

**THE UNIVERSITY SENATE OF
MICHIGAN TECHNOLOGICAL UNIVERSITY**

Minutes of Meeting 294

6 May 1998

Synopsis: The Senate

(1) heard a budget presentation from Provost Dobney that had three options (based on projected state appropriations) and called for a 3% merit increase and .5% equity/market place adjustment in salaries.

1. CALL TO ORDER AND ROLL CALL

President Seely called University Senate Meeting 294 to order at 5:32 p.m. on Wednesday, 6 May 1998, in Room U113 of the Minerals and Materials Building.

Secretary Glime called roll. Absent were at-large Senator Tom Drummer, and representatives from Army/Air Force ROTC, Biological Sciences, Civil & Environmental Engineering, IWR, Mathematical Sciences, Physical Education, School of Technology, and IMP. Liaisons in attendance were Anthony Moretti (USG) and Ted Soldan (Staff Council).

2. RECOGNITION OF VISITORS

Guests included Fred Dobney (Provost) and Debbie Lassila (Provost's Office).

3. APPROVAL OF AGENDA

Joyce MOVED and Ouellette 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. UNIVERSITY BUDGET UPDATE [Appendix B]

Provost Dobney presented the budget that he will present to the Board of Control at their meeting on Monday.

Dobney pointed out that MTU discounts education (through scholarships) far more than other schools in the state.

This revised budget proposes a 3.5% salary increase; 3% is a merit increase and the other .5% is for salary adjustments and equity to help bring faculty salaries in line with those of peer institutions. In addition, a 1% increase in TIAA/CREF will be available to those who match the contribution.

This budget assumes a 3% increase from the state. However, that might be only 2.3%. With a 3% increase, the increment in upper level undergraduate tuition would be \$400, but with an increase of only 2.3% it would be \$500.

Senator Barna stated that last year there was a relatively modest increase from the state and asked where the variance went.

Dobney and Lassila responded that we had eliminated the 1% realignment, put \$500,000 into program development, and increased the SS&E budgets.

Senator Pickens commented that last year the revenues and expenditures were presented with more detail. Without this information it is not possible to track changes from year to year. He asked about two items which were funded by new revenues that he thought had been presented by the Provost as one-time commitments. One-time commitments should become available for reallocation when the next year's

budget is developed. The first item he questioned was the \$500,000 used to initiate position control rather than the previous 1% annual reduction in all unit's budgets.

Dobney explained that it was not a one-time expense, but was a one-time increase. The increase in the SS&E and the \$500,000 went into the base budget because the 1% realignment money was no longer available for those needs.

Pickens next questioned whether the \$500,000 from new revenue in last year's budget to erase the previous year's \$500,000 deficit was a one-time expenditure.

Dobney responded that because of a \$500,000 shortfall in tuition, that amount had to be taken right off the top in the next budget.

Pickens responded that the difficulty in understanding such presentations demonstrates that the Senate needs to be involved in budget development at each step.

Dobney responded that the Senate needs to tell him how to make that happen.

Pickens explained that the Senate needs to be able to understand the variances from year to year.

Dobney explained that he needs to have general guidelines from the President and the Board before he can develop a budget. Then things are almost decided before he puts the budget together. The Senate finance committee was able to see the budget as soon as he developed it and had presented it to the finance committee of the Board.

Senator Pegg asked if that shouldn't work two ways, getting input from the Senate, instead of the Provost getting his input only from the President and Board.

Dobney responded that the five-year budget should permit that to happen.

Barna added that the Finance Committee has received a budget timetable from the Provost that should help the Senate become involved; that is a good improvement. He pointed out that the Annual Report paints a good financial picture for the University and questioned how that fits with the report just given.

Lassila responded that the presentation only dealt with general fund money; it did not include money in the auxiliary funds or endowments, which were included in the annual report.

Barna responded that last year the Annual Report showed a surplus of \$7.8 million and asked where that came from.

Lassila explained that it included research grants and contracts, some auxiliary funds, summer youth money, and restricted gifts, all money that could not be accessed for general fund expenses.

Dobney added that there was a \$4 million unbudgeted carry forward in departments.

Barna stated that the Finance Committee has a proposal to look at all University funds.

Dobney agreed that we can do that, but that the committee would have to spend a great deal of time. He stated that the Annual Report is "not inaccurate, just misleading."

Lassila added that the money is restricted.

Senator Gale asked what our tuition is relative to that of our competitors.

Dobney responded that it is about \$2000 below that of the University of Michigan and \$400 below that of Michigan State University.

Senator Nordberg asked about the announcement that Wayne State had cut tuition in half.

Dobney responded that it was in error. Tuition for students from Ontario and northern Ohio would be reduced to instate tuition.

Senator Sweany asked where the \$7.8 million positive balance at the end of last year came from.

Lassila checked the budget report and explained that the bulk of it represented \$5.1 million in the plant fund, presumably to cover costs of the new buildings.

Pickens asked about MPSERS.

Lassila explained that \$4.4 million went into the general fund from the R & I (retirement) fund.

Senator Sloan asked if we are on track with the projected 110 new students for fall 1998.

Dobney responded that we are within ± 50 . The freshmen enrollment is on track, but international and transfer student enrollment is down.

Senator Vanden Avond asked for further explanation of the \$500,000 deficit of tuition variance.

Dobney explained that it was considered a deficit because it was income money that did not materialize, but that by the same reasoning the \$400,000 underestimation from this year's tuition would be treated as added income.

Nordberg asked how the .5% salary increase would be used and how it would be decided.

Dobney explained that it would be to achieve equity and market place pay. He would probably have a committee to advise him. He would insist that anyone who received it had to have been awarded the 3% increase based on performance and merit. There would be no equity adjustment on someone who didn't get the 3% increase. He added that this decision would be based on performance for the last two years.

Barna asked if the Provost wanted to discuss the health benefits now.

Dobney stated that he had proposed to slow the rate of going to 100% copay by employees for health benefits to 15 years. However, the Board of Control Finance Committee had responded that it is a dead issue. President Tompkins stated that there would be no early retirement or buy out packages. The cost for benefits would be \$2600 per year, but the average salary gain from increased TIAA/CREF contributions would be \$2400, so the net cost was small.

Several Senators pointed out that it would not be small for those in lower income brackets, particularly staff.

President Seely announced that the Senate Executive Committee would meet the next day to work on a resolution on the budget that the Senate could present to the Board of Control.

Dobney invited those with comments on the budget to send them to him or Debbie Lassila by email.

Senator Leifer stated that there had been only a modest enrollment increase. Therefore we must be filling the new buildings with air and he won't state the temperature of that air.

5. ADJOURNMENT

Ouellette MOVED and Prince seconded the motion to adjourn. The meeting adjourned at 6:25 p.m.

Respectfully Submitted by Janice M. Glime

Secretary of the University Senate