THE SENATE OF MICHIGAN TECHNOLOGICAL UNIVERSITY

Minutes of Meeting No. 211
9 March 1994

Synopsis: The Senate
(1) corrected and approved minutes of Meetings 209 and 210;
(2) learned Proposal 11-94 had been submitted to the administration for approval;
(3) learned that the establishment of Senate standing committees had been designated as Proposal 15-94;
(4) learned that there were problems with the Winter Quarter Teaching Evaluations;
(5) discussed Proposal 1-92 Retirement Benefits Plan, Parts B and C;
(6) approved Proposal 2-94 Supplemental Health Benefits.

I. Call to Order
President Bornhorst called the meeting to order at 5:33 pm on Wednesday, 9 March 1994, in Room B37 of the Electrical Energy Resources Center.

II. Roll Call of Members
Secretary Keen called the roll. 31 senators or alternates were present. Senators or alternates from AF ROTC, the Library and Non-Academic Group 3 were absent. Absent liaison members: Dean of Sciences & Arts, CTS, GSC, and Staff Council.

III. Introductions and Recognition of Visitors
Recognized visitors were F. Arbabi (CE), I. Cheney (Human Resources), E. Carlson (BL), F. Dobney (Exec. VP & Provost), W. McGarry (Treas & CFO), D. Thayer (MY), E. Vandette (SS) and B. K. Whitten (BL).

IV. Agenda Adjustments
Bornhorst referred to the published agenda [Appendix A of these minutes] and proposed adding a report from the Instructional Policy Committee and considering New before Old Business. Bornhorst asked for other adjustments; there were none. Grzelak MOVED approval of the adjusted agenda, and Grimm seconded the motion. Bornhorst asked for objections to the motion. There were none, and Bornhorst declared the motion APPROVED.

V. Approval of Minutes
Bornhorst called for corrections to the minutes of Meeting 209 distributed to senators. Hubbard noted two corrections. Carstens MOVED approval of the corrected minutes. Arici seconded the motion. The motion PASSED without dissent in a voice vote.
Bornhorst called for corrections to the minutes of Meeting 210. Hubbard and Leifer noted corrections. Leifer MOVED approval of the corrected minutes. Grzelak seconded the motion, which PASSED without dissent.

VI. Report of Senate President
1. Proposal 11-94 Revision of Faculty Handbook was submitted to the administration [Appendix B of these minutes].

2. The administration was informed of Senate acceptance of the President's proviso for Proposal 16-92 [Appendix C of these minutes].
3. On February 17, Bornhorst represented the Senate in an administrative meeting examining weather-related closings and excuses. An ad hoc committee will work on the problem over the summer. A Senate representative to the committee is needed, and Bornhorst asked for volunteers.
4. The February 17 meeting of the President's cabinet considered issuance of departmental credit cards with a $500 limit per purchase. The Provost presented the budget to the cabinet.
5. A meeting on constituency issues was held February 23 with Senate officers, Staff Council officers, and some concerned senators. A result of the meeting is that Bornhorst will ask for placement in Tech Topics of a notice that Staff Council constituents may petition for Senate representation.
6. On March 8 the Senate officers met with Provost Dobney and considered several issues. Faculty evaluation problems were discussed. For next year there will be 133 TAs and 20 GAs, a net increase of 16 above this year's GTA allocation. Funds for the increase came from administrative sources including reductions in legal, consulting and TQE fees.

    (Leifer asked if the amounts were for this year's budget. Bornhorst said it was for next year's.)

    Walter McCoy introduced a policy on harassment and discrimination, which will be presented soon as a Senate proposal.
8. Secretary Keen has noted that under the bylaws, creation of Senate standing committees requires a proposal. Earlier Senate action that created the standing committees has been assigned to Proposal 15-94 [Appendix D of these minutes].
9. A budget request for Senate Office operations has been submitted to the Provost.

Bornhorst opened the floor to questions. There were none.

VII. Reports from Committees

A. Board of Control Relations Committee. As Committee Chair, Bornhorst reported that Senate representatives would not meet for breakfast with the Board at its March 18 meeting. Instead, an informal meeting for May 20 has been requested. At a special open Board session on March 18, he and B. Seeley would make presentations on departmental governance and conflict of interest policies, respectively. Bornhorst asked Beck, Bulleit, Glime, Hubbard, and Mroz to attend as Senate representatives for any discussion of departmental governance.

Bornhorst called for questions or comments. There were none.

B. Instructional Policy Committee. Committee Chair Heuvers distributed a handout [Appendix E of these minutes], and reported that there had been problems with processing of winter term teaching evaluations. Some problems were solved this time, but other problems remain. Course-offering departments should be warned of possible errors, including missing forms, incorrect counts of forms, and mix-ups in return of forms. The problems originated with the conversion of computer operating systems. The information can be reprocessed from the tapes of raw data.

A subcommittee has been formed to investigate the processing mechanisms and the statistics being computed. The subcommittee members are Gimmestad (MA), Drummer (MA) and Seidel (CS). The subcommittee has invited comments and suggestions.

VIII. New Business

-Proposal 12-94 Option for the BS Degree in Biological Sciences. Bornhorst referred to Proposal 12-94 [Appendix F of these minutes] circulated with the agenda, saying that it was being introduced as new business to be voted on at the next meeting. Bornhorst asked for questions. There were none.

IX. Old Business

A. Proposal 1-92 Retirement Benefits Plan, Parts B & C. Bornhorst referred to the copy of the proposal attached to the agenda [Appendix G of these minutes], and said that by agreement, 22 minutes would be divided between minority and majority Finance Committee reports, followed by an 8-minute comment by the Provost. Bornhorst suggested that the remaining time be given to discussion limited to 3 minutes per questioner. He asked for objections to the limits; there were none.

1. Minority Report: Bornhorst introduced Brokaw with the minority report. Brokaw began by summarizing the parts of the proposal. Plan A is an annual payment after retirement equal to

years of service times 2% of the final year's salary; the qualifying criteria are 80 points (age + years of service) or 65 years of age + at least 10 years of service. Plan B is a lump sum payment at retirement equal to year of service times 10% of the final years salary, capped at $250K, with the same qualifying criteria. At retirement, a choice would be made between plans A and B. Plan C is paid up life insurance equal to twice the annual salary at retirement. Brokaw said Plan C resembles Plans A and B from a cost point of view. Brokaw distributed copies of the Finance Committee's minority report on the proposal [Appendix H of these minutes].

Brokaw summarized the minority objections. (1) The cost estimates may be low, because they are based on a closed group analysis. New employees would increase the costs. (2) Life insurance primarily provides financial protection of families from unexpected death of a wage earner. This need decreases with age. The majority explanation of the need for life insurance has little merit; cf. the minority report. (3) All three plans favor some employees over others. An employee who works for MTU for 10 years and then moves elsewhere would enjoy no benefits. The proposed retirement plan most benefits those who are now older with more years of service at MTU. Tables 1-4 of the minority report are scenarios showing this. (4) The plans decrease mobility. They encourage people to stay at MTU until they qualify for the benefits. (5) Is the cost affordable? The costs per year for A, B, and C are about $6.4M, $3.9M and $1.1M. If Plans A and C were implemented, total cost would be about $7.5M per year for about 20 years. This is a 15% increase over current wage and benefit costs, or about a $7.5K wage increase for a person earning $50K. (6) Previous retirement programs have strained MTU, with $1M per year still going to those. These were big financial mistakes. The proposed plans will have a chilling impact on future wage increases and program development.

Brokaw said that there were alternatives to the proposed plans.

(1) Current life insurance payments could go toward a whole life policy to produce paid-up policy at retirement. (2) As a general rule, wage increases are better than any plans like those proposed. This allows individuals to make their own decisions on how to spend the money. (3) If retirement benefits are to be increased, they should be distributed equitably into portable plans. (4) Are there less costly ways to ease the transition to retirement? A 3-year phased-in retirement has been discussed in the Finance Committee.

2. Majority Report: Bornhorst introduced Leifer with the majority report from the Finance Committee. Leifer distributed copies of the majority report from the Finance Committee [Appendix I of these minutes], and reviewed the history of the retirement benefits program (cf. Appendix G, cover sheet).

Leifer referred to cost analyses done by the Fringe Benefits Committee in 1991. Figs. 2 and 4 describe 20-year and 30-year self-funding for the lump sum payout. The 30-year plan drops the initial cost from $3.9M to $3.6M. The cost drops markedly in the last year; this is the result of self-funding. Fig. 4 answers Brokaw's objection to the closed-end analysis. After 30 years, most current employees will have retired or died, and the fund will have built to $13.5M. At 7.5% interest, this will produce more than the $90K needed by the current personnel; minor budget increases will provide the benefits for new personnel hired in the interim.

Leifer noted that costs and self-funding of the 2% annuity were described in Figs. 3 and 5 for 20-year and 30-year periods. Any monies remaining at the death of the employee and the spouse revert to the university. Leifer said that the 2% figure is not cast in concrete. Any lesser percentage will reduce costs linearly.

Leifer indicated that Fig. 6 shows the cost of the life insurance plan for self-funding over 20 years. The life insurance plan is needed to secure mortgages for houses to be bought by retirees moving away from the Copper Country.

Leifer said that Table 1 (Appendix I) showed the necessity for the proposed retirement benefits. The table compares salaries at Northern Michigan University and MTU, contrasting only departments common to the two universities. MTU faculty now earn $13,000 per year less than comparable faculty at NMU. The effect of this over 15 years, including a TIAA/CREF contribution of 10.55%, is a loss of $174K. If half the earned income difference after taxes were invested, it would produce a total of $50K. The total difference between MTU and NMU is thus $225K after 15 years. For MPSERS participants, there is also a considerable loss. Assuming a $12.5K salary difference between an MTU and NMU employee retiring after 30 years of service, the annuity difference per year is $6,000. Both TIAA/CREF and MPSERS participants need some supplement for their MTU retirement benefits.

There are four reasons for the program. (1) It would permit orderly planning for new programs by the university. (2) It would allow faculty and staff to retire with dignity. (3) It would enable MTU to attract bright young faculty with a good benefits program. (4) It's the right thing to do. Without the program MTU will have difficulties. (1) Planning and implementing new programs will be hindered. (2) Senior faculty and staff will delay retirement. (3) Morale will be lowered. (4) New faculty and staff will be harder to retain.

Leifer said the majority of the Finance Committee felt the minority report was flawed. (1) There are no losers in the program because all employees will eventually retire. (2) Salaries are not a fringe benefit, they are an earned benefit. (3) The closed-group problem has been addressed. (4) The necessity for life insurance has been explained.

Leifer said that the program could be afforded by eliminating excesses in administration, by not decreasing undergraduate enrollment by 500, and by not building a graduate program from the general fund. The proposal is no longer a voting issue. The program can be implemented, and there should not be a deadline on negotiations with the administration. The Committee is ready to work toward a successful conclusion.

3. Administrative Presentation: Bornhorst introduced Provost Dobney for a presentation of the administration's position on the

proposals.
Dobney said that the main priorities of the management and budget are, in no particular order: maintaining affordable tuition, reducing accumulated deficit and building cash reserves, starting new programs and enhancing existing ones, maintaining the physical plant and minimizing deferred maintenance, compensating faculty and staff fairly and tying increases to productivity and performance.

Dobney said three matters of principle needed restating: (1) There is no intention of funding retirement incentives now or in the future. There will be no repeat of the 83-84 and 86-87 buy-outs and golden handshakes. The current administration has no intention of adopting this strategy. (2) People will be compensated for working as opposed to not working. Compensation is tied to productivity and performance. (3) Compensation for current employees will come from current revenues; there will be no commitment to current benefits from future revenues.

Dobney said some factors had been obscured by the rhetoric surrounding the proposal. (1) The budget bearing most of the fringe benefit costs is the $74M general fund, not the total fund budget of $115M. In the 93-94 budget, about 80% of the $42M salary and $15M fringe benefit costs will be charged to the $74M budget. (2) The proposed annuity and life insurance retirement benefits are not common university benefit offerings. I. Cheney has been unable to find any other school offering comparable benefits. (3) When examples of TIAA/CREF payout amounts are cited by the proposal's supporters, it is always the worst-case scenario of a 20-year payout to the retiree, spouse and surviving dependents. This example provides the lowest possible payout, combining retirement and survivor inheritance benefits. Income from investments, social security and accumulated capital are never referenced.

Dobney said he did not support the proposal for several reasons. (1) The proposal is financially irresponsible. At 38% the current fringe benefit program is the most expensive in the state. Increases for medical costs, retiree health care and the MPSERS program over the past 3 years have been $2.3M per year. The proposal would put the fringe benefit rate at 50% or higher, which is an intolerable rate. (2) The retiree medical insurance benefit along with TIAA/CREF provides retirees with the most important retirement benefits. The cost of retiree health care benefits will be over $3M next year. (2) The proposal does not provide retirement incentives if people do the math. By delaying retirement 2-3 years, the combination of reducing retirement years actuarily, continuing TIAA/CREF contributions, and accumulating interest on investments will significantly enhance retirement payout. Working 2-3 years longer will provide more money than the proposed lump-sum payout. (3) It is not fair to those not approaching retirement to be taxed for 20 years to subsidize a past service liability.

Dobney said that discussion should continue on other retirement benefit options such as phased retirement, a cafeteria plan, tax sheltered benefit contributions, health care insurance for surviving spouses of long-term employees ineligible for the 80-point plan, health care insurance for disabled employees, and retiree-paid life insurance under the MTU group policy. Discussion of the proposed benefits should end; they are counter-productive, creating false expectations that cannot be realized. There should be joint efforts to contain costs of existing benefits, and to explore innovative ways to help those about to retire.

4. Discussion of Proposal: Bornhorst thanked the presenters, and opened the floor for questions.

Carstens asked Leifer how much the proposal would cost if it were implemented this next year. Leifer said that the budget picture could be changed, and began to distribute a handout [Appendix J of these minutes].

Carstens asked Brokaw whether the university could obtain more cost-effective annuities for employees than the employees could obtain on their own, if the cost of the proposed benefits were paid as salary instead. Brokaw said that individual purchase of a tax-deferred annuity was done simply and as cheaply as if bought by MTU.

Carstens again asked Leifer how much it would cost to implement the proposal for the first year. Leifer replied that the handout addressed the point; $1-2M could be saved from administrative excesses. $2.15M could be obtained from maintaining undergraduate enrollments. More funds could be obtained from ending the self-funding of graduate scholarships. Leifer said that the money saved could be used to do all the items requested, including salary increases, better employee benefits, and a nice retirement benefits program. With a 1.5% annuity and the life insurance, a nice retirement benefits program could be funded for about $5M or perhaps $6M. With $8M available as indicated in the handout, it would only cost $1.4M to increase TIAA/CREF by 5%. Funds for another few percent in salary raises would also be available.

Bornhorst commented that the requirements for funding retirement programs had changed since the initial passage of the proposal in 1992. Previously there were no accounting standards that had to be followed. The present retirement health benefits plan is not funded acceptably according to these standards. The current expenditure should be $3.5M. Leifer said that the two plans are self-funded according to current accounting standards.

Leifer asked Dobney whether a copy of Dobney's comments could be provided for analysis. Dobney replied that they would be.

Bradley asked whether the number of undergraduates was being decreased intentionally, or the loss was an uncontrolled market reaction. Item C of the handout represents a move to increase research activity; it is not wasted money, but a trial. Whether it will succeed remains to be seen. Leifer replied that self-funding a graduate program is like trying to start a motor-cycle by squirting gas in the carburetor. It will sputter but not take you very far. A graduate program must be self-sustaining, unless an endowment of $500M is available.

Boutilier said that the build-up in the graduate program over the past 10-12 years has been on the backs of the faculty and of the undergraduate programs. It is not the fault of the current administration, but the money has come from the general fund, and all have suffered for it. The program may not be immediately turned around, but if it is built much further, it will kill the university.

Grzelak said that various departments had been trying actively to reduce enrollments to maintain parity with resources. This can have the effect of reducing overall enrollment. Leifer commented that he agreed with Grzelak.

Leifer said that Dobney and McGarry were engaged in a new mathematics. He asked how they proposed to meet their priority of moving faculty salaries to the norm with a 3% raise, when faculty counterparts at NMU were expecting a 7% raise on higher salaries.

Thayer asked how much MTU was spending per year for lawyers. Dobney said that the budget for legal fees was in the range of $200K-250K. McGarry said it was $200K.

Carlson asked about the cost of legal insurance. McGarry replied that MTU was self-insured. Carlson asked whether this was paid for. McGarry said that MTU was part of a cooperative consortium of state schools, to which a fee was paid. To the extent it is not used, the fee is returned. The insurance is on three levels: up to a point there is self-insurance, above this the cooperative takes over, and above that an outside carrier handles catastrophic insurance. Most of the claims are handled through the cooperative. Bornhorst asked how much that cost per year. McGarry replied that there were 17 different insurance programs, covering buildings, automobiles, and personal damage, etc.

Bornhorst asked for the total cost. McGarry said about $300K per year. Leifer said he had seen numbers like $1M. Dobney said that the numbers did not come from the administration. Carlson said that the insurance costs were $300K, the fees were $200K, and some settlements were secret with unknown costs. McGarry said the secret settlements could not be discussed.

Mullins said that an impasse had been reached. The Senate had passed the proposal unanimously, and the Provost had related that the Board and the administration would not accept it. Some compromise was needed to break the impasse. Mullins asked whether an altered form of the proposal might be acceptable or might be negotiated, because it was not the business of the Senate to vote on the proposal again. Mullins asked whether the retirees could somehow participate in the group life plan, and whether some sort of annuity could be worked out.

Dobney replied that there were some areas where progress might be made to aid those looking at retirement. The basic principle remains that MTU will not engage in programs requiring advance funding. The Univ of Michigan has a retirement furlough, equivalent to a sabbatical with full pay at the end of the career. This plan would be funded by the faculty just as they now support the current sabbatical program. Other programs include phased retirement with faculty reducing their workload and their amount of compensation. Other programs exist in which faculty members teach a course or two to earn up to the maximum allowed under social security. Dobney said it might be possible to continue in the life insurance plan. This would by-pass the pre-existing condition issue and permit better rates than otherwise. All these possibilities could be examined, but the issue needs to be resolved. Before the end of the academic year, some agreement should be reached about what is and is not possible.

Vandette asked what percent of the MTU budget would be encompassed by the proposal. Leifer responded that the lump-sum payout plus the life insurance would be about $4.7M divided by $75M, or about 6.2%.

Bornhorst asked McGarry whether the 30-year funding calcu-

lated by Leifer is acceptable under current accounting standards. McGarry replied that it would have to be a 20-year plan to be acceptable. He added that the projections are based on a closed group of current employees, resulting in low numbers. Leifer said that in a conference call between himself, McGarry and an actuary the figure of 30 years was used. McGarry said that was the figure used by the actuary from Wyatt, and that a later check with the Arthur Anderson firm indicated a 20-year figure was correct. The difference is about 5%, in the ballpark of $3.5M-$3.9M.

Heuvers asked whether the 6% figure was for one year, or over what period of time. Leifer said it was for the first year, and that the number would decrease, starting at 6.2% and going down over 20 years to nothing.

Glime said that two factors would cause the costs to rise.
(1) A number of faculty approaching retirement have a relatively low salary. Some have only an MS or even a BS degree, with

salaries well below that of their replacements who will have PhDs. (2) If salaries are increased, the costs must also increase. Higher salaries are a way of attracting new faculty who are not very interested in their retirement.

Vandette asked whether Brokaw had any historic evidence that funding retirement benefits would jeopardize salary increases at MTU. Brokaw replied that the university is still putting $1M per year toward funding the retirement programs from the 80s.

Mroz said he was concerned that the proposal would constitute golden handcuffs, keeping in place persons who might otherwise leave. Other benefit enhancements would avoid this problem. He said he also was concerned with fairness, which has a lot of different aspects. Mroz said he could retire under the proposal at 55 and collect $70K per year at taxpayer and student expense; this is not fair to them. The history of money grabs in the past should not guide future behavior. The spirit of the proposal is more toward getting even for what happened in the past than toward going forward.

Arbabi said that the previous administration began with no support for retirement benefits, but after 6-7 years they decided to rejuvenate the university with a crash retirement program. The problem was that there was no program for an orderly retirement. The discussion should continue to achieve a program this time. Grzelak said that nobody in the room favored the 84 and 88 programs, and that any new plan should benefit everyone as much as possible.

Beck said that the argument about portability was incorrect. The people who can leave are those who you want to stay, and the people who can't leave are frequently the ones you wish would leave. The marketplace governs movability, not portable benefits.

Arici said that Mroz's argument was not quite sound. In the case of GM, everybody who buys a GM car is paying for the benefits of retired GM employees. Something reasonable surely can be done to benefit retirees at MTU.

Dobney said that he would like to return to the Senate in 2 or 4 weeks with a proposal along the lines of a compromise mentioned by Mullins.

Keen said that Leifer had presented charts and graphs, and it reminded him of the presentations of T. Whitten for the 1984 retirements, of E. Koepel for Ventures, and of D. Stein for Carnegie I, all offering to trade pie in the sky for current salary. On the other hand, the previous retirement plans were unfair to those wanting to retire today. Keen said his first vote for the proposed plan was based on the need for medical coverage, and the second was out of irritation at the provost's request for a second vote.

Bornhorst said the Fringe Benefits Committee should be commended for getting the health insurance retirement benefits. He added that the Senate needs to find out what is negotiable, because under the constitution there is no option for going to the Board on the proposal. The administration has to be dealt with on the issue.

Leifer said that his previous question about the administration's new math had not been answered. Dobney said that his statement had been twisted, that the administration would try to bring MTU salaries to the average of its peer institutions. NMU had not been mentioned. NMU was not a peer; it had been funded for political reasons at a level well above every other comprehensive state university. NMU gets $5700 per student, while the others get $3000-$3600. NMU is funded $500 less per student than MTU, but they run far less expensive programs like Secretarial Science instead of Electrical Engineering. As a result they have significant money to invest in salaries, which they have done successfully.

Thayer said that the Senate had voted on a proposal, and had sent it to the administration. The administration had said they were not going to fund it, so the ball was in their court. Bornhorst responded that it was in nobody's court; the issue was dead after an administrative refusal.

Mullins said that he would like to get some ball back into somebody's court, and that he did not like the idea of a proposal being all-or-nothing. He said that there should be a mechanism for some accommodation, and asked Bornhorst what that might be.

Bornhorst replied that other proposals had been taken to the administration, and that he had discussed these with the Provost to ensure their acceptance. This included the proposed suspension of the 3-year-and-out policy. The proposal was rejected, but a compromise was worked out. This proposal is the first to be flatly rejected, and in fact it was not developed under the present constitution. Bornhorst added that the issue is not yet at an impasse, because the Provost has said he would come back in two weeks with a counter-proposal on benefits.

Grimm said that the problem is that proposals have been developed in isolation. Instead, a system of working with the administration needs to be developed. In this case, some representatives of the Committee should work with Dobney to develop some kind of compromise or alternatives.

Bornhorst said that under the new constitution the Senate and the administration were starting to learn about shared governance. The officers and the administration have discussed these issues. Most issues will involve minor differences on both sides that can be altered, just as in the case of the proviso with Proposal 16-92. In that case the administration should have commented before the faculty vote; the proviso might have been included on the ballot. With the present proposal, perhaps more feedback should have been obtained from the administration before the Senate votes. Errors have been made on both sides of the fence.

Mullins said that the proposal had spanned two administrations, which made the situation a little more awkward. Mroz said that another fringe benefits committee existed on campus, and that there should be some cooperation between the two committees. Bornhorst said that I. Cheney had requested Senate representatives on a Fringe Benefits Committee, and that he had passed on the request to Finance Committee Chair Pickens.

Cheney said that the University Benefits Committee consisted of Drummer (MA), Kowatra (MY), Frayer (FR), D. Kent & K. Salo (professional staff), B. Ruotsala (UAW), and J. Campioni (AFSME).

Miner said that his constituents were concerned about how a phased retirement plan might be implemented for staff that worked on an annual basis, not quarterly. The minority report assumes that there is some amount that can go towards salary raises or towards fringe benefit, but this is not so. The salary increases have already been determined. Miner added that he would like to see a fair retirement benefits package addressed.

Bornhorst asked for further comments. There were none.

B. Proposal 2-94 Supplemental Health Benefits Program. Bornhorst referred to copies of the proposal [Appendix K of these minutes], and stated that the motion to adopt Proposal 2-92 had been tabled at a meeting earlier in the year. Grzelak MOVED to take up the motion again. Heuvers seconded the motion. Bornhorst asked for discussion. There was none. The motion

PASSED without dissent in a voice vote. Bornhorst called for discussion.

Arici asked for the Provost's views on the proposal. Dobney said that he had promised the Senate to put the proposal into place on an ad hoc basis, and had done so in one case. If the proposal was too late to be included in the budget, the benefit would be provided until it could be funded permanently, assuming passage by the Senate and Board approval.

Bradley asked whether the accounting in the included tables was correct. McGarry said that it was correct.

Roblee asked for the cost of implementation. Pickens summarized the coverage of the proposal and said that the cost would be $117K per year. Leifer said that the annual cost would decrease over a 20-year period.

Diebel asked Dobney whether the age and service limitations would apply to the ad hoc implementation of the proposal. Dobney replied that he would ask the University Fringe Benefits Committee and the Appeals Committee in the Human Resources office for guidance. Diebel commented that it might be better to keep the policy on an ad hoc basis than with a defined age limit.

Beck commented that an ad hoc policy would not be better in the long run. While the current administration seems sympathetic, MTU has a 100-plus-year history of the opposite.

Glime asked whether situations might be covered if they fell outside of the policy's limits. Dobney said that the administration would consider appeals through the Human Resources Office. Heuvers asked if the ad hoc policy would still be followed. Dobney said it would be, that the administration would try to be humanitarian within reason.

Bornhorst asked for further discussion. There was none. The motion PASSED 24-0 in a show-of-hands vote.

Dobney commented that the proposal would be considered at the Board meeting in May, which is the meeting at which the budget is adopted. The proposal would therefore not be funded as a base item for the next year. Dobney said that, for the record, the spirit of the proposal would be followed in the meantime.

C. Proposal 14-94 Recommendation on the ESTR Program. Bornhorst referred to the proposal [Appendix L of these minutes] and called for a motion to approve the proposal.

Galetto distributed a handout [Appendix M of these minutes] and said it was a response to a question from the previous meeting. Galetto said that another question had involved extending the program to more than adjacent states. This extension would not be a problem with his office, but might cause a negative reaction in Lansing.

Galetto said the handout was based on a survey of students from adjacent states who had decided to attend other schools after being accepted at MTU. The table showed numbers of students surveyed and some rough calculations of differential between resident tuition for their preferred schools, for MTU's in-state tuition, and for tuition under Proposal 14-94. The proposed change results in about a $1000 annual increase over the current ESTR. Galetto said he was not sure how the change would alter the enrollment.

Kawatra said that out-of-state tuition for the Univ of Minn was charged only for the first year at that school: it dropped to the in-state rate subsequently.

Roblee asked whether other schools had programs similar to ESTR. Galetto said that Minnesota and Wisconsin had reciprocity, so that students could move between the two states paying in-state tuition. The ESTR program had been developed as a response to this.

Roblee asked about students moving between Michigan, Wisconsin and Minnesota. Dobney said that reciprocity was arranged at the state level in Minnesota and Wisconsin. The state universities in Michigan were so autonomous that no one body could negotiate for all of them.

Glime asked whether lab and other fees were included in the table, and how the dorm costs differed. Galetto said that the table included only the $126 annual matriculation fee, and that the residence hall costs were probably slightly less at MTU.

Bornhorst called for a motion to adopt the proposal. Beck MOVED that Proposal 14-94 be adopted. Mroz seconded the motion. Bornhorst asked for discussion of the motion.

Dobney said he favored the proposal, but would not implement it until he had received an overall tuition strategy from the committee chaired by Malette. Bornhorst said that the proposal would be forwarded only as a recommendation.

Bornhorst asked whether there were objections to the recommendation of voting units listed on the proposal. There were none, and Bornhorst declared the recommendation approved.

Bulleit noted the policy requirement for a 2.50 CGPA after spring quarter. He stated that this seemed to be low for an exceptional student, and asked which spring quarter was intended. Malette replied that the policy required a 2.50 after every spring quarter. Galetto said that 2.50 every spring quarter was the current MTU requirement for holding any scholarship. Bulleit said that these were exceptional students, not just scholarship students. Boutilier said that the program currently had no GPA requirement. Beck said that the student market should be kept in mind; that tightening requirements will reduce student numbers.

Diebel said that the program should be opened up nationally, and asked whether Dobney might anticipate any backlash from the legislature from such a move. Dobney said he did not think it would be a problem if the higher rates were in effect. Beck said that part of the original objection to a national policy was that no recruiters could be put into other states, and that the policy is without practical effect without recruiters. Brokaw said that the extension would add nothing to the cost of the program, and that alumni could serve as effective recruiters. Unless there would be adverse political repercussions, the policy should be extended nationally.

Arici said that his constituents favored a national extension. They also favored limiting the program to the top 10% of the graduating class; at smaller schools, the top 15% can include students of lesser caliber.

X. Adjournment

Bornhorst called for a motion to adjourn. Galetto MOVED to adjourn the meeting. Mroz seconded the motion. Without opposition, Bornhorst declared the meeting adjourned at 7:30 pm.

Submitted by Robert Keen
Secretary of the University Senate
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