

**The University Senate
of Michigan Technological University**

Minutes of Meeting 483
18 November 2009

Synopsis:

The Senate:

- Heard and responded to the administrative response to the Senate poll on changes in total compensation
- Heard and responded to a report on the work of the Parking Task Force

1. Call to order and roll call. President Rudy Luck called the University Senate Meeting 483 to order at 5:30 pm on Wednesday, November 18, 2009. The Senate Secretary Marilyn Cooper called roll. Absent were Senator Johnson and representatives of Army/Air Force ROTC, Electrical and Computer Engineering, Civil Engineering, and Advancement. Renee Blackburn (GSC) and Scott Thompson (USG) were also in attendance.

2. Recognition of visitors. Guests included Max Seel (Provost), Ellen Horsch (VP for Administration), and Bill Sproule (Civil and Environmental Engineering).

3. Approval of agenda.

L. Davis **moved** approval of the agenda; Hamlin seconded the motion; and it **passed** on a voice vote with no dissent.

4. Approval of minutes from meeting 482.

Storer **moved** approval of the minutes; Hamlin seconded the motion; and it **passed** on a voice vote with no dissent.

5. Presentation: The Administrative Response to the Senate Poll, by Max Seel

As the administrative liaison to the Senate, Provost Seel stated that he was presenting the administration's response to the recent poll of the Senate constituency on the changes in total compensation to faculty and staff. He stated that the response represents the consensus of President Mroz, Vice President Reed, Vice President Horsch, and himself.

To the Senate and the Senate Constituency:

We have read the results and the comments related to the survey regarding the compensation package changes. We firmly believe that we had to make the changes to ensure the long-term health of the university.

Two things need to be clearly separated: 1. Shifting compensation from benefits to salary to make our structure similar to our peers so we stay competitive ; and 2. Containing the rising health care costs. These have been mixed up in some of the discussion and presentations, but they are two very different things.

The dominant themes that arise from the comments on the poll are paternalism, process, and communication. The following clarification seems to be appropriate: the recommendations of the Compensation Task Force were reported to the Senate more than a year ago, on October 8, 2008 (from the Senate minutes: "... 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") and the changes should not have come as such a complete surprise as claimed in many comments.

We also believe that it is important that BLG members have some space of confidentiality to deliberate and brainstorm.

Having said that, we agree that we have to strive to continuously improve our communication process.

The current times are very challenging economically. We are all faced with it, faculty, students, staff, and administration. Recommendations were made by task forces and committees; we made the final decision of what we truly believe is in the best interest of Michigan Tech in the long run.

Dewey said that when you talk about shifting fringe benefits to salary it's not cost neutral to the employees, and I'm not convinced it's cost neutral to the University.

Seel said that many people have made different spread sheets, but whichever you use, it is cost neutral in the long term. We all agree that fringe benefits are higher at Michigan Tech than at other Michigan universities and salaries are lower. If Michigan Tech is to remain competitive with its peers, we have to make some shifts. Dewey said that he was not arguing the way it was done. He said his point was that the shift was not cost neutral to the employees. He added that the shift in health benefits last year, which was done as a percentage of salary, was more costly to the lower paid employees. Seel said there will be differences of opinion, but the administration at the end thought that this was the right way to go for the University. Dewey asked whether in the shift in retirement benefits this year the administration is assuming in this cost neutral calculation that everyone will participate. Seel said that it will be cost neutral to the University no matter what employees choose to do. Horsch said they did

assume that employees would participate in the matching contributions at the same rate as they have been doing. Dewey asked whether if only 95 percent participate the administration will shift another 5 percent to the employees. Seel said that given the economic situation in Michigan, that would be doubtful. Dewey reiterated that the shift in retirement contributions is not cost neutral to the individual. Seel said he disagreed with that.

L. Davis said that since health care costs are charged to employees independent of their salaries, he was having a hard time understanding how the shift in health care support, which was based on a percentage of salary, can't impact the lower paid employees more than higher paid employees. Seel said he didn't say that, just that the shift was cost neutral overall to the University. It was for the long term health of the University that the changes had to happen.

L. Davis said that we have heard over the past year that we have resolved our budget issues and we are in good shape, but reading the last paragraph in the administrative response, it doesn't sound like we are doing that well. Seel said that in comparison to other state universities, Michigan Tech is doing much better. Davis commented that it's like Ford comparing themselves to General Motors and Chrysler. Horsch said that Michigan Tech is on solid financial ground, but we must be diligent. Health care costs are rising, and that is one of the things the BLG is responding to in its recommendations to the administration. Anything could happen. But right now, given everything we have been planning, we are on solid financial ground.

L. Davis asked whether it is fair to say that the administration is not contemplating further changes to health care and retirement benefits that will cost employees additional money over the next couple of years. Seel said that he is not a prophet; he doesn't know what will happen over the next couple of years, and he doesn't know what will happen to the economy. Davis asked whether the administration is currently contemplating such changes. Horsch said that the administration is constantly reviewing the plan, and they want that fringe rate to go down. They will be looking at it the possibility of changes, but whether they will make changes she doesn't know. She said that right now there is nothing planned that she is aware of. Seel said that the cost of health care is beyond our control, but we have to make sure the University is in stable financial condition. We have to do what we can. We are less dependent on the state, whose contribution is now down to 20 percent. Tuition is the largest source of income, followed by research. Research, tuition, and fundraising are under our control. State allocations are not in our control. It is not a matter of the administration against the faculty and the staff. We are trying to make sure this place is in good shape over the long term.

Hamlin said that he feels the move to the HSA is great, but his frustration is that the boundary condition is set wrong. To match a set fringe rate seems like the wrong target when we are trying to attract and retain world-class faculty, staff students. He said he doesn't believe that anyone considering Michigan Tech does a fringe rate percentage comparison between universities. Seel said that some say the fringe rate does make a difference, and others say it doesn't make a difference. The first thing people compare are salaries, and we tried to get more money into salaries. Hamlin said that we have first-class faculty who are here, and that he would bet that given the choice, most would stick with the retirement contributions from last year and forego any raise. He said that we lost our ability to put more money into retirement, because more of the contribution is counted against the maximum we can contribute, and more income is taxable. L. Davis said that is true for employees who were contributing the maximum. Moran commented that he thought there were very few people in that situation. Davis said that to say it affects no one is equally naïve. Nobody knows how many people will be affected except the Human Resources people, and they can't tell us. Hamlin said it still would be a good idea to have the option. Seel said that the University cannot offer too many options.

L. Davis stated that we're all in agreement that our salaries are below market rate on average. If we increase salaries by the amount we are low, what would our fringe rate be? Seel said he didn't understand this argument that if we just paid higher salaries we would be okay when it came up before. He said that when retirement contributions go up the fringe rate goes up. Davis explained that health insurance costs remains constant because it is not a percentage of salary. So if salaries go up, the fringe rate goes down. Luck agreed that if the salary would increase the fringe rate would go down, but that the University simply doesn't have the money to increase the salaries. Hamlin said he could understand that reality, but that he objected to the implication that the changes were to benefit the employees. He asked that we just be told the truth. L. Davis agreed.

Vogler said that anytime you increase compensation by a percentage, which we did when we made the shift in health care and when we made the shift in retirement, you are disproportionately shifting the wealth to those with higher salaries. This is a consistent pattern at Michigan Tech. At the same time, when you increase a flat charge across the board, you are disproportionately impacting those with lower salaries, as we did with the increase in the monthly premium in the PPO. Now there is a suggestion that employees might have to pay for parking. It doesn't seem to speak for the health of the University when we continually negatively impact the lower paid employees to solve our economic problems, and I hope the BLG will consider this in the future and that the Senate will consider an affirmation that this is not necessarily the best way to go. Seel said that he understands the argument and that it is a very important point. It comes up every year in the context of merit raises. We do need to look out for the lower income employees. Hamlin said that the percentage changes in health insurance last year meant that we don't all make the same sacrifice. He said he couldn't believe this shift of wealth was happening again.

Snyder said that some retired employees have been saying that how Aetna is dealing with their accounts has changed over the last year. Aetna has been denying payment of the residual health care costs left after Medicare has paid because Aetna claims that the amount that has been paid by Medicare exceeds the amount

they negotiated and they will not pay the difference. Those rates that Medicare pays are Medicare negotiated rates, not Aetna negotiated rates. Seel and Horsch said they would seek the answer from the Benefits office.

Smith asked what the cost per contract is. Horsch said they will try to get it. Smith said it's important to have that figure so we can see the increase in cost from year to year. Horsch said that Renee is planning to do that.

6. President's Report and Report of Senate Committees

President Luck listed the Senate accomplishments for this academic year to date. The following proposals were passed: 16-09: Double Majors at Michigan Tech, 5-10: Survey of Senate Constituency on Compensation Changes, and 6-10: Graduate Certificate in Sustainable Water Resources System; the latter proposal was signed by President Mroz on November 6. The Senate Institutional Planning Committee chair (Brenda Rudiger) was invited to be on the Parking Task Force. The provost search is following the Senate procedures and is at step 32 of 54 in the process. The description of the charge of the Committee on Academic Tenure, Promotion, and Review on the website has been rewritten to be more accurate. Two suggestions originating in the Senate seem to have been taken by Human Resources: now available on the HR website are illustrations of retirement plans illustration and a retirement plan plug & play calculator.

He announced that it is no longer necessary to submit any certificates (including graduate) for review to the Presidents Council, State Universities of Michigan. Minors and certificates do not need their approval.

He commented on the increase in health care premium trends. He said that we need to be actively involved in determining the future of the University. Health care premiums will go up. The benefits of the HSA have not yet been realized. If more employees opt for the HSA, what will happen to the PPO plan? Dental and vision plans were left the same for this year; will they be changed next year? Wellness plans and deductions based on personal attributes like smoking, exercise plan, losing weight, are becoming popular and might be considered. And we may be facing parking fees. He said that The fringe benefits and finance committees of the Senate should examine these options and make some suggestions that would be constructive for the University keeping in mind the financial straits the University is in. Changes are coming. We should not just react, but suggest some ways out.

He announced that Senator at Large Mark Johnson has resigned. There are now two at-large senator vacancies, and he asked the Senators for recommendations for people he could appoint to fill out the rest of this year's term. With the departure of Johnson, a new chair of the Fringe Benefits committee is needed. The members of the committee should choose a new chair. He acknowledge the work of Marilyn Cooper as Secretary.

Update from the Parking Task Force, by Bill Sproule

Sproule said that he was filling in for Brenda Rudiger, who was out of town. He said that the task force is in the early stages of its work, understanding the problems and the issues. The task force was set up in September by President Mroz. The charge to the task force was to review and evaluate the current University parking registrations and enforcement system and to make appropriate recommendations for changes to best suit the needs of the institution. The completion date for recommendations was set as January 1, 2010. Task Force members are:

Chair **Ellen Horsch**, Administration

Daniel Bennett, Public Safety and Police Services

Andre Bonen, Housing and Residential Life

John Bramble, Dining Services, McNair Hall

Nik Chaphalkar, Student Body, Engineering

Katie Elicerio, Student Body, Biomedical Engineering

Randal Harrison, Graduate Student Council

Jarrod Karau, Information Technology

Andy Neimi, Facilities

John Rovano, Facilities

Brenda Rudiger, Alumni Association - Senate representative

Bill Sproule, Civil and Environmental Engineering

The tasks set for the task force by Mroz are to determine the number of parking lots and available spaces; to review procedures for assigning parking spaces; to evaluate existing parking gates; to evaluate existing vehicle registration procedures and explore the possibility of implementing registration/parking fees; to evaluate existing issuance of visitor parking passes and handicapped parking placards; to evaluate procedures for issuance of parking citations; to create an effective appeals process for contesting parking citations; and to establish collection procedures for persons delinquent in paying parking citations.

The task force has met four times and are just understanding the issues and the problems. We have about 4,200 spaces near the University: 860 spaces for faculty and staff on the main campus; 1,260 spaces for faculty, staff, and commuters at the SDC; 1,000 spaces for residential life; 800 spaces east of the Rosza for commuters, including graduate students; 120 spaces for visitors; 160 spaces with parking meters; and an undetermined number of spaces in Daniell Heights.

The number of registered vehicles on campus is about 5,800. There are about 900 faculty and staff on the main campus. There are four departments involved in regulating parking: the Registrar (for commuters), Housing (for residence hall students), Daniell Heights, and Public Safety.

It costs Michigan Tech about \$780,000 in operations and maintenance costs to provide parking, or about \$180 per space. About \$660,000 goes to enforcement, snow plowing and snow removal, lighting, repairs, painting, and parking meters and gates; about \$120,000 to parking registration and information, and personnel with parking administration responsibilities.

Typical costs for parking facilities (operations and maintenance) annually (across the country) are \$150 to \$200 per space for surface lots. The cost of constructing parking spaces (excluding the cost of the land) is \$1,500 to \$3,500 per space for surface parking, \$10,000 to \$20,000 per space for an above ground structure, and \$25,000 to \$40,000 per space for an underground structure.

Michigan Tech's annual revenues from parking are about \$340,000: \$90,000 from commuter parking fees, \$20,000 from parking meters, \$100,000 from pay lots, and \$120,000 from collected parking fines.

The task force has determined that parking issues include convenient parking; vehicle registration process; costs and revenues of parking, including gates and other equipment; and parking enforcement, including fines and citation issuance, appeals procedures, and tracking of fines, citations, and so forth.

Information gathering is ongoing. The task force has talked with other universities, has visited with Northern Michigan, and is planning to visit Michigan State. They have discovered some innovative approaches. They are still looking for ideas to improve parking. They have not discussed the possibility of parking fees yet.

Hamlin asked whether it might be the case that we have a driving problem rather than a parking problem. He said we've done everything in our power to make it easy for everyone to drive rather than offering incentives to walk. Sproule said not yet. Horsch said we now will.

L. Davis asked how the expense per year was calculated. Sproule said that the information came from Andy Niemi in maintenance and information on the rest from other sources. Davis asked if these are estimates or if the accounting system collects this data. Sproule said they are estimates. Davis commented that the operations, maintenance, and construction costs sound reasonable but are averages for all across the country, from Aberdeen to New York City. Sproule agreed, and said that talking with colleagues in the profession, he would argue that \$180 per space in this area is reasonable.

Scarlett asked if the cost for underground structures was a cost for an underground parking garage and not for putting a garage under a building. Sproule said the cost is the same, as you still have to build all the parking facilities.

Wood asked whether there was a problem that triggered this study. Horsch said that the administration has been getting more emails from people with parking problems, and the other problem is having an appeal process for those with citations or other issues. Seel added that some new faculty this year were assigned parking places up on the hill.

Wood commented that there doesn't seem to be anything presented so far that would trigger an assessment of parking fees. Sproule offered figures on what other universities charge for parking: at Northern Michigan University it is \$130 per year plus \$40 for the summer; at Lake Superior State University it is \$75 per year; at the University of Minnesota – Duluth it is \$140 per year or for premium parking in designated spaces \$350–\$450 per year; at Michigan State University, where they are trying to build parking garages, it is \$447 per year. At some other universities parking is still free. NMU has remote lots and offers a free shuttle bus, which is something we may have to look into.

L. Davis suggested looking to see if there are clusters of faculty around town; if so, you could run a shuttle bus for neighborhoods. Sproule agreed that that was a possibility and also suggested incentives for walking, carpooling, biking, snowmobiling.

Koszykowski asked if graduate students are currently charged for parking. Sproule said yes, they are charged \$25 per semester. Koszykowski said that at NMU the fee is \$130 per year for students as well as for faculty and staff.

Scarlett asked whether there will there be a public comment period to invite input from the campus community. He suggested it would be a good idea. Sproule said he didn't know whether a public comment session was planned, but said that the call for comments didn't generate many responses. Scarlett asked if the call mentioned the possibility of parking fees. Sproule said it did list the tasks of the task force, and Horsch said that the possibility of fees was listed as one of the tasks.

Scott Thompson asked whether Sproule would be willing to present this information to the USG, and Sproule said yes.

Smith asked what the ticket revenue has been. Sproule said \$120,000. Horsch said that it could be more, as the system hasn't been able to keep track of the revenue from visitors.

Report from the Elections Committee, by Soner Onder

The response rate on the ballot for a member of the CATPR was 22.6 percent (84 ballots received of 367 sent). Zhanping You received 78 votes, and there were write-in votes for Paul Nelson, Michael Neuman, and Larry Lankton.

Onder said he is trying to find someone to fill in as Secretary for spring semester. He mentioned that the position comes with a 16 percent stipend that can be used in a number of ways in the home department of the Secretary, and he asked Senators to help him find a volunteer.

Report from the Administrative Policy Committee, by Martyn Smith

Smith thanked Senators for filling out the ballot on the relevance of possible issues to address in the evaluation of the President.

RESULTS

He said that the committee will try to make a very short survey that will cover relevant issues.

7. Old business. There was no old business.

8. New business. There was no new business.

9. Adjournment

Hamlin **moved** that the meeting be adjourned; Christianson seconded the motion; and President Luck **adjourned** the meeting at 6:38 pm.

Respectfully submitted

by Marilyn Cooper

Secretary of the University Senate