The Governor's Recommendation means erosion toward mediocrity. The net appropriation increase of $2.8 million for the Ann Arbor, Flint and Dearborn campuses would be well below what is necessary simply to keep even with inflation. It's about one-tenth of what we requested. The Governor's expectation that we could provide salary increases of 8 1/4 per cent is based on assumptions and internal manipulations which we consider very unrealistic—certainly not based on the recommended increase in state funds.

What is particularly painful about the 3 per cent cut—and that's what it is—for the coming year is that it wipes out a plan the University initiated last November. At that time, we asked the deans and directors to figure out how they could reduce next year's operations by three per cent, so that money could be reallocated for salary increases. In other words, the effort which has been put into figuring out how three per cent could be saved in order to be able to reward deserving faculty and staff, under the Governor's recommendation, would become just a way of counter-balancing a three per cent cutback.

We are aware of the State's economic difficulties. But we are disturbed at the unrealistic assumptions in the Governor's recommendation. And it hurts, too, getting this kind of blow after working hard, and succeeding quite well thus far, in maintaining for the State of Michigan one of the top quality institutions of higher education in the country.

Anyone can squeeze the belt. But what happens when you get to the point where you can't get your breath? That's what has been happening. The Governor's recommendation, as I said, means erosion toward mediocrity.

We would note that the inflationary rate in universities is considerably higher than 6%. Certainly we know that for much of the equipment which we must purchase costs have increased far more than that. But even if one accepts the 6% figure it means that our present dollars are worth at least 6% less than they were when we first got them. The Governor's recommendation does not provide sufficient resources to meet even this inflationary factor. We still have the problem of how to stretch last year's dollars to meet this deficiency. Rational analysis might have suggested that we could capture some of it by increased productivity, which serious students of productivity in universities have said may equal 1% a year. We are told to deduct 3% for increased workload with no mention being made of the fact that we have already lost 6% through inflation with insufficient dollars to make up for it!
Salary improvements had the top priority in the 1971-72 budget request sent to the State by U-M.
The $95.6 million proposed budget, $221.1 million greater than the current one, includes $96.6 million to cover improvements in faculty and academic staff salaries and benefits.
The total is aimed at catching up to the increasing costs of living and return U-M to a more competitive salary level with comparable institutions. The Governor's increase for salaries in the budget allows only a 6.5 average increase for salaries.

U-M's average salary position has slipped when compared to the nation's institutions of higher education and salary increases at U-M over the last five years have lagged below that of comparable universities.
The average pay increase at U-M this year was 5.5 percent, while the Detroit Consumer Price Index went up 6.4 percent. Michigan Civil Service Range Adjustments also went up 6.4 percent. U-M compensation has fallen behind AAUP and Civil Service increases. National averages, as reported by AAUP, have exceeded U-M compensation increases for the years 1966-67 through 1969-70. Michigan Civil Service salary range adjustments alone, excluding merit step and fringe benefit increases, have been greater than the U-M compensation increases. Since 1966-67 a percentage point gap of 8.8 has accumulated relative to AAUP (through 1969-70) and a 7.3 percent gap has developed relative to Michigan Civil Service (through 1970-71).

According to Allan F. Smith, vice-president for academic affairs, the request for the salary increase was based on two parts: an amount to restore U-M to a ranking of approximately 20th in the national AAUP report and to make some movement toward parity with Civil Service and Detroit area prices and an increase which will be needed in 1971-72 to keep abreast of the anticipated changes in AAUP compensation, the probable continued inflation and probably additions to be made in Civil Service salaries due to inflation.

According to the AAUP survey which ranks average full-time faculty compensation, U-M, at $17,560, is listed 31st. U-M's ranking has slipped from 24th for the last two years and 17th in 1966-67.

When compared to the Big Ten, average compensation increases over the last five places places U-M at the bottom of the list.

**HUMAN RESOURCES WORTH? -$1.7 BILLION**

Suppose that U-M had to start over, that President Fleming had to rebuild the human organization of U-M back to where it is today, an effectively functioning human organization including faculty and non-academic staff, students and an international reputation. How much would it cost in terms of payroll?

Renis Likert, recently retired director of the Institute of Social Research, posed this question to the executive officers and deans. Their responses agreed with responses to similar questions posed to leaders of technologically complex industrial firms.

The median response was that the cost would be equivalent to 10 times the annual payroll. For the University, last year's payroll was $172 million; therefore, the estimated cost for replacement of the institution's human resources could be $1.7 billion.

"If highly valuable scientists and scholars leave the university because of the pressure and constraints they feel from restricted budgets," Likert said, "the decrease in the value of the human organization may be so great as to make the year both costly and highly inefficient so far as the University's total operation is concerned. Such affects can be costly and felt over extended periods of time."

**The Operating Budget: Relative Proportionate Income**

<table>
<thead>
<tr>
<th>State Appropriations</th>
<th>27.2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Funds</td>
<td>41.7%</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>11.7%</td>
</tr>
<tr>
<td>Auxiliary</td>
<td>24.4%</td>
</tr>
<tr>
<td>Student Fees</td>
<td>11.3%</td>
</tr>
</tbody>
</table>

**Budget Gap**

I have been harsh in analyzing this budget, but, I think, accurate. If the State is in dire economic trouble, it would have much preferred a message which said: "We know you have roughly a 14.5 percent problem and we can only give you 3.8% more in state dollars to solve it." The Governor had to square his desire for the people of the State the question of whether they preferred this solution to a tax increase. As it is, the case is presented in a way which does not reveal the true proportions of the dilemma.

One final word remains to be said. This year the State of Michigan has invested $72.5 million in the University of Michigan. For that investment it helped to finance an institution which brought into the State $75 million in grants, contracts and gifts. Few institutions in the country, and none in the State, have that record. It does not happen accidentally. It is directly related to the quality which makes The University of Michigan one of the great academic institutions of the world. The program on which the Governor is embarked with his budget cannot help but erode that quality.

If the University were a business, its directors would ponder long and hard over whether this was a wise course to pursue. In a budgetary sense, the Governor and the members of the Legislature are in the place of business directors. I would argue that the policy is very shortsighted, not only for The University of Michigan but for higher education in general. We shall now have to make every effort to convince the Legislature that the institution of Michigan that we are right.

"There are dangers in the kind of clumsy attempt to impose ceilings represented in the 1971-72 state budget. We must accept the verdict of President Fleming that "total factors are either left out altogether, or pictured in ways that do not reveal the problem."

"Gold-plated or not, Michigan's public universities are a rare and valuable resource. We dare not dismantle them or clumsily undermine their effectiveness."

"Money decisions about universities are inevitably made by budget directors and governors; if they control the purse-strings, they also control large areas of policy. But if these decisions appear to be made on unrealistic bases, or to be made in a vacuum, or to reflect insensitivity to university problems, such decisions can be exceedingly damaging."

---Detroit Free Press
Editorial, Feb. 21, 1971

"It takes a long time to get a reputation like ours, but only a short time for that reputation to go down the drain."... Roger W. Heyns, chancellor of the University of California and soon to return to the U-M faculty.

Sources of Operating Revenue 1969-70

**Fleming Comments on Proposed Budget**

(Continued from page 1)

In a nutshell, under the Governor's budget we will receive a $2.8 million more state dollars next year. To this the Governor suggests we add about $2.1 million more in tuition. This gives us about 4.9 million more dollars for next year, an increase of 4%. With this we are to offset a 6% inflation, a 1% for the Opportunity Programs designed to help the State and nation resolve its social problem, a 1% inevitable pickup factor because universities cannot effectively budget on a one-year basis, and a salary increase of 6.5%. Since these items total 14.5%, it is obvious that there is a 10.5% gap to be covered in other ways. For all practical purposes, no matter what label is applied to the methods of covering this gap, the difference must be made up by increasing the workload, dropping programs and people, and diluting the quality of our work.

---Michigan TODAY
Vol. 3, No. 2 Spring, 1971
The University of Michigan is one of 18 colleges and universities listed as "heading for trouble" in a report by the Carnegie Commission on Higher Education. The report, "The New Depression in Higher Education," is an in-depth study of 41 institutions across the nation. Based on this sampling, the study, released last December, says that some 1,000 institutions enrolling 50% of the nation's college students are "in serious financial trouble."

Michigan's category was a middle-ground rating—two other categories were "in financial trouble" and "not in trouble."

The "heading for trouble" category means that the schools have little or no current or recent responsibilities without reducing quality but either cannot assure that they can much longer meet current program and quality standards or cannot plan support for evolving program growth.

"At Michigan, we have an especially serious lack of funds for new buildings and other current responsibilities without reducing quality but that cannot assure they can much longer meet current program and quality standards or cannot plan support for evolving program growth."

According to the report, predictions made in 1967 foresaw that educational and general expenditures of selected universities would continue to rise at a rate of 7.5% per year. By the end of the 1970s decade ending in the mid-1970s, "From experience to date," says the Report, "the prediction may be conservative."

Research Volume

Holds at University

The University's $62.4 million of research during 1969-70 represented no growth in volume. And, with the exception of a substantial drop in funding from defense agencies, there has been little change in support pattern.

Although the University has fared much better than some other institutions, Dr. Norman said, "We have not yet reached the margin of safety of the "vitality and diversity" of its faculty, says A. Geoffrey Norman, U-M vice president for research.

The University's research volume, after a period of steady expansion from $30.5 million in 1961 to $62.1 million in 1968, has now remained static for two years, Norman noted. "That it has not declined is, I believe, due to the vitality and diversity of our faculty. When funds are tight, capability and past performance are the significant factors in making awards."

Analyzing the 1969-70 research expenditures, Norman noted that there was "a gratifying further increase of 22 per cent in support from industry and non-governmental associations to a little over $5 million."
Michigan TODAY

"GO BLUE!"

There will be an alumni meeting on the moon in July. Unfortunately, reservations are closed.

Alan Shepard may have driven the first golf ball on the moon, but Scott is scheduled to drive the first "car" and create the first highway "out of this world", with Irwin as copilot.

Two other Michigan alumni contributed to vital steps in space which make today's successes possible. Lt. Col. Edward H. White II, MSE-Aero, '59, Hon. '65, lost his life in the Apollo 1 tragic fire, and Col. James A. McDivitt, BSE, Aero, '59, Hon. '65, was a member of the crew that completed a critical lunar-orbital rendezvous and docking. Col. McDivitt is now Director of the Apollo Lunar Landing Program.

"Michigan" Craters

Three craters on the far side of the moon, discovered by American and Russian lunar satellites, have been named after former University of Michigan astronomers.

The International Astronomical Union has named them for Professor Dean B. McLaughlin, Robert McMath, and Robert M. Petrie, all deceased. The craters vary in size from 20 to 50 miles across.

Pharaohs X-rayed

By U-M Scientists

Gold, jewelry and priceless artifacts, which were hidden in and on the bodies of Egyptian pharaohs over 3,000 years ago, have been found by a team of U-M scientists through three dimensional x-rays.

The team, headed by Dr. James E. Harris, D.D.S., U-M orthodontist-geneticist-anthropologist, completed the first head-to-toe three dimension x-ray examination of the 29 mummified pharaohs and their relatives. The discoveries, described as "positively invaluable" by Cairo museum officials, reveal gold arm and head pieces which make today's successes possible.

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He knew countless Michigan alumni personally and was named Dean of Alumni upon his retirement.

President R. W. Fleming paid tribute to his predecessor with these words: "All of us at the University feel a distinct personal loss in his death.

He held office for 22 years during which The University experienced great growth despite a depression, a world war, and a great post-war surge in enrollment.

Despite the multitude of problems he faced during his administration he left the presidency with the University in a strong position and with a well-deserved reputation of paying great attention to human values."

A Memorial Fund has been established in honor of Dr. Ruthven. Contributions may be sent to the Alexander G. Ruthven Museums in care of The University of Michigan Development Office.

Alexander G. Ruthven, 1882-1971

Alexander G. Ruthven, who served The University of Michigan as president from 1929 to 1951, died January 19 at the age of 88 in his home in Ann Arbor.

After earning the doctor of philosophy degree in 1906, Dr. Ruthven joined the faculty as instructor in zoology, and taught in that field and directed the U-M Museum of Zoology until being named the seventh president of The University.

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Diagonales et Circumferentia

There will be Michigan music in much of Europe this spring. The Symphony Band has scheduled a concert tour during May, with an appearance at the Royal Albert Hall and a performance in Washington for the President before returning to the campus.

The Chamber Choir will tour Russia under the 1970-71 U.S. U.S.S.R. Exchange agreement, and the Mens Glee Club will give concerts in nine countries.

The University of Michigan, first in the nation to award a "Candidate in Philosophy" certificate, to recognize students who have completed all the work for a doctorate except the writing of a dissertation, now will grant the Doctor of Arts degree, with emphasis on a more broad academic training in contrast to specialized research.

Cigarettes are no longer purchasable at the University Hospital. One doctor stated that he would demonstrate to our guests, our students and the public that, in the opinion of our staff, the cigarette smoking habit is a serious health hazard which should not be encouraged in any way by a health-oriented community hospital.

Some 900 persons voted two to one in favor of the ban.

There is at least one U-M class that can be conducted entirely under water. All 22 members of a geology course, who have just completed, at their own expense, a 10 day field trip in Florida and the Bahamas, are qualified divers. They did underwater exploration of reef tracts and did studies related to modern carbonate rock environments.

Separate departments of chemical engineering, and materials and metallurgical engineering have been established within the College of Engineering. They have the divisions under one head, the departments within the College now number 12.

The Ford Foundation has awarded the University a three-year, $650,000 grant for international support for international studies. The grant covers such topics as Russia and East Europe, Japan, Near East and North Africa, foreign and comparative law, international business and organizations and history.

The Esso Education Foundation and the Humble Companies Foundation have made grants totaling $19,500 to the University, including $5,000 to the Department of Naval Architecture and Marine Engineering, the first received by that department.

A year-long study of water quality in the southern part of Lake Michigan will be conducted by the Great Lakes Research Division of The University's Institute for Science and Technology under a $90,000 grant from the Illinois and Michigan Electric Company.

An unrestricted $5,000 grant for studies into the prevention of eye diseases has been renewed for the department of ophthalmology by Research to Prevent Blindness. This brings to $51,000 the unrestricted grants it has made to the U-M.

A three-year study on the pathological basis of deafness is under way at the Kreeger Hearing Research Institute under the direction of Dr. Merle Lawrence. The research is funded by a $165,812 grant from the John A. Hartford Foundation.

The foundation has also made a research grant of $49,866 to the U-M Medical Center for a two-year study of thyroid hormone action and synthesis control.

A Summer Institute for College Teachers in Engineering to be held on the campus has received a grant of $59,680 from the National Science Foundation. The program is for instructors in basic engineering mechanics courses at junior colleges.

Spring, 1971