

THE SENATE OF MICHIGAN TECHNOLOGICAL UNIVERSITY

Minutes of Meeting No. 206

15 December 1993

Synopsis: The Senate

- (1) heard presentations on enrollments, finances and budget planning;
  - (2) learned that Proposal 16-92 had passed a referendum vote, and was being transmitted to the administration;
  - (3) received copies of a Handbook for Senators;
  - (4) received Proposal 7-94, Evening Examination Policy.
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I. Call to Order

President Bornhorst called the meeting to order at 5:31 pm on Wednesday, 15 December 1993, in Room B37 of the Electrical Energy Resources Center.

II. Roll Call of Members

Secretary Keen called the roll. 30 senators or alternates were present. Senators or alternate representatives from Metallurgy & Materials Engineering and AF ROTC were absent. Absent senator-at-large: Roblee. Absent liaison members: Dean of Engineering, Dean of Sciences & Arts, and Staff Council.

III. Introductions and Recognition of Visitors

Bornhorst introduced Mike Irish, the senator from the new Department of Fine Arts. Recognized visitors were F. Dobney (Provost), Wm. McGarry (Treasurer & CFO), and Robert Weaver (MTU alumnus).

IV. Agenda Adjustments

Bornhorst referred to the published agenda [Appendix A of these minutes], and proposed adding a report on enrollments by Galetto, substituting two committee reports, and adding a new business item, Proposal 7-94, Evening Exam Policy. Bornhorst asked for agenda adjustments from the floor; there were none. Heuvers MOVED to accept the adjusted agenda. Heyman seconded the motion. Bornhorst asked for objections to the proposed adjustments; there were no objections.

V. Presentations on Financial Matters

Bornhorst asked the Senate to hold questions until the end of the scheduled presentations.

A. Report on Enrollment.

Bornhorst introduced Joe Galetto, Director of Enrollment Management. Galetto presented data [Appendix B of these minutes] on recent, current and projected student enrollments. Enrollments were down 5 percent this year, but the bottom has not dropped out. The pool of applicants is strong and projected to expand slightly. Number of accepted applicants is down this year, caused by tighter admission standards. Acceptance rate is high, but applicants are self-selecting based on the university's known high standards. Enrollments will stabilize at the target of 6000 undergraduates if about 1500 are accepted per year. If acceptances are maintained at the current 1300, undergraduate enrollment will drop to 5000 in

1997. Total enrollment is projected to drop to 6400 next year.

#### B. Report on Finances.

Bornhorst introduced Bill McGarry, Treasurer and Chief Financial Officer of the university. McGarry presented data [Appendix C of these minutes] describing the recent, current and projected financial position of the university. The current situation is not cause for panic nor for cutbacks in personnel. Neither is the university spending next years money. The line of credit has been paid off, and the cash position of the university has improved since 1991. The balance sheet is healthy. The unplanned reduction of enrolled students and unplanned increases in health care costs and MPSE costs have created the current problems. The 93-94 budget will balance but with no roll-forward. Budget development for 94-95 will be difficult. Financially, last year was very good, this year will be okay, while next year will be tight.

#### C. Report on Budget Planning.

Bornhorst introduced Fred Dobney, Executive Vice-President and Provost. Dobney said that the university was adopting a new position that the budget ought to be tied to planning [Appendix D of these minutes]. Five-year planning documents and prioritized budget requests for next year are due in December. The first drafts of the budget will be discussed in January with the Board of Control, the President and Vice-Presidents, Deans & Directors, and the Senate Finance Committee. A first round of presentations will be made in February. After adjustments, the Board will receive another draft in March, and a second round of presentations will be made in April, with final approval of the budget by the Board in May.

Assumptions of budget development include a decline in enrollment, and varying increases in tuition, state appropriations, indirect costs, and auxiliary activities. Three budget scenarios will be presented to the Board based on different income projections. Financial aid will increase along with tuition. Academic programs will be assessed one percent for reallocation and realignment. Salaries, wages, and fringe benefits will increase.

#### D. Questions.

Bornhorst opened the floor to questions. Carstens asked why McGarry's \$500K decline in tuition was tied to a drop of 358 students, while Dobney's figures showed the same decline with a drop of 150 students. Dobney replied that the budget planning process had projected a drop of 200 students, and the \$500K loss was attributable to the unexpected additional drop of 158 students.

Bulleit said that some departments used variable and sometimes very high standards to control enrollment. He asked Galetto if this had a detrimental affect and if it would be better to control enrollments based on the student-handling ability of departments. Galetto said that imposing high standards made it difficult to control impressions in the marketplace. Rejection of a well-qualified applicant to such a program can create an impression through a whole high school that only superhumans can get into MTU. In fact, very high standards do not insure success in a program, and it would be preferable to limit enrollments on a first-come basis with some reasonable standards. Later applicants would be asked to choose another program. Bulleit asked why this was not done. Galetto said he was willing to do this. Dobney said that department heads and deans had a lot of input into the process. He added that a first-year program was being considered in the College of Engineering that would accomplish the same goals.

Boutilier asked whether departments were autonomous in setting their admission standards. Dobney replied they had been in the

past. Galetto said that some departments were under-subscribed, and wanted more students. Other departments specify goals, and ask the Admissions Office what standards are needed to achieve the numbers. Bulleit said that Environmental Engineering has set impossibly high standards to reduce enrollments, which creates a bad impression of MTU among applicants.

Boutilier asked whether there was a floor or ceiling in admission requirements beyond which departments could not go in their autonomous setting of standards. Dobney said there was no ceiling. Galetto said that departments receive reports on the qualifications of students admitted into their programs. The Admissions Office adjusts the floor on the basis of departmental squealing. Galetto said that any standard is not likely to be predictive of success in any department; motivation is very important and is difficult to measure. Galetto said that the first-year engineering program would make it easier to recruit students

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for MTU. Admission to departmental programs could be based on first-year success. However, some prospective applicants like the current system of direct admission to a particular degree program. Bulleit said it did not seem sensible to adjust numbers of admissions based on floating acceptance criteria. Dobney said he agreed with Bulleit.

Arici asked whether there was any trend in the percentage of high school graduates going on to college. Galetto said that the percentages were not changing much. Only about 5 percent of those that go on to college are qualified to attend Michigan Tech, based on standard test scores.

Dobney said that even without the College of Engineering budget, there has been a \$2M increase in budget requests from the other deans and directors. The best scenario of an increase in total budget amounts to \$1.9M. The budget requests are not frivolous, and include items like GTAs, minority scholarships, library acquisitions, computing support, (release time for Senate president and secretary), etc. Dobney said the problem will involve hard decisions about priorities among salary increases, GTAs, library acquisitions; the Senate Finance Committee will be involved in the decision process.

Robert Weaver asked about the enrollment decline: how it was determined that the admissions standards were to be increased, and were the persons making the decision aware of the declining pool of applicants? He also asked how the university was able to get out of the tight 1991 situation so quickly, and how the drop in 200 enrolled students was planned. He stated that the university's decision to enroll fewer students has a negative impact on the local economy.

Galetto said that the increase in standards was caused by a desire of individual departments to decrease numbers of students in their programs. The departments were aware of declining applicant pools. The standards are set by discussion and agreement among the department, the dean, and the enrollment management. Galetto said that enrollment management is a service organization, and that it works with departments to achieve the departments' goals. The downsizing of various departments had been approved to get student-faculty ratios into line. Galetto said the problem is that when students numbers decline, so does income.

Weaver said that if the goal of 6000 undergraduates is to be achieved, then there must be more departments over which students are spread to obtain fewer students and lower student-faculty

ratios. Dobney said an alternative approach is to hire more faculty. He added that the decision by deans and heads to downsize is defensible. MTU has been producing six graduates per faculty member in engineering, which puts MTU higher than any other research university by a considerable margin. Only VMI and Cal State-Fresno produce more, and neither have PhD programs. The faculty have been strained by the enrollment and the increased expectations of research productivity. The 200 student decline was legitimate planning; the problem was that it resulted in a decline of 358 students.

Weaver said that the decrease was larger than expected largely because of the tuition increases; many students are not returning to school because of financial problems. Dobney replied that this might be true, but it is not in line with the recent ratings of MTU as a best buy in education.

Galetto said that the 158 student over-shoot was partly the result of 125 students not showing up as projected from the payment of enrollment deposits. Federal financial aid was late in arriving. Based on market forces, MTU needs to be early in its award of financial aid. The downsizing was based on the complaints of departments who had to cope with the heavy loads created by the 1992 enrollment of 6,961 students.

Bornhorst asked McGarry to comment on the quick turnaround from the 1991 situation. McGarry said that the university was fundamentally sound financially. In 1991, it had been behaving aberrantly for a few years, and spending its reserves like cash. The turnaround was produced by stopping this behavior. A line of credit was obtained based on demonstrating an improvement in revenue flow; this improvement was obtained by a 4 percent budget cut that involved 67 positions. The \$3.1M cash deficit precluded careful planning for managing the problem.

Heyman asked how long the one percent takeaway and redistribution was to continue, and whether any other change from incremental budgeting was planned. He also asked whether as much as possible was being obtained from auxiliary enterprises for the rest of the university; specifically, why are there lights on the ski hill? Dobney replied that the one percent plan was a sound way to realign resources without major surgery. MTU is narrowly focused with only 29 degree offerings; MSU and UofM have about 200, and the other Michigan schools have 70 to 80. Programs cannot reasonably be eliminated. A takeback of only one percent sufficiently upsets deans. Dobney asked for suggestions on things that can be eliminated. MTU has been running on a shoestring for a long time, and is understaffed at all levels, faculty, staff and administrative. The one percent takeaway will be painful, but will continue forever. It may result eventually in eliminating positions. Auxiliary enterprises is being milked hard. Lighting the ski hill was a business decision to increase sales of season passes; the funds came from an auxiliary reserve, not from the general fund.

Diebel asked about the 5 percent increase from indirect costs. McGarry replied that externally funded research is now \$14M. The federally negotiated indirect cost rate is 47 percent. At the full 47 percent rate, \$8M should have been recovered. However, from \$14M only \$2.5M was recovered, a 16 percent rate. Further, 25 percent of the \$2.5M was given back to the departments generating the research. The 5 percent increase in indirect costs is a conservative estimate.

Heyman asked where the indirect costs were being lost. McGarry said that some sponsors are capped at 20 percent. Other sponsors like the Michigan DNR refuse to pay indirect costs.

Leifer said he started to worry when he heard talk about an understaffed administration. In a list of Michigan schools, MTU is next to the bottom in percent of revenues that go to instructional costs. The figure is 40.7 percent, which means 59.3

percent is going to administration. Leifer said the numbers should be reversed. McGarry said the figures had a rather narrow range. The figure could be raised to 47 percent depending on how some transfers were recorded. Changing the classification of CTS and financial aid would raise the number, for example. Bradley asked whether the number was meaningless. McGarry said it had some meaning, but that it could be pushed around. Within the confines of the current budget and acceptable accounting standards, MTU's number could be moved to the highest in the state. Leifer asked whether everybody did the accounting the same way. Dobney replied that they should. McGarry said that they did not. Dobney said that 59 percent does not go to the administration; some goes to student services, the registrars office, to career counseling, to placement, etc.

Weaver asked whether the university was moving to the next Carnegie classification, and how much of the undergraduate tuition was being used to support the graduate program in that effort. That is, how much are the undergraduates having to carry growth in the research area. Dobney replied that tuition accounts for only 38 percent of the total budget, and that more than 38 percent of that budget goes to undergraduate instruction. More is being invested in graduate instruction and research activities than in the past, but this has not been at the expense of undergraduate instruction. Undergraduate instruction has benefited with an improvement in faculty-student ratio, a wider range of expertise, and broader course offerings.

Heyman asked whether the 1 percent takeback was intended to move funds to the instructional side of the university. Dobney said this was focus of the program, and was a way of moving faculty to high demand areas. Electrical engineering has cut enrollments by 400 over 4 years; they can either continue this, or be given more faculty to avoid further cuts. EE had 1200 majors with 25 faculty, while ME had 1400 majors with 45 faculty. The

1 percent takeback is a method of addressing the problem. Boutilier asked about rumors that the new environmental sciences building was to be constructed with very few or no classrooms. Dobney replied that inclusion of instructional facilities increased building costs significantly. Existing lab space was to be vacated and renovated for teaching; net teaching space would increase, but would not be in the new building. Dobney said he agreed with the premise of the question, that classroom space is tight. He added that he would like to see constructed a library addition with a wing of classrooms.

Bornhorst thanked Dobney, McGarry, and Galetto for their presentations.

- VI. Report of Senate President
1. A memo [Minutes, p.4111] regarding the increased duties of senators and alternates has been sent to all department heads/chairs, to deans and directors, and to the Provost and the President.
  2. The officers met with the Provost and discussed several issues. These will be discussed at the Senate meeting of January 5.
  3. The President's Cabinet met on December 9, and discussed Total Quality Education, enrollments, and the budget. They heard a legislative update.
  4. A course proposal from undergraduates was referred to the

Curricular Policy Committee.

5. A memo from Faith Morrison was referred to the Senate Ad Hoc Committee on Search Procedures.
6. As requested by Bulleit, the Senate officers are assembling a list of Senate involvement in committees across campus.
7. The officers wish a happy holiday season to all senators and alternates.

#### VII. Reports from Committees

Senate Executive Committee. As committee chair, Bornhorst reported that the Committee had met on December 14. The Committee had agreed upon a standard format for presentation of proposals to the full Senate. Proposal 7-94 is written in that format.

The Committee discussed the protocol for reporting results of referenda, and decided that when the Senate President receives referendum results the issue has been certified. The Senate president may then take immediate action based on the results, and forward to the administration a proposal approved in a referendum. The actions were to be reported to the Senate in regular meetings.

Leifer asked whether Finance Committee Chair Pickens had reported to the Board of Control Liaison Committee that a faculty fringe benefit had been tabled by the Board of Control in 1990. The Finance Committee was asking the Liaison Committee to look into the matter. Bornhorst replied that Pickens was to report during the meeting of January 5th on the status of all the financial proposals presented to the Board.

#### VIII. Old Business

Proposal 16-92, Departmental Governance.

Bornhorst read the results of the referendum given in a memo [Appendix E of these minutes] from Elections Committee Chair Greuer. The referendum had approved the proposal, 178-57. The proposal would be forwarded to the administration.

Arici asked if there was a one-year period for departmental action after Board approval of the proposal. Bornhorst said this was correct.

#### IX. Handbook for Senators/Alternates/Liaisons

Bornhorst said that the Senate officers and assistant had prepared and distributed a handbook [Appendix F of these minutes] for use by members of the Senate. The handbook contained useful information including protocols and lists of senators, of committees and members, and of constituents.

#### X. New Business

Proposal 7-94, Evening Examination Policy.

Bornhorst said that he had received a memo from the Instructional Policy Committee that had been rewritten into a standard proposal format. Copies of the proposal [Appendix G of these minutes] were distributed to the Senate. Bornhorst stated that the proposal would be considered at the meeting of January 5.

#### XI. Adjournment

Leifer MOVED that the meeting be adjourned. Huang seconded the motion. Without opposition, Bornhorst declared the meeting adjourned at 7:03 pm.