

**THE UNIVERSITY SENATE OF
MICHIGAN TECHNOLOGICAL UNIVERSITY**

Minutes of Meeting 425

27 April 2005

Synopsis:

- (1) The Senate heard that President Mroz has approved the following proposals: 27-05 Course Add and Drop Policies, 28-05, 29-05, 30-05, and 31-05, which are title changes in School of Technology degree programs.
 - (2) Provost Reed reported on the University budget for FY05-06.
 - (3) Undergraduate enrollment is up by 117 and graduate enrollment by 55 compared to the same date last year.
 - (4) President Monson thanked the Senate and the Senate thanked the officers for their efforts this year.
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1. CALL TO ORDER AND ROLL CALL

President Monson called the University Senate Meeting 425 to order at 5:30 pm on Wednesday, 27 April 2005, in Room B45 EERC.

Secretary Glime called roll. Absent were At-large Senator Larry Sutter and Marty Janners and representatives from Chemistry, Civil & Environmental Engineering, Computer Science, Education, Fine Arts, Materials Science & Engineering, Mathematical Sciences, ME-EM, Physics, School of Technology, and KRC. Liaisons in attendance were Becky Christianson (Staff Council) and David Forel (GSC). Academic Services – Engineering, and Auxiliary Enterprises currently have no elected representatives.

2. RECOGNITION OF VISITORS

Guests included David Reed (Provost), Brenda Helminen (IT), Robert Landsparger (CEE), and Bruce Barna (CM).

3. APPROVAL OF AGENDA

C. Selfe MOVED and Clancey seconded the motion to approve the agenda as presented. The motion to approve PASSED on voice vote with no dissent.

4. APPROVAL OF MINUTES FROM MEETING 423 & 424

Maplethorpe MOVED and D. Selfe seconded the motion to approve the minutes of Meeting 423. The motion PASSED on voice vote with no dissent.

Sloan requested that under 6. Old Business, paragraph 4, the third sentence be amended to state "However, they did not have enough information on the university budget to assess if we could afford it."

Seidel MOVED and Waddell seconded the motion to approve the minutes of Meeting 424 as modified. The motion PASSED on voice vote with no dissent.

5. COMMITTEE BUSINESS/REPORTS

President's Report

1. President Mroz has approved the following proposals: 27-05 Course Add and Drop Policies, 28-05, 29-05, 30-05, and 31-05, which are title changes in School of Technology degree programs.

2. Erik Nordberg, Chair of the Elections Committee, has informed President Monson that he will not be able to certify the results of the Presidential election until Friday. President Monson will email the results to Senators once he learns the results. Nordberg wants to be sure every eligible voter has been able to vote.

3. Several units have selected senators since the last meeting. They are John Williams from Chemistry, David Nitz from Physics, Judy Fyneweaver from PE, Bobbie Dalquist from the financial group, Scott Ackerman from Professional Group A, and Robert Landsparger from Professional Group B. Business, IT, and ME-EM still need senators.

4. Monson will be meeting with President Mroz next week to discuss, among other items, the replacement for the Ombudsperson and the compensation arrangements for the Senate President. Please contact Monson if you have concerns that you would like him to raise when he meets with the President.

5. Monson said "I would like to take this time to thank Senators for your cooperation during this difficult past year. I will continue to be active in the Senate as the alternate from the School of Business."

Report by Provost David Reed – Update on the University Budget

Provost Reed reported that MTU has spent approximately \$200,000 less than budgeted for FY 04-05. On 16 May, the state will hold its revenue estimating conference. The worst case scenario is that our base budget will be cut by \$855,000.

FY05 General Fund Projection vs. Budget (through 28 Feb) in k dollars

	FY05 Projection	FY05 Budget
Revenues		
Tuition and Fees	\$ 52,033	\$ 51,856
State Appropriation	\$ 49,204	\$ 50,078
Indirect Cost Recoveries	\$ 5,342	\$ 5,350
Miscellaneous	\$ 626	\$ 650
Total Revenue	\$ 107,205	\$ 107,934
Expenses		
Salaries & Benefits	\$ 69,014	\$ 70,521
Supplies & Equipment	\$ 14,154	\$ 13,489
Fellowships/Scholarships	\$ 12,916	\$ 13,530
Utilities	\$ 4,172	\$ 4,871
Total Expenses	\$ 100,256	\$ 102,412
Net Transfers	\$ (6,780)	\$ (5,522)
Net Income (Loss)	\$ 169	-

Reed stated that the projected \$169,000 surplus for FY05 would go to the cumulative balance. Senator Beck asked why the utilities figure was down. Reed responded that the increase in cost was less than expected. We had budgeted for a 50% increase but it turned out to be only about 30%.

Monson asked what the transfers referred to. Reed replied that these are monies from several accounts such as indirect costs that go back and forth from the general fund to the appropriate account.

**FY06 Preliminary Budget Information
Assumptions**

Revenues

State Appropriations

Reduction due to one-time FY05 appropriation - \$1.492 MM

(added to base as one-time money in 04-05)

Tuition and Fees

Adjusted starting base to reflect FY05 experience + \$700k

No (minimal) changes in mandatory fees

Adjusted for computing/lab fee FY05 experience + \$414k

(in FY05 we had received this much more than anticipated)

Indirect Cost Recovery

Adjusted base for FY05 experience + \$360k

Miscellaneous

Reduction in appl. fee/fines and penalties/serv. ch. - \$242k

(having no online application fee may have increased this)

Expenses

Salaries, Wages, Fringes, Benefits

Increase in fringe rate – 41% to 42.4% on current base

Utilities

Reduction in base budget - \$300

(expected due to growth & rate increases)

Transfers

FY05 non-base transfers - \$3.6 MM

(FY05 transfers that won't be there in FY06)

Malette (Enrollment Mgmt/OSRR) asked if the Tuition and Fees reflects any tuition change. Reed responded that it was not reflected on this page. Forel (GSC) asked what the indirect costs are. Reed responded that these are costs designated as such on research accounts.

Barna (CM) asked if the increase under salaries etc is due to changes in benefits. Reed responded that it is the cost of benefits divided by payroll. 42.4% is the maximum the university can charge.

Landsparger (CEE) asked about computing lab fees. Reed stated that these move into, then move out of, the general fund.

FY06 Preliminary budget information

Assumptions Tracked/Probable Items

Revenues

Tuition & Fees

Undergraduate enrollment increase of 110 students

(entering freshmen & transfers; up to 117 by Monday)

Graduate enrollment increase of 55 students

(don't know previous pattern)

Indirect Cost Recovery

Assume 10% increase in FY06

Expenses

Scholarships

Reduction in institutional financial aid - \$1.0 MM

(we are trying to get this back to the pre 02-03 level; our financial aid would still be higher than most schools)

Transfers (non-base)

Transfer from Auxiliary Activities + \$750k

(\$500,000 residential services, \$250,000 others)

Adjusted research incentive transfers - \$494k

(indirect costs transferred from general fund to faculty, departments, etc)

MPSERS past service liability - \$110k

(it is ~\$2.6 million now)

Non-base transfer from R&I fund \$1.0 MM

(Retirement & Insurance)

Non-base transfer from Designated fund + \$500k

(distance learning funds have been moved to the general fund and will henceforth be managed from that fund)

Fox (Administrative Computing) stated that deposits are due on 1 May, so there has been lots of activity in the last three weeks. Numbers are compared to this time last year.

When asked how the increase in enrollment affected the budget, Reed stated that it would increase by that number multiplied by tuition, which is \$7600 for instate undergrads.

Barna asked if the R&I transfer is surplus, reminding Reed of the Senate Proposal that a 20% surplus be maintained in the fund. Reed stated that we don't have 20% over in the R&I fund but that the proposal says to generally do when we can. Senator C. Selfe asked for further clarification. Reed responded that there was a 4% health care increase when we had anticipated 9%. Reed stated that we can save money on overcharges reported by employees. C. Selfe asked why not keep the money in that fund so we would not have to increase cost to employees later.

Forel asked how much impact this would have on graduate student support. Reed responded it would have none.

FY06 Preliminary General Fund Budget Information Remaining Budget Items

Revenue

State Appropriation ????

Tuition and Fees

Tuition Increase

Expenses

Salary and Wage

Salary/Wage Increase

Budget Requests

Requests Total \$1.75 MM

Reed stated that we can't fill all the budget requests. The University FY begins 1 July, whereas the state FY begins 1 October. We will know more after 16 May, but our appropriation from the state won't be final until October.

Senator Beck commented that GM is considering 20,000 layoffs.

Senator D. Selfe asked what percent of the MTU budget comes from the state. Reed responded that our budget is \$160 million total with just under \$50 million from the state. U of M gets less than 10% from the state.

D. Selfe asked if a state school can go entirely on its own funds. Reed responded that many state schools are going unfunded by the state. D. Selfe asked why the universities are not making a case to the general public. Reed responded that they are saying it, but they are not being heard. He recommended reading the book "The World is Flat."

C. Selfe asked why we are starting our FY in July when the state starts theirs in October. Reed responded that he didn't know the historical reason. Monson added that it would be an accounting nightmare to start in October with new tuition arriving in the old year.

Reed stated that in a recent meeting of provosts the others are talking about a tuition increase of less than 8%, with only two schools in the double digits. MTU anticipates being in line with increases in the other schools, giving us a \$3.7 million revenue increase.

Senator Wood asked who is raising their tuition higher and why we don't follow their lead. Reed stated that now our tuition is between those two and that the 2-digit number only represents what they are considering. We can't afford to charge more than U of M.

Monson asked if the governor would withhold part of the appropriation if the tuition increase is too high. Reed responded that the tuition increase limit is off the table now, but it could go back on if more schools change to a higher increment. The tuition issue is largely political.

Wood asked if there had been any fall off in enrollment when MTU had a high tuition increase several years ago. Malette responded that tuition rose after students had already made their decision on a school, so it was hard to tell if it had any effect on later retention.

Reed added that our tuition rise last year was only 2.3%, one of the lowest in the country and the lowest in the state.

D. Selfe stated that he hopes it is not entirely a political process. The public needs to know that the state is decreasing their appropriations but requiring that tuition be held down.

Reed stated that the President has kept salary increases a high priority. The salary increase will be greater than zero but he doesn't know any more than that. D. Selfe asked what has happened to the purchasing power of the faculty and staff over the last five years. Reed responded that when salaries have a 0% increase, obviously it goes down and there have been way too many of those years.

Monson added that they are predicting that the consumer price index will go up 4% this year.

Senator Flaspohler asked what impact union negotiations will have. Reed responded that that was unknown. Flaspohler asked if negotiations would go into fall. Reed stated that usually the first contract would go longer than the fall. The Board is supportive of a compensation increase.

Barna stated that the issue is bigger. The raise pool gets scalped before it hits faculty due to promotions, etc. When the raises pool went up 3%, 1/2% went to the Provost's office, 1/2% at the Dean's office, and the faculty got only 1.9%. In addition, there was a loss of benefits. Reed responded that it is important also to consider compression; it is possible to actually get salary reversal when new hires require high salaries to make us competitive.

Wood asked if we aren't heading to approaching the tuition of private schools. Beck stated that U of M has a high endowment from its alumni, permitting them to survive with only 10% support from the state. Reed commented that the US News university rankings last fall for student debts showed that we rank eleventh among public university for the least amount of debt on graduation. The difference is that MTU is supporting more students from the university budget.

Monson stated that salaries at big name public and private universities show a big difference.

Reed stated that MTU was right behind U of M in using institutional funds for supporting students before the bump in support in 02-03. State money is based mostly on merit and some need and federal money on need. MTU is right behind U of M in state awards; merit awards began in 01. Generally, schools high on merit awards are low on need awards. Our students don't have the same level of need-based support. D. Selfe commented that the high need students may not come to MTU because they can't get aid. Reed responded that that is not necessarily true. They get aid from the institution. The problem is that so much of our aid comes out of the institution's pocket. Senator Gorman asked how we compare in aid per student. Reed responded that we are high on a percentage basis.

Wood stated that it makes no sense to follow the U of M on aid and to keep tuition so far below theirs. Reed stated that the MTU student today is different from those of 30 years ago who were largely first generation students. Their financial need appears to be less, but we are still setting aid based on the old perception. That model is being examined.

Senator Rogers asked if people look beyond the sticker price. Reed said the Administration is looking at that.

D. Selfe stated that he has to report back to the staff and they are the ones most likely to be fired. Reed responded that we have to get +\$922,000 to balance the budget if we budget all the funds requested. He presented additional budget information.

**FY06 Preliminary General Fund Budget Information
Preliminary with Certain/Likely Items**

	FY06 Budget
Revenues	
Tuition & Fees	\$ 53,946
State Appropriation (Assumes flat FY06 appropriation)	\$ 48,587
Indirect Cost Recoveries	\$ 5,815
Miscellaneous	\$ 409
Total Revenue	\$ 108,796
Expenses	
Salaries & Benefits	\$ 69,172

Supplies & Equipment	16,110
Fellowships/Scholarships	12,452
Utilities	4,570
Total Expenses	\$ 102,304
Net Transfers	\$ (7,414)
Net Income (loss)	\$ (922)

Barna asked if transfers are controllable. Reed responded that the Board of Control must approve any transfer over \$0.5 million.

Monson asked where the salary increase is in the budget. Reed responded that it is not there yet. Waddell asked if R&I will go to salaries. Reed responded that it goes to the general fund. One cannot identify where money for individual items comes from.

Waddell asked if there is any expectation of layoffs. Reed replied no, but the Administration is still looking at organizational issues that could be more efficient.

Gorman asked if the budget included salaries of people in auxiliaries. Reed responded no.

D. Selfe commented that if the state revenue goes down by 6% it makes a huge difference. Reed responded that the budget assumes a flat budget increment.

Senator Maplethorpe asked if auxiliary monies were included. Reed responded that only the anticipated transfers were included.

Senator Waddell asked if the 117 student increase was an increase in deposits. Reed responded that it was. Waddell asked how many of these could actually be expected to come. Fox responded that cancellations of deposits are down this year and housing deposits are up, both good signs that these students intend to come.

Helminen asked about the maintenance money promised by the Governor. Reed responded that \$200 million has been budgeted for state schools to use for large maintenance projects. MTU is slated to receive \$7.5 million. MTU must match with \$2.5 million, for which the Board of Control needs to approve a bond issue. The Administration has set three priorities within the constraints of the special fund: energy conservation projects, projects that extend the life and utilization of our facilities, and as much as possible in classroom upgrades and technological upgrades. The state must okay the projects. We submitted a list of projects, which was okayed, but then we were told that the projects did not fit the requirements. The list is now in a back and forth process. The Governor wants the projects to be committed before September. Helminen asked if we would see any savings due to this money in 06. Reed responded that we probably would not but some may start by then. The goal is to generate enough savings to service the bond.

Wood asked if we know where the increase [in students] comes from and what percentage it represents. Reed stated that the numbers equal about a 10% increase. Fox stated that he can give access to anyone who wants it to see the numbers online. Pollins stated that Technology, Forestry, S&A, and Business are up. Fox added that Engineering overall is starting to go up. MEEM is down. Psychology and Computer Technology are increasing and Forestry has a huge increase. Every Dean and Chair has the information.

D. Selfe, referring to the maintenance money, stated that in other states people can ask to have money put into an endowment so that they can get equipment etc. Can we do that? Reed responded no, but we might be able to include a technological upgrade as part of the maintenance. Beck added that many schools request maintenance money in building donations. D. Selfe added that Shaw Walker included some maintenance money in his building donation.

Helminen asked if they planned to increase wiring for classrooms. Reed responded that wiring could only be included in building requests because the Governor wants maintenance project proposals to be by building.

C. Selfe asked if the \$1.7 million in requests in the MTU budget include new programs. Reed stated that he is not sure. They need to be in that number. Almost all of the requests are from academic areas, so most of them should be there.

Barna stated that a large percentage of students are from surrounding states. We are giving large amounts of support to these students; are we still treating them as scholarships? Reed responded that he didn't think these are being billed as scholarships. Usually we grant instate tuition to aid them.

Monson reminded the Senate that the Provost's presentation would be video-streamed. He asked Mechelle Normand to send the web address to the all-depts list.

C. Selfe thanked the officers for doing a great job. This was followed by a round of applause.

6. ADJOURNMENT

Wood MOVED and Malette seconded the motion to adjourn. The meeting adjourned at 7:07 pm.

Respectfully Submitted by Janice M. Glime

Secretary of the University Senate