

**THE UNIVERSITY SENATE OF  
MICHIGAN TECHNOLOGICAL UNIVERSITY**

Minutes of Meeting 430  
9 November 2005

**Synopsis:**

The Senate

- (1) Heard that Proposal 2-06 on undergraduate certificates has been approved by President Mroz
  - (2) Heard a report from Dan Greenlee on the costs and benefits of graduate education, indicating that revenues generally exceed costs and help to support the undergraduate program.
  - (3) Heard a report on benefits from Ingrid Cheney, indicating that we are on target for the benefits health care budget and that dental premium benefits will increase next year while the cost rises \$5 per month.
  - (4) Passed Proposal 3-06, coaching endorsement Certificate.
  - (5) Passed Proposal 4-06, Minor in "Coaching Fundamentals."
  - (6) Passed Proposal 5-06, Bachelor of Science in Anthropology
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**1. CALL TO ORDER AND ROLL CALL**

President Sloan called the University Senate Meeting 430 to order at 5:30 pm on Wednesday, 9 November 2005, in Room B45 EERC.

Secretary Glime called roll. Absent were at-large Senator Marty Janners and representatives from Geological and Mining Engineering & Sciences, Materials Science & Engineering, and Auxiliaries. Liaisons in attendance were Becky Christianson (Staff Council), Liz Van Heusden (USG), and Nick Nanninga (GSC). Army/Air Force ROTC and Academic Services C currently have no elected representatives.

**2. RECOGNITION OF VISITORS**

Guests included Carol MacLennan (Social Sciences), Bruce Seely (Social Sciences), Kurt Hauglie (Mining Gazette), Tony Rogers (BLG/CM alternate), Dave Reed (Provost), Ingrid Cheney (Human Resources), Dan Greenlee (Finance/CFO), and Rich Elenich (Institutional Analysis).

**3. APPROVAL OF AGENDA**

President Sloan requested that item 6a be moved to follow the approval of the agenda so that the presenter, Dan Greenlee, could leave early. Clancey MOVED and LaMuth seconded the motion to approve the agenda as amended. The motion to approve PASSED on voice vote with no dissent.

**4. REPORTS**

**Graduate Cost vs. Benefit Committee presentation – Dan Greenlee**

The committee, chaired by Dan Greenlee (CFO/Treasurer), included Rich Elenich (Dir. Institutional Anal.), Amy Hughes (Dir. Internal Audit), Sue Laajala (Dir. Gen. & Aux. Accounting), Bill Predebon (Chair ME-EM), Kurt Pregitzer (Prof.; Dir Ecosys. Sci. Center), Dave Reed (VP Res. & Provost), and Marilyn Vogler (Asst. Dean Grad School).

The committee was charged in June 2004 with determining the costs and benefits of graduate education. The Committee's approach was to use an objective, clear, and concise way to evaluate the revenues and expenses of graduate activities at MTU. There were no assumptions about the "value" of programs; all programs are important to the MTU mission. Preconceptions about cost and benefits were to be left "at the door."

The committee focussed on undergraduate and graduate programs. They recognized that graduate costs and revenues cannot be separated from research. Only general fund revenues were included in the analysis because other funds have specific purposes and stand alone. The general fund activity is considered the primary mission – the education of students.

Model parameters were based on the following: Most expenses and revenues were allocated cleanly between undergrad and graduate programs. The major and most variable expense is faculty salaries, totalling \$26 million. The committee used three allocation methods for faculty salaries: tuition-weighted student credit hours, faculty effort distributions and student credit hours, and section credits. To allocate revenues and expenses they also used headcount and FTE enrollment data, tuition-weighted student credit hours, and faculty effort distributions. Allocation of state appropriations is a challenge. At the start of the committee's work the State used two methods, but in 2005 the State proposed a formula for appropriation among schools that gave more funding to schools based on research dollars from grants and graduate programs. The allocation included 1/3 incentive for overall enrollment, 1/3 for degrees issued, and 1/3 for research; about 1/4 of the state appropriation this year is for graduate education and research, but our actual enrollment is only 12% graduate students. The General Fund revenue based on state appropriation showed a split of 77% for undergraduates and 23% for graduate expenses, whereas the actual expenses were 90% for undergraduate and 10% for graduate students.

The model developed by the committee used the total expense ratio of undergraduates to graduate students, effort distribution and student credit hours, and the State-proposed formula. The report addendum included an update of financial information for the 2005 fiscal year and allocated state appropriations based on the prior methods and also on the State's newly proposed formula.

The general fund FY05 income statement comparing undergraduate vs. graduate/research expenditures and revenues can be found on the websites of Dan Greenlee <<http://www.admin.mtu.edu/admin/cfo/index.htm>> and Glenn Mroz <<http://www.admin.mtu.edu/admin/pres/index.htm>>. The total shows 23% graduate/research revenue and 10% expenditures, indicating that the undergraduate program operates at a net loss and the graduate program operates at a net gain. Using the various scenarios suggested above, the graduate/research component would gain and the undergraduate program would

usually lose money based on state appropriations for faculty salary and state appropriations allocated on the new State WIN algorithm. However, based on state appropriations for total expenditures the graduate/research program would lose money based on scenarios using faculty effort and student credit hours, but in other scenarios the undergraduate program would usually lose money based on tuition-weighted student credit hours.

The committee concluded that, depending on the allocation methods used, either graduate education/research or undergraduate program costs can exceed revenues. Fifteen of the eighteen scenarios show that graduate education and research are more cost effective than undergraduate education. In other words, graduate education and research internally subsidize undergraduate education. University-level strategic plans and Department/ College/ School discussions regarding program development and allocation of resources should recognize the economic value of graduate education and research to the well-being of the university.

The following discussion questioned the space requirement, committee work, and other aspects needed for graduate education and research that were not addressed by the report. Senator Vitton estimated that 50-60% of his time was spend on research, but that committee work all had been counted as undergraduate time. Senator H. Gorman asked about overhead and Greenlee explained that there is about a 1/6 cost recovery on overhead beyond expenditures. Senator Helminen asked about space costs. Greenlee responded that they had used head count, not space, but that they would look at the space cost. GTA costs were included in the undergraduate education side (rather than as a graduate program cost) because GTAs teach undergraduate courses.

## **5. APPROVAL OF MINUTES FROM MEETING 429**

The secretary corrected the minutes of meeting 429 to indicate that Larry Sutter was present. Helminen MOVED and Flynn seconded the motion to approve the minutes of Meeting 429 as corrected. The motion PASSED on voice vote with no dissent.

## **6. PRESIDENT'S REPORT**

President Mroz has signed Proposal 2-06, Undergraduate Certificates.

The Provost Search Committee recommended one candidate, John Hughes, to the President, who has invited Dr. Hughes for a second visit to Tech in early December. The President has asked the Senate to provide guidance in the event that Dr. Hughes does not become Provost on whether a new search committee should be formed or the old one continued. The Senate Executive Committee will discuss this issue at its next meeting.

Senate committees appear to be working hard but time is passing rapidly. Committees are encouraged to bring proposals to the Senate for its next meeting—and last meeting of the fall semester—three weeks from today. Proposals passed at that meeting can be expedited for approval at the Board of Control meeting on 9 December, where necessary.

## **7. COMMITTEE BUSINESS/REPORTS**

### **Benefits Update – Ingrid Cheney**

Senate Proposal 22-00 requires that the administration provide the Senate with a report semi-annually on the patterns and trends in medical and benefit costs and expenses. Ingrid Cheney distributed a copy of the written report to Senators and agreed to put it on the web. The benefits office staff include Cheney (Asst. Dir., Benefits), Nancy Bykkonen (secretary), Amy Olson (office & account asst.), and Maryann Wilcox (sr. staff asst.). The Benefits Liaison Group Members for fiscal year 2006 include Martha Sloan, Don Beck, Tony Rogers, Jane Berner, David Chard, Mike Hendricks, Debbie Lassila, Amy Hughes, Ellen Horsch, Marilyn Haapapuro, and Ingrid Cheney.

Cheney presented a table of weekly payments to Blue Cross in 2004. The copay for drugs went up and the cost to the University for drugs went down. MTU had predicted a 9.97% increase in payments to Blue Cross for 2005, and so far, based on weekly payments, it is 9.86%. Vision and dental costs have decreased by 26% in 2004 following the decreased coverage. With increased coverage in 2005 visual and dental payments have realized an anticipated increase of 38%.

Cheney pointed out that MTU has remained below the national average for health care costs for the past five years. A dip in 2002 reflected a decrease in number of lives covered and another dip in 2004 reflected fewer dependents, most likely caused by the age structure of the faculty.

Additional graphs included premiums vs. health care costs (2000-2005), number of contracts & lives (1999-2005), and Tech Select enrollment. The Tech Select premium enrollment has been increased through 2004, with only a slight decrease in 2005 when dental coverage was restored.

Blue Cross administrative health rates have increased from \$21.53 in 1999 to \$33.92 in 2006 per employee per month. In the same time period our stop loss fees have increased from \$.44 to \$6.28 per employee per month. The stop loss fee limits the amount the university is liable for in a given year, with Blue Cross paying the overage. MTU has never hit the upper limit, currently at \$300,000 for a single employee.

The Healthcare Audit Reward Program (HARP) has been very successful. Over 70 employees have reported incorrect charges since its initiation in 2001. This amounted to a total of \$110,000 that had been overpaid. Employees received 35% of the benefit, totalling over \$14,000, while MTU saved \$97,000. Claims often involved Blue Cross claims that should have been paid by work-related injury claims, which have a lower charge limit. Others involved two people with the same name where the wrong person was billed, charges for services/tests that were not actually provided, patient not on contract, Medicaid/Medicare related, claim paid twice, overcharged, MTU secondary, and wrong contract charged.

The wellness program seems successful, with 162 new members this year and 42 who have rejoined. The total cost of the program is \$24,000. Lunch & Learns are continuing and the Benefits Fair of 2005 had 600 participants with 45 vendors. These Benefits Fairs will be held biennially in the future.

The Retirement Supplemental Voluntary Program (RSVP) began in 2002 and 57 employees have participated (26 faculty, 19 staff, 8 AFSCME, and 4 UAW). Of these, 39 took the cash option, 16 the health option, 1 the three-year phased option, and 1 a phased and cash option.

Cheney provided a table of the retiree count for 2005, totalling 204 without life insurance options. She pointed out that the new Medicare plan D is not as good as the plan offered by MTU and that employees are advised not to sign up for it. MTU will get some benefit from Medicare to reimburse their costs for employee drug benefits.

Changes for 2006 medical benefits include an increase in dental benefits under the premium plan from \$1,000 to \$1,500 per individual. The Premium plan cost to employees will increase by \$5 per month in each category. The MetLife employee life insurance coverage actually decreased in cost by \$.03 per \$1,000 coverage. For MetLife dependent coverage, the costs are the same but AD&D have been added. Employee-paid voluntary AD&D rates have decreased for the first time in 18 years. Cheney provided tables showing costs per amount of coverage.

If all goes well, the new TechSelect forms will be sent out the week of 14 November.

Senator Nordberg inquired about the flexible spending accounts. Cheney responded that they are used a lot.

Cheney pointed out that we do not have a high deductible plan, so some of the new supplementary insurance coverages being offered locally are not really beneficial.

Senator Vitton asked if anyone from MTU is on the Portage View Board of Directors. Cheney responded that Ellen Horsch is and that we have persons on the boards of other local health facilities as well. Cheney pointed out that our hospitals are designated as rural and therefore no one is required to have pre-authorization, which adds to the MTU cost.

## **8. OLD BUSINESS**

### **A. Proposal 3-06, Coaching Endorsement Certificate**

Gorman MOVED and Amato-Henderson seconded the motion to approve Proposal 3-06. There was no discussion. The motion PASSED on voice vote with no dissent.

### **B. Proposal 4-06, Minor in "Coaching Fundamentals"**

Waddell MOVED and Gorman seconded the motion to approve Proposal 4-06. There was no discussion. The motion PASSED on voice vote with no dissent.

### **C. Proposal 5-06, Bachelor of Science in Anthropology**

Waddell MOVED and Gorman seconded the motion to approve Proposal 5-06. There was no discussion. The motion PASSED on voice vote with no dissent.

## **9. ADJOURNMENT**

The meeting adjourned at 6:38 pm.

Respectfully Submitted by Janice M. Glime  
Secretary of the University Senate