

# MIDDLESTATE UNIVERSITY – A CRISIS IN EDUCATION

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## ABSTRACT

*Middlestate University faces a budgetary crisis in which multiple self-interested stakeholders must determine the best allocation of institutional resources in the pursuit of institutional goals. This would be problematic at the best of times, and is made worse in this situation because the administration has put compensation, benefits, and tenure on the table for reallocation. This simulation is intended for faculty, staff, and administrators in higher education.*

## INTRODUCTION

Middlestate University is a fictitious institution in a fictitious state. It faces the same financial many universities faced in the period 2009-2011 related to budget cuts and other financing shortfalls, criticisms for rising costs and declining graduation rates, and a general the lack of confidence by the public. In the case of Middlestate University, their budget problems are worse than most. Middlestate is being pressured to perform at a higher level with fewer resources. In the described scenario, the administration opens the budgeting process to various stakeholders with divergent interests, beliefs, philosophies, and motives. The administration opens by declaring that employee salaries, tenure, and employment benefits, entitlements that are normally sacrosanct, are subject to review and reallocation. Each stakeholder group has self interested motives and designs for institutional resources not necessarily consistent with institutional goals. The result is likely to be lively debate and conflict over the appropriate use of institutional resources.

## ADMINISTRATION OF THE SIMULATION

The ideal set up for this simulation is a meeting involving a diverse group of faculty, staff, and administrators. A greater range of perspectives will be attained if participants from different schools, colleges, or institutions are included in the simulation. Six stakeholder groups, calculated to

have interests that diverge the most are described in exhibits 2-7. By assigning participants into these groups and asking the participants to assume those roles, a high degree of complexity and conflict will be injected into the simulation. Additional groups can be created to represent internal stakeholders such as the President, Provost and various academic units. Give the groups some time to read Exhibit 1 and discuss the various issues presented.

The Middlestate simulation can be implemented in a variety of ways. One way is to assign two groups to debate opposing sides of the issue while requiring the idle groups to evaluate the debate. Another way is to assign participants to one of the six stakeholder groups listed in the Exhibits. Groups members should be instructed to represent their assigned stakeholder group (even if that position does not conform to their own) and argue that the assigned stakeholders perspective be adopted with the consensus of the other groups. These discussions can take the form of formal or informal negotiations or presentations. After each group presentation, the other groups should be allowed to ask questions and debate the various recommendations.

## CONDUCTING THE SIMULATION

The simulation contains every controversial topic related to university budgeting, including some that are never considered in real life. Compensation is an illustrative example. Gains in pay have generally been treated by labor as sacrosanct entitlements and when employers have attempted to negotiate pay downwards – as when being asked to increase some other benefit, resistance to pay reduction is extreme. By putting every issue on the table for debate, the fundamental mission of universities can be debated as well as every aspect of how universities operate. Ideological positions and beliefs, taken as axiomatic by their supporters, can be reexamined as if new.

The nature and topics on which the simulation focuses will tend to distract academic participants away from the fundamental problems. The moderator can reduce this by

reviewing problem identification and problem solving strategies prior to introducing the simulation. The simulation can be introduced without this review if there is some learning benefit to seeing participants struggle between their ideology and the task of problem solving.

### **PROBLEM SOLVING USING THE STRATEGIC MANAGEMENT PROCESS**

The specific issues that will come out of a robust session intended to identify the problem are easily identified by using the Strategic Management Process introduced in most Business Policy and Strategy Courses (Barney & Hesterly, 2010). In this process, the organization's mission is the governing principle by which organizational action and strategy is evaluated. An evaluation of the external environment determines the opportunities available to the organization and threats it faces. An analysis of the internal environment reveals the core competencies that enable and core rigidities that restrict competitive advantage. The Strategic Management Process allows an analyst to evaluate existing and determine optimal strategies for value creation, determine the optimal implementation of that strategy, evaluate the use of the strategy and make recommendations for improvement.

In the context of this simulation, participants should try to describe the mission of Middlestate University and the specific objectives needed to enact that mission. They should be able to identify the opportunities and threats present in the market for higher education. They should be able to discuss the core competencies and core rigidities of most educational institutions. Using the Mission and environmental analysis as a starting point, the participants should be able to determine a strategy for creating value at Middlestate University.

Organizations operating in non-competitive markets (e.g. health care, government, USPS, non-for-profit, and education) may adopt resource deployments that benefit non-customer stakeholders and are inconsistent with the organization's mission. This occurs because there are no market forces to discipline the organization and force more efficient behaviors.. These mistakes rarely get corrected and accumulate over the years until they can have a catastrophic impact on the organization. Such is the case in the United States for many state governments in 2010-2011 and, in this simulation, Middlestate University. Activities and investment must be selected that support the institutions strategy. Activities and investment that do not support the institution's strategy should be shifted to those that do support the institution's strategy. This will affect virtually all university operations.

The benefit of using the Strategic Management Process is that the approach identifies both the problem and solutions to problems using value creation as the fundamental purpose of organizations. It also allows the organization to consider, evaluate, and correct inefficient resource deployments which should improve the efficiency and account-

ability of educational institutions. It fixes the financial shortfalls by treating them as a symptom of a more general organizational problem, the lack of a functional strategy.

### **CONCLUSION**

This simulation is designed to provoke anarchy. True to our nature as academic participants in this simulation, the moderator of this simulation should expect to see Sayre's Law (Wall Street Journal, 1973) repeated in full force:

*"Academic politics is the most vicious and bitter form of politics, because the stakes are so low."* - William Sayre.

### **REFERENCES**

- Barney, B. J., & Hesterly, W. S. (2010). *Strategic Management and Competitive Advantage* (3 ed.). Prentice Hall.
- Wall Street Journal. (1973, Dec 20).

# Middlestate University Background

## Exhibit 1

### Middlestate University

It is August, and classes at Middlestate University begin next week. The faculty has returned and is in the process of preparing syllabi and class notes and attending departmental and college meetings. There is a buzz of curiosity, however, since a mandatory special university-wide meeting has been called for this afternoon. No one is sure what the topic will be, but the word is that it will affect everyone, and not necessarily in a good way.

#### University Background

Middlestate University is a state-funded institution of approximately 10,000 students located in the center of the country. The university is composed of a College of Business (approximately 2,000 students), a College of Education (approximately 2,500 students), a College of Liberal and Fine Arts (approximately 3,000 students), and a College of Science (approximately 2,500 students). Each college also awards masters level degrees in their specific areas, but there is no separately organized graduate college. The university is one of three major schools in the state and primarily provides educational opportunities for first generation college students

The faculty consists of about 400 full-time, tenured and tenure track faculty and 150 part-time and contract instructors. Graduate students are used as teaching assistants in some large section classes, and advanced graduate students are sometimes allowed to teach remedial classes. All efforts are taken to assure that the undergraduate students receive instruction by full-time faculty as much as possible, though this is difficult in high demand classes. There are approximately 200 classified service personnel to perform custodial, maintenance, and secretarial duties and about 30 administrators with titles such as President, Vice-President, Provost, Registrar, Director, and Dean. The university is the largest single employer in the city and county.

The university receives the majority of its funding from state sources and tuition and fees. Approximately 60% of the operating funds come from state government, and 40% comes from student tuition and fees. There is a small amount of funding from contract research sources, but this amount is not considered in the annual budgeting process. Since the students are primarily first generation and may not have extensive financial resources, all efforts are made to keep tuition and fees as low as possible to make education more affordable.

There is a small endowment that provides some funding, but due to its size and uncertain performance it is not counted on as a continuous funding source; funds received

from the endowment are used for one-time projects like classroom upgrades and faculty and student enrichment activities. Distribution of endowment funds is overseen by a committee composed of both faculty and administration members.

#### Local Community

Middlestate University is located in Midvale, which is near the geographic midpoint of the state. Midvale has a population of around 45,000, not counting the student population of the university. Midvale is 50 miles from the state capital, which is also the nearest metropolitan area (population approximately 100,000). The climate is seasonable with short winters and moderate snowfall. Summers can be warm, but spring and fall are usually quite pleasant. Outdoor recreation is popular, and there are many activities that can be supported by the system of local and state parks in the region. Cultural events are staged by both the local community and the university.

The local economy is based on agriculture. The surrounding area is composed of farms that raise primarily corn and soybeans. There are also commercial feedlots that raise cattle and hogs and a small dairy industry. During the season, many of the farmers raise vegetables that are sold in local farmers' markets, but truck farming is not a major local source of income. Midvale's business community is geared toward serving the needs of the agricultural industry. There is one enclosed mall and several strip malls in addition to the downtown business district. There is a considerable economic impact from the student body during the school year. It is estimated that monies spent by university students account for approximately 25% of local business earnings. The university itself is a major force in the market, and university employees contribute \$2 per paycheck to a local "user fee" which funds street maintenance and public safety.

Midvale is the county seat and hosts the county courthouse and other local, state, and federal offices. These offices make business and legal activities more convenient, but they do not provide a significant source of income for the community. There are no major sources of conflict between the various levels of government. Local government activities depend on the elected officials, but in general these individuals are reasonably competent.

The city is served by a system of state highways. The interstate highway passes approximately eight miles from the city center, and the mall and other businesses have located themselves along the corridor from downtown to the

interstate. The city is served by a railroad, but there are no major waterways. Most of the local streets and roads are in good condition, but there is a continual need for maintenance due to the stresses brought about by seasonal temperature changes. Police, fire protection, and emergency services are adequate.

### **Economic Conditions**

The general economic conditions are weak. The national economy has fallen into a recession due to financial and housing conditions. The federal government is attempting to provide a stimulus program, but the cost is in the trillions of dollars. Many believe that this amount of new public debt will further depress the economy for many years. It seems unlikely that an economic turnaround will occur in the near future.

The local economy has had a difficult time as well. National problems have affected the stock market to the point where many individuals have seen substantial portions of their savings and retirement accounts disappear which has reduced disposable income and postponed many projected retirement dates. The commodities markets have fared little better.

Though the futures markets exhibit occasional speculative price spikes, commodity price, such as corn, soybeans, beef, and pork, are quite low relative to the last several years. Many farmers who planned their production based on past experience have found that they can barely earn enough to cover the costs of their operations. While most farmers will make enough to survive, there will be little disposable income this season and possibly next.

The decrease in economic activity has translated in lower sales for merchants both locally and state wide. Tax revenues are down, and the state legislature has had a difficult time with this year's budget. Some programs, such as health care, are effective mandates and cannot be avoided. Other programs that have a certain amount of discretionary spending have had funding reduced. Higher education was fortunate in that there were no across-the-board reductions, but there were no increases either. State funding for higher education has been frozen for all institutions and will likely remain at its current level for the foreseeable future.

It is estimated that the economic stimulus programs from the federal government will result in an overall price inflation of 3% per year for at least the next five years. It is unlikely that federal programs will be available for higher education grants to offset these cost increases. The freeze of state funding means that educational institutions will need to find other sources of revenue or increase tuition and fees to cover increasing costs.

### **Today's Meeting**

The auditorium is full. The house lights are down. All the university administrators and the college deans are seated on the stage. The Provost gets up to speak.

“Good afternoon, and thank you all for coming to this very important meeting. I would like to say that it is my great pleasure to be able to talk to you today. I would like to say that, but it would be a lie. I truly dislike having to speak with you today or any other day on this topic, but there is no choice. The only thing I am sure of is that no one in this auditorium will leave here happier than when he or she came in, myself included. We need to talk about money.”

“First of all, I must say that we all know that all of us are underpaid. Those who have chosen to devote their careers to the students at Middlestate University have done so at a financial cost. What we do here for our students is extremely important. We give first generation kids the chance to break out and see the greater world. Those of us who have chosen to spend our career here at Middlestate have sacrificed part of our financial future to help these young people find their own futures. It is my greatest professional and personal pride to say that we are colleagues, and that we have all chosen this course in our careers. I am honored to work with you.”

“We are a family, and I am forced to say that like many families we have fallen on hard times. We no longer have the money to do things the way we have done in the past. The winds of change have caught us, and we are being swept to a place we have never been before. Call it a tornado or a hurricane or a typhoon; we are not in Kansas any longer, and we have to change the way we live if we are going to survive. You have all seen how the changes in the economy have changed your personal lives; now those same changes are going to affect our professional lives. That is simply the way things are.”

“I am here to discuss changes that will be made to the conditions of employment at Middlestate University. Yes, that means tenure and raises and all those things that deal with the amount of money you will receive for working here. But before I go into those details, I want to make it clear that it is not only the faculty who will have to make changes. You see before you on the stage the senior administrative staff for the entire university. As of today, we have all agreed to freeze our salaries for five years. No raises. Period. After that time, if funds are available, our raises will be limited to cost-of-living increases. Different jobs will have different base salaries, but those salaries are fixed. It will be possible for someone to receive a salary increase when changing jobs, but once in a job we have agreed to receive only cost-of-living increases.”

“There will be no new administrative positions created for at least five years. Any excess administrative work will be delegated to existing administration personnel and sen-

ior, tenured, full professors in the faculty. Faculty members will be able to count these activities as service for the purposes of annual review. Senior faculty who have chosen to make their careers at Middlestate are valuable resources of institutional knowledge, so it is appropriate that they become more actively involved in administrative duties. None of us can have the luxury of a cloistered existence. We are trying to survive as an institution, and all of our talents must be dedicated to that goal.”

“The service personnel present a different problem. Due to the nature of market forces, some of our service personnel are actually working at wages below the poverty level. As a public institution, that is unacceptable. There is a moral responsibility we all have to our other family members, and we cannot beggar our brothers and sisters for our own benefit. All service personnel who have wages above the poverty level have agreed to have wages frozen for three years; cost-of-living increases will begin in the fourth year. Those individuals who have wages below the poverty level will receive annual increases at the cost of living plus 5% until their wages are above the poverty level. At that time they will fall into the same salary adjustment pattern as those already above the poverty level. Let me be clear on this. Without these people who clean up after us and make the paper move, we would not be able to function as a university. We all owe each other the opportunity to earn a basic living. On this matter there will be no further discussion.”

“And now to the faculty, you who are sitting before me. We in the administration have been studying this problem for a long time. It has been kept at the administrative level to keep unfounded rumors from creating confusion, but now it is time to open the discussion in a fair and frank method. We have been looking at all the data from our past and projections concerning our future both as a university and a part of the state budgetary system. Our conclusion is that because of the nature of the economy, we can expect no increase in state funding for the foreseeable future. We are also limited by what we can expect from our students in the way of tuition and fees. We have done research concerning just how much we can raise prices before students will choose to go elsewhere. We have found a projected point of maximum revenue, and it is our intention to operate at that point. Yet despite these measures that the administration and service staff have already agreed to, there are still budgetary shortfalls.”

“There is another critical factor in any future plans, and that is the future itself. The very nature of education at all levels is changing rapidly. Technology has changed how we teach our classes, and these changes will only become greater in the future. We now see on-line, for-profit schools drawing away potential students due to the ‘convenience’ of their degree programs. This trend will continue, and there is no way to go back to the good old days. We must adapt to those changes, or we will fail as an institution.”

“The most costly budget item is faculty salaries. Rather than suggest wholesale cuts in faculty or faculty furloughs, we have examined the structure of the faculty and faculty compensation procedures at schools that are financially successful. It is the consensus of the administration that if Middlestate University is going to continue to exist, we must change to meet this brave new world. Just as major companies like General Motors have had to revise their practices, so must we, and we do not have the ability to declare bankruptcy in order to reorganize. We must make the hard decisions ourselves.”

“The first step in the process will be to cap the number of tenured faculty members to 50% of the teaching faculty. We currently have 63% of the faculty tenured. This means that for the time being no new tenure positions will be offered. Once retirements and transfers have reduced the number of tenured positions, we will again begin the tenuring process. Those of you who are untenured and expecting to get tenure soon will simply have to wait. Once we begin to grant tenure again, your length of service will be a factor in the tenure decision. Our overall target is 50% tenured faculty, 20% untenured faculty, 20% part-time instructors, and 10% graduate teaching assistants.”

“Untenured faculty will be given three-year, renewable contracts. Renewal will be subject to satisfactory performance. Failure to perform at a satisfactory level in any one year will result in a one-year terminal contract with a reduction in pay of 10% from the previous year. This institution cannot afford to pay for services not delivered.”

“The performance requirement will also apply to tenured faculty. Should a tenured faculty member fail to demonstrate satisfactory performance in any two of five consecutive years, tenure will be forfeited. Such an individual would be given a three-year contract and serve under the same conditions as untenured faculty members.”

“We are under legislative mandate to document our contribution to student learning. We will be instituting an assessment program that will identify an individual faculty member’s contribution to student performance. These individual assessments will be part of the individual’s annual report and play a significant role in the annual appraisal system. The Faculty Senate will be asked to comment on the proposed system, but in order to demonstrate a third-party approach, the program will be run by the administration. We have been tasked to prove that we are earning our money, and we must provide that proof.”

“The key to fairness is to have an unbiased annual appraisal system that aligns accomplishments with the needs of the institution. To that end, a new annual faculty evaluation will be introduced. Faculty members will be judged on their performance in four areas, traditional classroom teaching, teaching via electronic means, research, and service. Everyone will need to show satisfactory performance in all four areas. This means that senior faculty members who have previously chosen not to become involved with

internet and other forms of electronic teaching will need to do so, and there will be programs offered to help make this transition. The reason for this is that the senior faculty members are so valuable that we feel the university's on-line program will benefit from their expertise. Our future success depends in no small part in our ability to attract students to our on-line programs, and we need the strongest teaching faculty possible to be successful."

"In order to assure that all faculty members are judged by the same standards, the review of the annual reports will be taken over by the university administration. Departments, divisions, and colleges will only be responsible to see that the appropriate reports are submitted in a timely manner. This will reduce the burden on individual faculty members and make sure that no personal biases can skew the appraisal process."

"All salaries will be capped for four years. After that time, those faculty members who demonstrate satisfactory performance will receive annual cost of living increases. Faculty members who exhibit exemplary performance in all four areas of appraisal will receive the cost of living increase plus 3%. Individuals who do not demonstrate satisfactory performance will receive no salary increase the following year."

"The current average class size is 25 students per class. If the faculty chooses to increase the average class load to 30 students per class, it will be possible to reduce the total faculty by 10% and require that faculty salaries only be frozen for three years. It will still be necessary to achieve the target faculty distribution, and the administration will work with those affected by the cuts to further their careers at other institutions or in the private sector. This will be a hard decision for the faculty to make, and the administration will do everything possible to support the faculty's decision."

"Another aspect of the entire salary package is the benefits program. Currently the benefits provided amount to an average of 22% of annual monetary wages. For those who already have medical coverage from another source or who are not concerned with retirement benefits, we are offering the following option. Should you choose to 'opt out' of the benefits package, your base salary will be increased by 11%. New hires will also be offered two contracts, one with and one without benefits, so that they will also have this option. This cannot be done as a shopping list of benefits; you are either in or out of the entire package. The choice is yours."

"We also need to make a concerted effort to increase the funding we receive from outside contracts and grants. Due to the individualized nature of the various activities, it is not possible to make specific commitments, but the administration will be very generous to those who can bring in this type of funding. We will cut our overhead percentage to half of its current level so that the faculty members can receive these additional funds. Another major change

is that from now on individuals, departments, and colleges will not be allowed to solicit funds from local sources. There are sometimes conflicting activities when a donor is approached for several purposes. In order to reduce these conflicts, all local fund raising activities will be conducted through the administrative offices."

"Some of the proposed actions are interrelated. There is a second approach to dealing with the problem of the underpaid service personnel. It is possible to immediately raise the wages of all below-poverty-level personnel to the current wage level as specified by the federal government. To do so would require that all faculty members, regardless of position, accept a salary freeze for five years. Should the faculty choose to adopt this policy, there will be no objection from the administration. A third possible course of action would be to reduce the custodial staff by 30%. This would require that administrators and faculty become responsible for the cleanliness of their own workspaces and perform basic duties like trash removal. By reducing the custodial staff, we will immediately be able to raise all wages to the poverty level, and it would require that faculty salaries only be frozen for three years."

"I am not Harry Potter; there is no magic. There are only hard decisions that need to be made in the very near future if we as an institution are going to survive. The administration has worked diligently to define the parameters of the situation, and we have identified possible courses of action. But these decisions do not rest with the administration. The faculty is the university, and any changes made will need to have the full backing of the faculty."

"I know that these changes may sound draconian, but I assure you that this is the fairest way we have been able to create a program that will benefit both high quality educators and the institution. These are not changes of convenience, they are changes mandated by the changing environment in higher education. The administration has and will continue to operate in a fair and evenhanded manner in all respects to the faculty and the new appraisal system. I know that there are questions concerning these changes, and we would like to hear your comments concerning the future of Middlestate University."

"I realize that these changes are substantial and may take a while to understand. We will host an open meeting in two weeks. At that time all interested parties will be able to make comments on these decisions and suggest further ways in which we can work to assure the future and the integrity of Middlestate University."

## **Board of Governors Task Sheet**

### **Exhibit 2**

#### **Middlestate University**

#### **The Board of Governors**

The Board of Governors at Middlestate University is charged with oversight of the university and its operations. The Board provides guidance for the administration and approves matters like honorary degrees and the naming of buildings, but since it has no control over funding it is primarily advisory in nature. There are nine members on the Board, all of whom are prominent local citizens.

Board members are chosen by the Governor of the state for various reasons. Some are personal friends, and others have the potential of becoming donors to the institution. All have been successful in their personal businesses, and all of them are accustomed to an authoritative style of leadership. The Board will generally back the administration in any disagreement with the faculty due to this philosophical orientation.

One particular concern on the Board is the legislature's mandate for increased student assessment and measurement of student performance. Several of the Board members are acquainted with the legislators behind this initiative, and it has been made very clear that future funding will depend in no small amount on the ability of the institution to document that it is making a significant contribution to student learning and achievement. The proposed changes that restructure the faculty will have an impact on this requirement.

The proposals will personally affect some of the Board members if they are enacted. Several members operate businesses that are patronized by the student body. Two of the members are involved in rental property and have several major projects geared towards students. Any decrease in the size of the student body or its discretionary funds will have an adverse effect on Board member personal income.

The administration had made no formal presentation of the proposed changes to the Board prior to the Provost's address. The President and the Provost had discussed the matter in general terms at previous Board meetings, and there had been a general consensus that structural changes were needed. The Board left the matter of the details up to the administration.

Any significant changes to the operations of university will affect the overall future of the institution, so it is appropriate that the Board of Governors makes its opinion known to the administration. The August meeting of the Board is scheduled for next week. As members of the Board, it is your responsibility to formulate your opinion of the proposed changes and make your recommendations to the administration prior to the Provost's meeting in two weeks.

## **Classified Staff Council Task Sheet**

### **Exhibit 3**

#### **Middlestate University**

#### **The Classified Staff Council**

The Classified Staff Council at Middlestate University represents all non-faculty, non-administrative university employees. The CSC resembles a union in that it has powers to negotiate with the administration on matters concerning conditions of employment, including but not limited to safety and compensation. The CSC also has the authority to conduct “workplace actions”, which would be considered walkouts or strikes, though such actions have never occurred.

The primary function of the Council has been to develop workplace rules and assure that all members are treated fairly when it comes to performance review and promotion. Job openings are posted and candidates evaluated through a system designed and administered by the Council. Any complaints against members of the classified staff are routed through the Council for investigation and action.

The relationship between the administration and the CSC can best be described as cordial. In the past, the CSC has frustrated some the administration’s cost cutting initiatives on the grounds that they would result in excessive work loads or unnecessary job cuts. The CSC has shown itself to be effective in using the state and federal labor laws to protect the classified staff using both the established grievance system and, on a few occasions, in the courts.

A continuing problem that the Council faces is wage levels. Starting pay has always been at the low end of the appropriate range, but new employees have accepted these wages due to the limited number of non-agricultural jobs in the community and the stability of employment. Over time, inflationary pressures and budget reductions have resulted in some employees earning less than the federal poverty level. The Council has made earnest efforts to address this problem, but the administration has been reluctant to make changes that could potentially affect the wages and salaries paid to all employees.

The senior members of the Classified Staff Council attended the Provost’s meeting and heard his various proposals. Though the grape vine had rumored that something was going to happen, the administration had not consulted the CSC before making its recommendations. The details and scope of the proposals were a surprise to the CSC.

The scheduled pre-semester meeting of all classified staff members is to be held in two days. These meetings are typically used to make members aware of changes to work rules and potential job openings. The administration’s new plans will surely be a hot topic at this next meeting. As the leaders of the Classified Staff Council, it is your responsibility to develop ideas for dealing with these new plans so that the membership will be able to discuss them and form a response to the administration to be delivered at the meeting in two weeks.



## **Faculty Senate Task Sheet**

### **Exhibit 4**

#### **Middlestate University**

#### **The Faculty Senate**

The Faculty Senate at Middlestate University has a long history of working to bridge the gap between the general faculty and the administration. While there have been no major issues between the two groups, there have at times been differences of opinion that need to be resolved to assure the smooth operations and academic integrity of the school.

The primary functions of the Faculty Senate involve acting as a conduit for consideration and approval of academic courses and programs and setting the academic calendar. Other functions like coordinating faculty award and recognition programs are also part of the Faculty Senate's duties.

There are some faculty members who question the independence of the Faculty Senate and its leadership. There have been several examples of Faculty Senate officers taking jobs in the university administration after serving their terms on the Senate. There has been no claim of inappropriate behavior on the part of these officers, but some faculty members feel that these new jobs have been rewards for supporting the university administration by setting favorable agendas. Not all faculty members hold the Faculty Senate and its officers in high esteem.

There is a faculty union that is affiliated with a major, nation-wide education union. Membership is voluntary, and only about 20% of the faculty have joined. The primary function of the union is to act as a lobbyist in the state

legislature for matters of importance to the faculty. The union also provides legal assistance for members who file grievances against the university. There are typically between five and eight grievances active at any given time.

Most of the faculty was present when the Provost made his remarks. There is a great deal of concern regarding some of the proposals. Freezing of tenure and salaries, additional administrative duties, and the proposed evaluation system have all become hot topics throughout the departments across campus.

It is the responsibility of the Faculty Senate to take leadership in this matter and develop a plan that will address the needs of the faculty. Individual faculty members have even been heard to say that if the Senate is unwilling to face the administration on these matters that a vote of "No Confidence" will be used to replace the current Senate leadership.

The Provost has called another meeting to discuss the proposed changes in two weeks. As the leaders of the Faculty Senate, it is your responsibility to prepare your plan for dealing with the current situation and protecting the university faculty. You need to prepare an outline of your plan to present to the Senate at its meeting tomorrow. This plan will be the basis for your final plan that will be presented at the Provost's meeting in two weeks.

## **Higher Education Commission Task Sheet**

### **Exhibit 5**

#### **Middlestate University**

#### **The State Higher Education Commission**

The State Higher Education Commission acts as the direct governmental authority over Middlestate University and other state institutions of higher education. The HEC has two important roles. It must represent the colleges and universities in the state legislature, and it must operationalize the rules and regulations enacted by the legislature. The HEC is accountable to the state government for the operations of all state funded institutions of higher education.

State government can be unpredictable. Elections can and do change the political landscape and legislative priorities. State governments must rely on tax revenues and transfer payments from the federal government to fund operations, and changes to national, regional, and local economies can have a great effect on the availability of funds for public uses. Higher education is often spoken of as a high priority at the state level, but mandated spending on health care, K-12 education, and public safety can often limit the amount of funding actually available to higher education.

The HEC has lobbied the legislature for an increase in funding, but the recent economic downturn has made legislators more frugal. Increasing the budget is unlikely, and even maintaining the budget will be difficult. The legislature has mandated that any organization receiving state funding should be able to justify its spending by documented performance. For higher education, this has been interpreted as increased student assessment and measurement of student performance.

It is the policy of the HEC not to dictate the internal operations of any of its institutions. Each institution is encouraged to be creative in its operational approach to education, and the best ideas are made available to all institutions within the system. The proposed changes at Middlestate University had been discussed by the university administration in general terms, but no specifics had been available until the Provost's meeting. The HEC had been invited to send a representative to the meeting, but scheduling problems did not permit this to occur. HEC became aware of the exact nature of the plan when it received the official report from the university administration.

The legislature is also aware of these new plans, and certain legislators have approached the HEC for its opinion on the effects of these actions. Administrators from other schools have also asked whether or not they should consider similar plans for their schools. Much of the interest seems to be focused on Middlestate's plans for tenure, salary, and benefits. There is widespread interest in the HEC's opinion of the Middlestate proposals.

The annual fall meeting for the Higher Education Commission and interested parties is scheduled for next week. The proposed changes at Middlestate University will be on the agenda. As the leaders of the HEC, it is your responsibility to develop a position paper that can be discussed next week before being presented at the Provost's meeting one week later.

## **Midvale City Government Task Sheet**

### **Exhibit 6**

#### **Middlestate University**

#### **The Midvale City Government**

The Midvale City Government is responsible for the safety and well-being of all its citizens. Last year's elections ran smoothly, and there is a good level of cooperation between all city officials regardless of political affiliation. The City Council is composed of eight members who were elected by their various constituencies; three of these constituencies are in areas where the university or its students reside and do business. Both the mayor and the council members have three years to go before the next election.

The current administration has not faced a real crisis yet, but the general economic downturn has affected the community. Tax revenues are down, and city services are on the verge of being reduced. The imposition of the "user fee" dedicated to streets and public safety has been met with hostility, especially by those who work in the city but reside elsewhere. They claim that the fee represents taxation without representation. Local property taxes are also down, which affects the funding available for K-12 education.

Middlestate University is the largest employer in the area with some of the highest paying jobs. The student body is a major driving force in economic activity; during the summer break sales at local restaurants and retail stores are significantly lower than during the school year. The Chamber of Commerce and the Board of Realtors are also quite sensitive to the money spent by faculty members for housing, automobiles, and other big ticket items.

Approximately 40% of Middlestate students live off campus in rental housing. Anything that would affect the size of the student population would cause this sector of the local economy severe distress. The on-campus housing rates are lower than those in the public sector, and it is felt likely that the university would adjust its rates to assure that it has full occupancy in order to generate the maximum revenue from the students.

No one in the city government had been consulted regarding the planned changes at Middlestate University. There has always been good communications and relations between the city and the university regarding physical matters like street repair, but the two administrations have never really consulted each other on operational considerations. The city was given a copy of the new proposals only after it had requested it from the university's public relations director.

There is a City Council meeting next week. The proposed changes at Middlestate University will have an effect on the local economy, and the topic will certainly be discussed at that meeting. As the leaders of the city government, it is your responsibility to assess the effects of the proposed changes on the local economy and the subsequent effects on the citizens of the area. You need to develop your recommendations concerning the proposed changes so that the City Council can vote on a resolution that you can present at the Provost's meeting in two weeks.

# **Student Government Association Task Sheet**

## **Exhibit 7**

### **Middlestate University**

#### **The Student Government Association**

The Student Government Association at Middlestate University represents both undergraduate and graduate students at the institution. Representatives of the student body, called senators, are elected from their constituent groups. Two students are elected from each college, one student is elected from each class level, and two students are elected from across the various graduate programs making a total of 14 senators. The officers, President, Vice-President, and Secretary, are elected as campus-wide representatives, bringing the total SGA membership to 17. Elections are held each spring for the following year, and all members serve one year terms.

The SGA is responsible for the welfare of the entire student body. This charge is widely interpreted to include everything from scheduling entertainment to administering the grade appeals system. The SGA is provided a budget for operations and additional appropriations for special events such as the Homecoming activities. The source of the funding is student fees, so the amount of funding depends directly on the size of the student population.

An inherent problem with any student government structure is the relatively rapid turnover of members. It is difficult to form personal relationships with administrators, and as such the SGA has little say in the way the university is run. This can be frustrating for the student body. The students are the reason for the university, and without students there would be no university. The student body is

potentially one of the largest power blocs on campus and yet effectively has no voice.

The officers of the SGA attended the Provost's meeting, even though they were not formally invited. Though most of the proposals seem to be directed at the faculty and staff, it is apparent that changes will be coming for the students. Budget freezes during a time of inflation will require that tuition and fees be increased for all students. Increased use of junior faculty, instructors, and graduate teaching assistants will limit student access to senior faculty. Reductions in service personnel could lead to a deterioration of the academic and residential environment.

There is a campus-wide rally scheduled in four days on the Sunday night before classes begin. This has typically been a "feel good" event with food and music to welcome students back for another semester. Most students are not aware of the changes that the administration has planned, and since these changes will affect the educational experience of every student it is fitting that part of rally be used to inform the student body of what could happen. It is your responsibility as the leaders of the Student Government Association to develop your response to the administration's plans so that the students understand what is at stake. You will need to develop specific recommendations that you can take to the Provost's meeting in two weeks.