

A SENATE STATEMENT ON THE DECEMBER 2003 REFERENDUM

It's About Leadership

The results of the vote by faculty and professional staff demonstrate that the University Senate responsibly represented its constituents in initiating the referendum of confidence in President Tompkins. This statement presents some of the factors the Senate considered in asking for the vote.

Part of the reason for producing this statement lies in misperceptions outside the university. For example, editorials in the local *Daily Mining Gazette* called the vote a "misguided harangue" (December 12) and "ill-advised" (February 7). To the contrary, the Senate believes that the referendum was a measured response of the faculty and professional staff to declining support for the president's administration and to years of his administration's mismanagement of MTU's budget.

The Senate realizes that it is difficult for university presidents to satisfy all their constituencies (students, faculty, staff, alumni, donors, etc.) and it appreciates the positive changes President Tompkins has brought to MTU: buildings, research activities, graduate enrollment, strengthened shared governance, and recognition of MTU as a top-50 public university. However, great universities are a combination of excellent faculty, staff, and students, and effective presidential leadership. Effective university presidents have earned confidence through careful decision making, good communication, and sound financial planning. The referendum demonstrates that a majority of MTU faculty and professional staff perceive that President Tompkins no longer provides good leadership. Some reasons for this perception follow.

MTU's financial problems began well before recent state appropriation cuts. Although a balanced budget was planned for 2003-4, the discovery of a projected tuition collection shortfall of \$5 to \$5.5 million was reported to the Senate in December. The shortfall casts serious doubt on the likelihood of a balanced budget in spite of salary and benefit reductions imposed in January. This event is a continuation of a long history of budget problems. There was a cumulative deficit of \$9.5 million in the general fund (operating budget) between 1998 and 2002. Further, general fund deficits in prior years were masked by approximately \$12 million of transfers from other funds that cannot be expected to recur.

Between 1993 and 2003, general fund spending on non-academic activities (athletics, facilities management, administration, etc.) increased faster than spending on academics (departments, schools, and colleges) - 56% vs. 41%. Non-academic activities account for more than half of general fund expenditures, generating concern about administration priorities. Over the same period, faculty and staff salaries increased only slightly more than the cost of living. During the past three years, inflation totaled 3.6% while average salary increases totaled 3.5%, from which this year's salary take-back and reductions in health care benefits (about \$1.6 million or \$1,000 per employee per year) must be subtracted.

Large tuition increases have funded spending and have offset revenues lost from declining enrollment. As new buildings rose, on-campus enrollment fell from 6,961 in 1992 to 6,078 in 2003 - a decline of 13% - while enrollment in all Michigan public universities increased by 10%. MTU's tuition and fees increased at five times the rate of inflation between 1992 and 2003 - a rate that cannot continue without tuition rising far above institutions competing for the same students.

Fund-raising has focused on buildings rather than on endowed student scholarships. Operating costs of new buildings make additional financial demands, and a failure to increase endowed

scholarships means that scholarships must be paid from the operating budget. An exceptionally large tax on Tech Fund assets of 3.9%, or well over 50% of expected returns after inflation, has historically supported fund-raising, but only very modest amounts of the funds raised have actually stayed in the Tech Fund to pay their share of the tax. Had the Tech Fund grown even moderately the tax could be much lower, and a greater share of the return for endowed scholarships could have actually been used for scholarships.

In times of difficulties, a good leader calms the community by making careful decisions and providing clear information. President Tompkins' tendency to initiate actions that are subsequently retracted and to make statements that are subsequently proven wrong compromises his ability to lead MTU. Examples include: (1) last spring's surprise introduction of a university restructuring plan caused turmoil in the university community; (2) last spring's wavering on the football program; (3) his last spring's letter to students about the immorality of plagiarism that students discovered to be nearly identical to one written by a provost of another university whose authorship was not acknowledged; (4) his fall statement on the university budget that "we have come out of the valley of shadow," followed by the discovery that the University was in worse shape than last year; and (5) his incorrect statement that MIT was reducing pay for 11 days made at the December Board of Control meeting to justify MTU's 5-day furlough.

And who is working on the budget problem and restoring confidence in university leadership? President Tompkins stated in a recent *Michigan Tech Lode* article that he "is looking at the big picture." If deficits of these magnitudes are not the "big picture," an alternative is not immediately apparent. New cuts are announced piecemeal, leaving academic leaders with little information about resources available to them. Meanwhile, rumors circulate on campus at increased rates.

MTU is not only facing a financial deficit; it is also facing a leadership deficit.

The University Senate adopted this statement by secret ballot, 21-6, at the regular meeting held February 11, 2004.