said he agreed with McDermott and that we should quit there and not amend this at all. McDermott asked about the intent of the amended motion – isn't the intent of this involving faculty, staff and TA positions. If so, that has been lost with the amendment. Cristoph Giebel said he opposes this amendment, and holds with his original proposal. Silberstein says that the discourse of salaries versus positions is not one that we endorse. We have never said that there would be no cuts because the reality is that there will be some recapture, and that this discussion is made at a college level. We have never claimed that there would be specific outcomes, but we have asked at a more general level for cooperation. If we do not get an increase, there is no guarantee that there will not be cuts either.

Steve Buck (Chair, FCEO) stated that this discussion is unrealistic about how cuts occur and eliminates the flexibility that individual units may need to make these decisions. Taking certain kinds of cuts may be advantageous and desirable for some units. These are all

really unit decisions. The Administration and Senate cannot really have these discussions because they are made at a unit level.

VOTE on the Amendment: The amendment fails.

VOTE on the Main Motion: Question called. The motion failed overwhelmingly with only two votes in favor.

Discussion of Third motion. It states: "In case the Administration and the Senate leadership determine that such a merit raise cannot be achieved without cuts in positions or programs – that the merit raise will be provided TOGETHER with a Senate-backed pledge drive for voluntary faculty donations to the UW to benefit targeted funding needs; that details of the administration of these faculty donations will accord with the spirit and intent of the attached proposal:

(Attachment) Faculty donations should be administered along the following lines:

-The UW gives merit raises and, actively backed by the Senate, approaches faculty in a pledge drive.

-At the same time, faculty are given a number of choices as to how their donations should be used. E.g. a) maintain faculty positions, b) maintain staff positions, c) maintain TA/RA positions, d) program support, e) 7.5% promotion raises, f) recruitment & retention, g) student aid, h) facilities maintenance, i) tech update, j) mix of some/all of the above, k) free allocation.

Thereby the Administration gets some fiscal predictability (total amount pledged; allocations by area). On a 9 month contract, with each paycheck 1/18th of the raise is paid and, after taxes, 1/18th of the pledged amount withheld. There will be somewhat higher retirement savings (compounding), but also slightly higher federal/social security withholdings. Faculty can claim a tax deduction for their donations. [End attachment text.]

One senator opined that there will not be much practical impact because the Administration does not believe they have acted unilaterally. A senator from Psychological and Social Community health proposed a substitute motion: "That we strongly recommend that all meritorious faculty, professional staff, TA/RAs receive a 2% increase as well as funding promotional increases and floors in the 2002-2003 budget year."

Discussion of substitute motion: Philip Spiers (Pediatrics) noted that the substitute motion should state that it follows the *Faculty Code*. Accepted as friendly amendment. Steve Schwartz asked whether it would be easier to say that it is the sense of the Faculty. Accepted as friendly. Redrafted motion now reads: "In accordance with the *Faculty Code*, it is the sense of the Faculty that all meritorious faculty, professional staff, and TA/RAs receive a 2% merit salary increase as well as funding promotional increases and floors in the 2002-2003 budget year."

Craig Allen (Law) noting that this almost tracks the SCPB language except for "Should honor" language; should we just borrow that? Vaughn suggested the following:

"The Faculty Senate endorses the April 22nd recommendation of the Senate Committee on Planning and Budgeting." Holt pointed out that this is in the handout. Cristoph Giebel said

that he can support this motion but wanted to point out his plan of linking it to the donation idea. Some faculty have a very real fear that if we insist on the 2% that their programs will suffer horribly and that this is why he suggested the donation plan.

A senator from Psychology said that his grass roots report from his department is that they support this general approach; however there is some concern about the recruitment and retention pool. Part of their recommendation is that it is not clear how much retention should be supported and that recruitment and retention violates the spirit of what we are trying to do here, which is taking care of our own. Recruitment and retention has driven salaries for too long and in fact undermined our ability to fund salaries and the 2% policy.

A senator from Slavic languages asked about the 2%: Is that given as a lump sum to a department for distribution? She noted that it will have differential impact on those who make \$40,000 versus those who make \$100,000. Thus, this falsely assumes that all Faculty have the same interests when that is not the case. Two percent will not do much for junior faculty. Could departments use the 2% differentially internally, she inquired further, because 2% across the board is not going to do anything. Holt said short answer is that all meritorious faculty receive the 2%.

VOTE: Question called. Substitute motion, endorsing the April 22nd recommendation, passes unanimously with one abstention.

Cristoph Giebel moved his third motion again, seconded by Steve Schwartz. At this point, JoAnn Taricani (Legislative Office; Music) asked whether the donation would be given in perpetuity. That creates a problem, she advised, because it just pushes the problem into the next year because the increase will be there in 2003.

Quorum called. Upon determining that there was no longer a quorum for conducting business, the meeting was adjourned at 4:55 p.m.

SUBMITTED BY: Lea B. Vaughn, Secretary of the Faculty

APPROVED BY: Bradley R. Holt, Chair, Faculty Senate