

**THE UNIVERSITY SENATE OF
MICHIGAN TECHNOLOGICAL UNIVERSITY**

Minutes of Meeting 289

11 March 1998

Synopsis: The Senate

- (1) Heard an invitation from Vice Provost for Instruction Stephen Bowen to participate in Earth Week by having a class discussion on *Ishmael*.
 - (2) Heard that the Board of Control will soon be discussing the "at will" employment clause.
 - (3) Heard from Provost Dobney on the first ever five-year plan for the MTU budget.
 - (4) Heard reports from the Academic Policy Committee and the Finance Committee on attributes and the cost, respectively, of the "calendar transition" early retirement program (Proposal 4-98).
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1. CALL TO ORDER AND ROLL CALL

President Seely called University Senate Meeting 289 to order at 5:33 p.m. on Wednesday, 11 March 1998, in Room U113 of the Minerals and Materials Building.

Secretary Glime called roll. Absent were representatives from Mining Engineering, Civil and Environmental Engineering, and Academic Services-Engineering. Liaisons in attendance were Geoff Roelant (USG) and Ted Soldan (Staff Council).

2. RECOGNITION OF VISITORS

Guests included Fred Dobney (Provost), Debbie Lassila (Director, Budget Planning), Marcia Goodrich (*Tech Topics*), Matt Lefler (*Lode*), Steve Bowen (Vice Provost for Instruction) and Les Leifer (Chemistry).

3. APPROVAL OF AGENDA

Nesbitt MOVED and Williams seconded the motion to approve the agenda. The motion to approve PASSED on voice vote with no dissent. [Appendix A. NOTE: Only official Senate and Library archival copies of the minutes will contain a full complement of appendices.]

4. APPROVAL OF MINUTES FROM MEETING 288

Richter MOVED and Williams seconded the motion to approve the minutes of meeting 288. The motion PASSED on voice vote with no dissent.

6. COMMITTEE/BUSINESS REPORTS

A. Earth Week -- Steve Bowen

President Seely invited Steve Bowen (Vice Provost for Instruction) to speak before the President's report about Earth Week so that Bowen could leave.

Bowen announced that Earth Day is on Tuesday, 21 April, and that the campus-wide reading selected is *Ishmael*. The University has a grant from GM to buy 2000 copies; 1400 have already been spoken for; faculty are encouraged to use them as a focal point for class discussions.

5. REPORT FROM SENATE PRESIDENT

President Seely expressed appreciation for the efforts of the Senate and their willingness to sustain a long meeting in order to complete deliberations on the proposals for new programs. He also conveyed appreciation from Neil Hutzler (Associate Dean of Engineering).

Proposals 3-98, Social Studies Education Option in the BS in Social Sciences Degree, 5-98, Masters of Engineering Degree, and 7-98, Amendment to University Closure Policy, have been sent to the administration for approval. **[Appendices B-D]**

The Board of Control has been discussing Proposal 4-97 concerning the "at-will" language for staff. The officers will meet with Chair of the Board Jim Mitchell at 9 a.m. Friday, 20 March.

Senator Lutzke stated that he hoped the proposal (4-97) could be approved this academic year, since it had been passed by the Senate last year.

Seely responded that Mitchell hopes that it can pass at one of the next two meetings.

Seely announced that the time for Senate elections is approaching. We will need two new Senators At-large.

6. COMMITTEE/BUSINESS REPORTS

B. University Budget -- Fred Dobney

Provost Dobney presented the first draft of a 5-year budget plan. **[Appendix E]** This is the first time the university has tried to develop a 5-year plan.

Dobney acknowledged that faculty and staff salaries are lagging behind those of their peers. If we assume a 3% rate of inflation, then it will require a 4-5% salary increment to begin to approach parity. This will not be an across-the-board increase - it will require merit.

He pointed out that the number of faculty has increased from 301 in 1991 to 347 at present. The goal for 2003 is 365. Some of these additions will be in support of new programs in computer engineering and biomedical engineering.

The recent faculty growth has not been accompanied by any growth in staff, so the plan is to add 15 new staff in the next 5 years. Six of these will be in facilities management for maintenance of the new buildings.

This plan is coupled with an anticipation of 830 new undergrads in the next five years. To support the added lab responsibilities 10 new GTA positions will be added each year for the next five years. Stipends will go up by the same percentage as salaries.

Currently there are 351 MS and 277 PhD students; both are dropping slightly. We might consider confining the new GTA positions to doctoral students.

At present, 44.44% of tuition goes back to financial aid. At other Michigan state universities, the range is 17.9 to 30.35%.

The library has not kept up with the needs of the university. Its budget will be increased by 10% per year for the next 5 years. It also needs an addition of space.

To upgrade technology in classrooms, \$100,000 is allotted, permitting the conversion of 2 lecture halls per year.

Part of the Capital Campaign will be used to support teaching technology and faculty development.

There will be a one-time cost over the next three years to change to semesters, but the biggest cost will be in faculty time.

Fringe benefits will be increased according to the 2+2 plan.

With the opening of the Dow Building and Walker extension there will be an increase in utilities costs.

Dobney announced that the Deans were willing to forego the 3% increase in SS&E if the Provost does not re-institute the 1% giveback.

This budget plan is coupled with a goal to increase undergraduate retention to 87%.

The goal for graduate students is to increase from 628 now to 730.

The budget model makes several revenue assumptions. Upper division courses cost 47% more than lower division courses. Most other schools have a higher tuition rate for these more costly courses. The plan is to increase tuition for upper division over a three-year period.

The two biggest budget variables are tuition and salaries. Even with an increase in tuition and a rise in tuition for upper division courses, MSU and U of M will still be way ahead of us in tuition and fee costs. We also know that MTU has the 16th lowest debt load by students out of 229 national universities. The U of M has 68% acceptance and 44% yield, MSU 81% acceptance and 40% yield, and MTU 95% acceptance and 49% yield. With the tuition increase the state proportion would drop from 52% to 47.5%. The students currently pay 38% of the university budget; this would increase to 43%. The overall average of lab fee increases would be limited to inflation increases.

To accomplish all these goals, the overall income would have to grow from \$86 million to \$113.6 million in five years. The biggest cost increases will be in instruction. This scenario predicts a shortfall of \$842,000. If plant improvement (ca. \$500,000) and the SS&E increments are suspended for a year, the budget will balance. To balance the 5% salary and GTA increase the enrollment would need to increase by 110 students.

Senator Barna stated that the amount created by not providing the 3% SS&E increase seems like much more than what the department has been getting. Dobney responded that it includes all the administrative support and SS&E, and that these would get hit the most.

Senator Leifer noted that computer engineering was included in the budget and he thought it was not yet decided to add positions for that program. Dobney responded that the plan was to add one position next year to set up the program.

Leifer stated that the increase in GTA positions from 133 to 183 should be from grants, not from the general budget. Secretary Glime countered that additional GTA's were needed for teaching laboratories and that this was independent of the goal of developing the graduate program, particularly in programs that had grown without growth in number of GTA's. Dobney added that the cost of \$120,000 would only have provided enough money for a 1/4% salary increase. Leifer complained that salary increases for faculty are always later.

Senator Walck asked whether tuition could be set by program. Dobney stated that 2/3 of the students are in engineering, but that he does not want to add yet another level of tuition. Rather, more financial aid could be provided for students in less expensive disciplines such as business.

Senator Nesbitt asked what the enrollment trends are and if the goals in growth are realistic. Dobney responded that the prospects were good because there is a deficit of engineers and a need for computer scientists.

Senator Vanden Avond asked if there is any indication that we can increase tuition without losing enrollment. Dobney responded that indications are that we could increase tuition by 15% without decreasing enrollment.

Vice President Soldan applauded the budget of \$100,000 to upgrade the classrooms. He suggested that there should be an increase in staff to support this increase in equipment.

Senator Williams added that the proposal does not address the need to expand or upgrade the computer network. Dobney responded that by now departments should already have set their computing fees high enough to support their upgrading needs.

Williams added that it is hard to get a systems administrator and keep one long enough to be able to get things working well. Dobney responded that continuing to increase fees gouges the students and he doesn't want to see that happen. We can buy more computing power for the dollar now than we could five years ago.

Senator Sweany countered that the cost of computer personnel is not going down. Dobney stated that students are willing to work several years in order to get experience.

Sweany stated that we need to pay close to the market value for system administrators. Glime added that while the experience is good for the students, the turn around time for system administrators is usually less than three years and that is not good for the department. Each has his/her own way of setting things up and each new one changes it.

Barna observed that one aspect of meeting the budget by increasing the number of students is by taking advantage of places where we are underutilizing faculty now. However, in most cases, if we increase the number of students, the net increase is out of pocket.

Dobney stated that we had increased the faculty by 50 and the number of TA's by 30 in the last 6 years, but the enrollment had decreased.

Barna stated that 3/4 of the faculty are already here. If the student enrollment doesn't increase we can cover the costs of the budget if we decrease the faculty.

Dobney countered that we can't reach the goals of the university by doing that. We have gone from a comprehensive university to a doctoral II to a doctoral I and have almost reached research II status. If MTU is to reach its capability, it must make choices and students must help to pay for this. We expect to reach research II status in five years. Then the degrees of not only future students but also past students will be worth more. We would like to be a national university.

Glime asked how distance education fits into the budget. Dobney responded that he does not expect the university to get into it in a big way. It is important in our industry connection because it helps to keep them aware of our potential. The program can gain dollars if it services a big enough group, but it will lose money if it does not. We can offer a specialized program if the corporations pay the costs and some profit. We should try to do a top quality program in a few examples.

Seely asked about the 1.5% increase proposed by the Governor and the projected 3% increase Dobney used in his budget projections.

Dobney responded that the Senate proposed 3.5%, the House 4%, so the expectation when considering the Governor's proposal as well is 3%. More is unlikely.

Senator Gale asked how we get revenue from the MTU fund. Dobney responded that the individual departments get what is designated for them, but that is treated as icing on the cake and is not figured in the budget. President Tompkins says that departments should be raising their own money through donations.

Senator Pickens stated his appreciation for the high priority given to compensation, but that MTU has not kept up with the consumer price index; a decreasing living standard is not a good reward.

Leifer asked about advancement money. He recalled that Sellars had visited the Senate and indicated advancement personnel should raise 20X their salary. Leifer wants to know just how much Advancement is bringing in.

Dobney suggested that Sellars should report to the Senate on how well Advancement is doing in that regard. If he had his "druthers," no general fund money would go to Advancement.

7. NEW BUSINESS

Proposal 4-98, Calendar Transition Early Retirement [Appendix F]

The proposal was introduced as new business.

Senator Nadgorny reported for the Academic Policy Committee. The proposal has three features: the offer is permanent, it is available for both faculty and professional staff, and it is not a sabbatical.

Nadgorny outlined seven features of the program. The program would start at the end of 1997-1998. Eligibility would require 80 points with immediate or phase out options and the retention of the same benefits. The retirement payment incentive would be 5% of the last year of annual salary times years of service with a maximum set somewhere between \$150,000 and \$175,000. There would be three payment options: direct, annuity, or 2 direct installments (1st and 2nd years). The vacated position would be kept in the department.

Dobney reminded the Senate that persons who are on the MPSERS plan already get a 2% per year of service retirement pay, which would affect most of the professional staff. That was not included in the budgeting scenario or retirement proposal.

Nadgorny continued that the average salary of faculty in the 80 point category is approximately \$64,000. If the minimum age is set for 64, five faculty are eligible. The average new faculty salary would bring a \$20,000 reduction in cost.

Senator Lutzke asked why the choice of age 64. Nadgorny responded that the 64 was provided only as an example of a scenario. Their final proposal is for 80 points, regardless of age.

Senator Pennington asked why the proposal permits five years for the program trial if it is really a calendar transition program.

Nadgorny stated that the five years permits people to respond to the after shocks of the calendar change, but he agreed that the name is a problem; it was based on the name of the original proposal.

Pennington expressed concern that it is misleading. Nadgorny agreed.

President Seely stated that the furlough ended in 1995. Therefore, this represents expansion of that program. He raised the question of whether there should be finite windows or something more permanent.

Senator Nordberg stated that the original proposal was for three years; this proposal lengthens this.

Pennington stated that we shouldn't try to trick people by relating it to the calendar change.

Nadgorny responded that we can call it anything; this is phase I.

Senator Barna reported for the Finance Committee regarding the cost of the program and thanked Sharon Haapala for providing the spreadsheet information. **[Appendix G]**

The original proposal was for 85 points and this one was for 80 points. The maximum cost is the immediate replacement of a faculty member at \$20,000 less than that of the retiree. The committee recommends a delay in replacement hiring. The committee assumed that most of those who would take advantage of the program would be over 61.

There would be 108 people eligible for the program through 2001 at 80 points. The maximum loss would be \$1.039 million.

Senator Gale stated that previously the departments were told not to hire a replacement immediately, but they all did.

Senator Leifer added that the administration had predicted that only 30 would take a previous early retirement option, but 130 took it.

Senator Nordberg asked how there could be any realignment if the money stays in the department.

Barna stated that the worst case would be in June 2001 with a deficit of \$2.5 million; savings would occur after 2001.

Provost Dobney stated that out of the \$2 million needed for salary increases, \$1.5 million would be needed for the retirement plan if all eligible people were to retire the first year.

Barna continued that if only those who are 61 and over retire, \$1.3 million would be saved per year after the first year, assuming that rehiring would be postponed for one year.

Senator Pickens stated that in the last early retirement plan, four forestry faculty left in one year and there were no replacements, leaving half the salaries with the department.

Dobney stated that since the previous plan was for a sabbatical there was no cost except time required from the remaining faculty.

Barna stated that if departments postpone replacements, then the program is manageable.

Senator Suryanarayana asked if there would still be a financial loss even if replacement hiring is postponed.

Barna stated that some people would be collecting more than the equivalent of one year of salary; those with more than 20 years of service would get more than one year of salary. [There could still be a loss.]

8. ADJOURNMENT

Gale MOVED and Nesbitt seconded the motion to adjourn. The meeting adjourned at 7:37 p.m.

Respectfully Submitted by Janice M. Glime

Secretary of the University Senate