

**The University Senate
of Michigan Technological University**

Minutes of Meeting 466
1 October 2008

Synopsis:

The Senate

- Heard a report on the recommendations of the Compensation Strategy Task Force from David Reed, Vice President for Research;
- Heard a report on new graduate tuition and stipend policies from Jackie Huntoon, Dean of the Graduate School;
- Elected Yu Cai to the Conflict of Interest Committee.

1. Call to order and roll call. President Sloan called the University Senate Meeting 466 to order at 5:30 pm on Wednesday, October 1, 2008 in room B45 EERC. Secretary Cooper called roll. Absent were representatives from Army/AirForce ROTC, Civil and Environmental Engineering, and Materials Science and Engineering. Liaison Anna Pereira (GSC) was in attendance. Mechanical Engineering –Engineering Mechanics, Academic Services A, and Auxiliaries and Cultural Enrichment currently have no elected representatives.

2. Recognition of visitors. Guests included David Reed (Vice President for Research), Jackie Huntoon (Dean of the Graduate School), Brent Burns (Alumni Relations) Anita Quinn (Research and Sponsored Programs), and Lesley Lovett-Doust (Provost).

3. Approval of agenda. Sloan announced that the order of the two presentations would be switched to accommodate VP Reed's attendance at a dinner with the Board of Control. Hamlin **moved** approval of the revised agenda and Onder seconded. The motion to approve **passed** on a voice vote with no dissent.

4. Compensation Strategy Task Force presented by David Reed.

The task force was set up in spring 2008 and consisted of the following members: Brent Burns (Alumni Relations), David Chard (Educational Technology Services), Jim Pickens (School of Forest Research and Environmental Science), David Reed (Vice President for Research) (Chair), Tim Shulz (Dean of the College of Engineering), Bruce Seely (Dean of the College of Sciences and Arts), Shari Stockero (Cognitive and Learning Science). The final report of the task force, issued in June 2008, is available on the Michigan Tech website: <http://www.mtu.edu/mtuonly/reports/CompStrategy.pdf>

The charges were:

- A. Make philosophical and tactical recommendations on the structure of total compensation;
- B. Benchmark with organizations we compete with for talented faculty and staff;
- C. Consider whether a compensation project should be added to our AQIP portfolio of accreditation projects.

The task force decided to reject the third charge due to timing problems. Benchmarking was done using the Oklahoma State Salary Survey, the AAUP survey of faculty salaries, and the CUPA salary survey. The task force interpreted the charges to imply that recommendations regarding the compensation structure should be cost-neutral to the institution and maintain total compensation for employees. The question to answer was whether the balance between fringe benefits and salaries was appropriate. Currently fringes make up 30 percent of total compensation and salaries make up 70 percent.

Michigan Tech's fringe rate (calculated as a percentage of salaries) was 42.4 percent in 2008 and will be 45.2 percent in 2009. It is higher than all our peer institutions and above the median fringe rate for Michigan public universities, which is 35 percent.

The major findings of the task force were: 1) starting salaries are comparable to those offered at peer institutions, 2) salaries for associate and full professors are failing to keep up with those offered at peer institutions, 3) professional staff salaries may also be failing to keep up with national peers, particularly for more senior positions, 4) severe salary compression exists on campus, 5) faculty startup packages are a problem, according to chairs and deans, 6) the issue of dual career professionals may be the most direct obstacle to the hiring of the best faculty and professional staff at all ranks, 7) the fringe benefit package offered at Michigan Tech is better and more expensive than all peer and competitive universities that the task force examined.

L Davis asked how Michigan Tech's fringe benefit package was adjudged to be better; Reed conceded this was a subjective judgment, as all packages are different, but that the task force compared such things as mandatory co-pays on health insurance and mandatory retirement contributions.

Vable asked if the high fringe benefit percentage was simply a result of salaries being very low in comparison; Reed replied that he would not argue the point. Smith commented that if our salaries are low the fringe benefits percentage would be high; Reed agreed.

Reed said that the central question the task force tried to answer is whether Michigan Tech's compensation structure is set up to achieve the strategic goal of having a world class faculty and staff. The task force made recommendations in three areas: benefits, salaries, and other. Reed commented that the recommendations were sent to the BLG who will consider how they may be implemented. This is a complex system with lots of variables to consider, he said.

On **benefits**, they recommended that the Budget Liaison Group (BLG) focus on increasing employee flexibility and choice to customize their salary and benefits package to meet personal needs and goals, and that the BLG develop scenarios for reducing the Michigan Tech fringe rate to 34-36 percent while being cost-neutral to the university and without impacting total compensation.

Vable asked whether a faculty member's tax liability would increase when more flexibility in benefits were offered; Reed answered that it would depend on what choices were made. He reiterated that the recommendations were designed to be cost-neutral, not to reduce benefits or costs.

Smith commented that the fringe benefit percentage could be reduced simply by raising salaries, and asked whether they had looked at how matching the Michigan State salaries would affect the percentage. Reed replied that they had looked at that and found the reduction in the fringe benefit rate would be minimal and that this solution would not be cost-neutral.

Klooster asked whether flexibility meant that one might choose less health insurance and take more salary in compensation; Reed said yes.

Hoagland asked whether the recommendations have the effect of shifting more of the compensation package from nontaxable status to taxable status; Reed replied that again it depends on what options faculty choose. L. Davis commented that choosing TIAA-CREF over health benefits would shift compensation from tax sheltered to tax deferred status. Pickens said faculty could opt for a health care savings account, which would be tax sheltered. L. Davis commented that only a small amount can be put in health savings accounts and that more than likely most shifts would result in more of compensation being taxable.

Snyder asked what the source of the biggest difference between us and the University of Michigan is. Reed replied that the lower contribution to TIAA-CREF is one source, and their mandatory health co-pays is another.

Gregg asked whether the task force did benchmarking on combined benefits and salaries; Reed said though he didn't have the figures, in that comparison Michigan Tech falls in the middle of the list of peer institutions.

Luck pointed out that when the current President was hired, his salary was increased to enable offering a new provost a reasonable salary and asked why this procedure isn't being applied to faculty now. He also asked whether the task force looked at discipline specific inequities. Reed replied that they did look at those numbers, but he didn't have them with him.

Vogler asked whether the task force found plans in which there are different fringe benefit rates tied to different salary levels; Reed replied that most universities do not do this, but the University of Michigan has such a plan. He added that he doesn't know why they do it. Vable asked why we couldn't do that here to resolve the problem of having higher fringe benefits rates than allowed in many research grants. Reed said we could but that this would not address the overall issue.

Gregg asked whether the task force did a long-term historical study on the source of this problem. Pickens said they had data going back 15 years. Reed said that we're not alone in facing a salary compression problem. Pickens commented that Michigan Tech's salary compression problem is clearly worse than most universities.

Vogler commented that those at the lower end of the salary scale have a higher fringe benefit rate, and while overall the recommendations would be cost neutral, she would like to be sure that the plan won't impact different level salaried people differently. Reed replied that the flexibility in choices should address this problem.

On **salaries**, the task force recommended that the promotional increments for faculty be increased at a measured pace until they reach 10 percent of the average salary of the initial rank and that increments continue to be awarded in fixed dollar amounts, that salary ranges for professional staff be increased by allowing for more flexibility in the salary range and in initial hiring salaries, and that current policies on merit/marketplace/equity salary adjustments be continued (merit increases when the salary pool is greater than or equal to 2 percent of the salary base and across-the-board increases if the base is lower; merit pool be set at 1 percent above the cost of living index; that marketplace and equity increases be evaluated centrally).

Vable commented that raising the promotional increments would increase compression for full professors; Reed said yes it could increase the range in the higher ranks, if not compensated by other factors. Snyder commented that faculty who've been here longer will make less than those who are newer faculty.

Vable suggested that they look at Berkeley's method for calculating salary increases; Reed said that the task force has finished their work, but the Provost, who is in attendance, heard your suggestion.

On **other** issues, the task force endorsed the findings and recommendations of the Dual Career Couples Task Force, that responsiveness and provision of service be increased for employees with visa issues, and that information on compensation and benefits be made more prominent when the university website is redesigned in fiscal year 2009.

L. Davis asked what the procedures are for accommodating dual career applicants. Christianson commented that the policy refers to dual career partners or simply dual career hires, and said that there is a pool of money set aside to help departments accommodate them.

Hamlin suggested that in accommodating dual career partners, we should look outside Michigan Tech and connect with hospitals and other community employers. Christianson replied that we do do that, and Reed said the Keweenaw Professional Jobs Board helps make these connections. Hamlin asked whether this was done in a proactive or passive way. Christianson replied that both are important and that there is a dual career webpage on the

Michigan Tech website: www.dual.mtu.edu. Reed added that proactivity means also making that information more accessible on website and they are working on that. Lovett-Doust added that the website has a lot of information and that Christianson helps dual career applicants with preparing resumes.

Snyder commented that the big problem lies with applicants who need two academic lines. Reed said that the deans and chairs are doing a much better job in dealing with this challenge, but that we still have a ways to go. Lovett-Doust said that there have been three recent success stories in dual career hires. Snyder said that we need a bigger pot of money.

5. New Graduate Student Tuition and Stipend Policies presented by Jackie Huntoon.

Huntoon handed out copies of the July 18 letter from the Dean of the Graduate School detailing the changes in graduate student tuition and stipends (attached). She reported that in spring 2006, a team led by the Dean of the Graduate School was charged to come up with a plan that would be revenue-neutral but increase the number of graduate students on campus, increase graduation rates, and decrease time to degree. The team included Pat Martin, Jason Keith, Nick Nanninga, David Tobias, Debbie Lassila, and Richard Elenich. The team benchmarked against aspirational and far-aspirational peers (those institutions much larger than Michigan Tech).

There are two main changes: to tuition policies and to stipend rates. First, graduate students who have completed all milestones prior to research could move into full-time research-only mode and pay one-third of normal tuition cost. This will help students on research grants that limit funds for tuition and will bring Michigan Tech's policy to be more in line with peers. Second, doctoral students will be offered incremental stipends to encourage students to move along in their work in a timely fashion, with higher stipends going to incoming doctoral students who already have a masters degree, those who have passed their qualifying exam, and those who have passed their proposal defense.

Huntoon reported that departmental staff had difficulties at the beginning of the year keeping track of which doctoral students fell into which classification, but administrative computing developed software to help resolve this problem. Also, a luncheon meeting for departmental coordinators will be offered soon.

Miller commented that the plan doesn't appear to be cost-neutral; Huntoon replied that they got away with a little increase and that the cost is \$87,000 more. She commended Richard Elenich who did a wonderful job in costing the plan out.

Huntoon concluded by stating that her argument to the Board of Control and the executive team in support of the new plan was that if we are spending less money supporting current graduate students, we will have more money to support more graduate students which will help us reach our goal of 1,250 graduate students.

6. Approval of minutes from Meeting 465. Hamlin **moved** that the minutes be approved; Klooster seconded; the motion **passed** on a voice vote with no dissent.

7. President's report. There was no president's report.

8. Old business.

A, University Standing Committee Vacancies.

Sloan announced that following a suggestion from the Provost, past committee members were invited to explain the work of the committees in order to encourage nominees.

Snyder described the work of the **Committee on Academic Tenure, Promotion, and Reappointment**. The CATPR is one of the most important university committees, as it interprets promotion and tenure policies, hears all charges of violations of policy and procedures in cases of denials of tenure and promotion, and makes recommendations to the provost. Members of the committee should be thoughtful and concerned with long-term future of tenure at the university. Members of the committee cannot at the same time serve on department or college promotion and tenure committees.

Vable added that this committee deals with more than procedure violations: it interprets tenure and academic freedom policies. Termination of tenured faculty can also be appealed to this committee. He suggested that since the committee mostly works in the summer, the Senate should consider a proposal offering compensation for members of the committee.

Sloan said that the Senate Executive Committee will consider such a proposal at their next meeting. She added that the most experienced and wisest faculty have always served on this committee, and she asked for nominations.

Onder nominated Steve Carr from Computer Science; Snyder nominated Bob Keen from Biology.

Snyder commented that in the past, the President has always chosen as his nominee to this committee someone who has served on the Senate.

Sloan asked for nominations for the **Conflict of Interest Committee**, and B. Davis nominated Yu Cai from the School of Technology. No one objected to proceeding to the election, and Yu Cai was elected by acclamation.

Caneba described the work of the **Faculty Distinguished Service Award Committee**. The committee looks at the service record of those faculty nominated by colleagues, looking for evidence of contributions above and beyond normal duties. The committee does its work in spring semester. There were no nominations at this point.

Kern described the work of the **Faculty Review Committee**, which is the university level grievance committee. The committee hears grievances that have not been resolved at the department or college level about such matters as salaries, work load, and discrimination. Vable suggested that the Senate should consider a proposal to offer

compensation for members of this committee, too, to avoid having the committee's work being interrupted by summer break. Sloan said that the Senate Executive Committee will consider such a proposal.

9. New business.

Snyder suggested that Walt Milligan be invited to address the Senate about what's going on with Instructional Technology. In particular, what do they plan to do with the substantial savings that they expected from changing to the new email system and will there be substantial charges to individual units incurred by requiring centralized login registration? Sloan said that she will invite Milligan to give a presentation at a meeting soon, and said that senators should let her know if there is ever anyone they want to hear from.

10. Adjournment.

Sloan adjourned the meeting at 6:40pm.

Respectfully submitted by Marilyn Cooper
Secretary of the University Senate