



Office of the Provost and
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TO: Richard Koubek, President

FROM: Jacqueline E. Huntoon, Provost & Senior Vice President for Academic Affairs

Jacqueline E. Huntoon

DATE: January 30, 2020

SUBJECT: Senate Proposal 16-20

Attached is Senate proposal 16-20, "Proposal for Transparency in Employee Parking Permit Fees and Transportation Operations Planning," which the Senate passed at their January 22, 2020 meeting.

I have reviewed this proposal and recommend acknowledgement. Because this proposal does not propose new policy or procedure, or modify or rescind existing policy or procedure, it does not require administration approval or disapproval. Additionally, the topic addressed is considered a Senate "B" list item, falling under the category of "Other Matters of Policy and Procedure".

I concur X do not concur _____ with this recommendation.



Richard Koubek, President

1/30/20

Date



Michigan Tech

University Senate

DATE: January 23, 2020
TO: Richard Koubek, President
FROM: Michael Mullins
University Senate President
SUBJECT: Resolution 16-20
COPIES: Jacqueline E. Huntoon, Provost & Senior VP for Academic Affairs

At its meeting on January 22, 2020, the University Senate approved Proposal 16-20, "Proposal for Transparency in Employee Parking Permit Fees and Transportation Operations Planning". Feel free to contact me if you have any questions.

The University Senate of Michigan Technological University

Proposal 16-20

(Voting Units: Full Senate)

“Proposal for Transparency in Employee Parking Permit Fees and Transportation Operations Planning”

I. Introduction

In 2013 Michigan Tech began charging employees for permits to park on campus following recommendations made in both an internally produced [2010 Parking Task Force Final Report](#) and the externally produced [2011 Campus Transportation and Parking Plan: Final Report](#). At that time, the justification for the new permit fee was related to a \$450,000 difference between parking operations expenses (\$780,000) and revenue generated from student parking fees, fines, and metered/hourly fees (\$330,000). It was suggested that new fees for faculty and staff parking permits could make up the deficit and possibly fund parking improvements and new facilities in the future.

However, despite the initial justification for implementing paid parking for employees, the revenue from Transportation Operations (i.e. revenue from permits, citations, and parking fees) has been increasingly used to subsidize the University General Fund through administrative fees, as well as provide needed funds for the University shuttle service; and no strategic plan has been articulated to date for the use of the continued accumulation of surplus funds.

The issue of parking permit fees is representative of the broader erosion of employee benefits at Michigan Tech, a ten plus year trend as documented by the Senate Fringe Benefit Committee in the report [History of Total Compensation at Michigan Tech, 2008-2017](#). In this case, a former benefit, i.e. parking, is now a cost to employees; a cost that has continued to increase despite consistent budget surpluses for Transportation Operations, and a cost that functions as a regressive tax on lower-income earning employees.

II. Background/Rationale

In a 2019 presentation to the University Senate on the activities of Transportation Services¹, Police Commissioner Daniel Bennett provided documentation showing that revenue from parking permits, citations, and other sources related to Transportation Operations for FY2018 (\$938,916.68), when compared to Transportation Operations expenses (\$627,799.54) netted a surplus of \$311,117.14. This sizable surplus was accumulated despite the transfer of \$116,459.83 from Transportation Operations in the form of a “General Fund Administrative Fee.”

¹ Transportation Services includes Transportation Operations, Husky Motors, and Shuttle Services.

In fact, data provided to the University Senate by Transportation Services ([Parking Updates Presentation, 10/25/17](#); [Transportation Services Presentation, 3/27/19](#)) shows that Transportation Operations has accumulated a substantial budget surplus every year, with the exception of FY2014, since the inception of faculty/staff permit parking in 2013 (Table 1).

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Total Revenue	\$614,496	\$586,445.58	\$607,532.09	\$735,350.86	\$750,259.03	\$938,916.68
Total Expenses	\$600,620	\$611,012.83	\$462,100.01	\$403,651.85	\$488,292.10	\$627,799.54
Net	\$13,876	(\$24,567)	\$145,432.08	\$341,699.01	\$261,966.93	\$311,117.14

Table 1. Transportation Operations net revenue FY2013 – FY2018

Beyond running a consistent budget surplus, several other remarkable points have become evident from the information and financial accounting provided by Transportation Services. First, there does not seem to be a clearly articulated strategic plan related to the use and/or justification for the continued amassing of surplus revenue. Second, large percentages of the yearly revenue generated by parking permits (from *both* students and employees), citations, and hourly parking are being transferred out of Transportation Operations under the line item *General Fund Administration Fee*. Third, a portion of the revenue generated by Transportation Operations, including from employee and student parking permits, is being used to subsidize Shuttle Services.

As stated in the introduction, a parking permit fee for employees was initially recommended as a means for meeting the shortfall in expenditures related to parking maintenance and administration, as well as a means for generating revenue for future improvements. As the financial data provided by Transportation Services indicates, current and past fee structures have clearly met the need to cover the yearly expenses of Transportation Operations. It is concerning however, that in the eight-plus years for which these fees have been collected, there has been no clear plan for how surplus funds might be used to improve on-campus parking. It may be generally true that faculty and staff are willing to support the accrual of funds for future improvements, but the lack of a strategic rationale and plan justifying the collection of said funds is not acceptable practice.

The second point is more troubling. Since FY2014 more than \$333,756.35 has been transferred from Transportation Operations to the General Fund as an “administration fee.” These funds represent a loss of revenue generated from both student and employee parking permit fees. The justification for this fee and the ultimate use of these funds is not clear. As it stands, this fee is syphoning off revenue, supposedly for the maintenance and improvement of employee used parking facilities, for some unknown use. Moreover, when the proceeds from the same fee levied on Husky Motors are also considered, this administration fee has transferred nearly \$1,000,000 from Transportation Services to the General Fund since FY2014 ([Transportation Services Presentation, 3/27/19](#)). This fee appears to be a tax levied in part against revenue generated from the removal of what was previously an employee benefit. It may be that those funds are benefiting employees in other ways through General Fund expenditures. However, the initial justification for removing the previous parking benefit was for maintaining and improving employee utilized parking facilities.

The third point concerns transparency in the use of Transportation Operations revenue - revenue generated from both student and employee permits, citations, and hourly parking fees - in subsidizing the Shuttle Service. There is no doubt that the campus shuttle provides a valuable and needed service to our community, and it may be the case that many faculty and staff, as well as students, who purchase permits fully support subsidizing this service for the good of the campus community. However, the relevant question here is one of transparency as to how revenue generated specifically from parking permit fees is allocated. Remembering again that in the case of employees, the initial justification for adding permit fees - and by extension the removal of a previously held employee benefit - was to maintain and improve employee used parking facilities. Greater transparency in how funds are earmarked and allocated is important to employees, as well as students, who pay these fees. The impact of expenditures and allocations on the overall net income of Transportation Services is shown in Table 2 below.

	FY2014	FY2015	FY2016	FY2017	FY2018
Total Revenue ¹	\$1,220,085.23	\$1,265,152.95	\$1,322,456.78	\$1,343,376.03	\$1,532,985.83
Total Expenses ²	\$1,173,727.97	\$1,055,847.39	\$975,307.16	\$1,156,508.29	\$1,120,850.92
Net Income Reported	<\$48,564.49>	\$68,557.65	\$197,221.62	\$38,779.74	\$276,144.91
Shuttle Service Total Expenses	\$94,921.75	\$140,747.91	\$149,928.00	\$148,088.00	\$135,990.0
Net Income Adjusted for Shuttle Service Transfer	\$46,357.26	\$209,305.56	\$347,149.62	\$186,867.74	\$412,134.91
General Fund Admin. Fee ³	\$144,318.14	\$148,742.12	\$157,710.56	\$257,721.32	\$116,459.83
Net Income Adjusted for Gen. Fund Admin. Fee Transfer	\$95,753.65	\$217,299.77	\$354,932.18	\$296,501.06	\$392,604.74
Net Income Adjusted for Gen. Fund Admin. Fee & Shuttle Service Transfers	\$190,675.4	\$358,047.68	\$504,860.18	\$444,589.06	\$528,594.74

Table 2. Financial data for Transportation Services FY2014-2018, showing the impact of shuttle Services and the General Fund Administration Fee on net income

¹Total Revenue for Transportation Services derived from Transportation Operations and Husky Motors.

²Total expenses including Transportation Operations, Husky Motors, and the Shuttle Service.

³Total General Fund Administrative Fee for both Transportation Operations and Husky Motors.

The impact of revenue transfers to the General Fund are even more impactful when compared to the relative funds generated by employee parking permit fees and the revenue currently generated by student parking permits, citations, and parking fees. For example, when revenue from employee permit fees are excluded, Transportation Operations still has run a budget surplus every year from 2016; and this surplus is amplified, and stretches back to 2015, when including the amount of yearly funds transferred out as the General Fund Administrative Fee (Table3).

	FY2014	FY2015	FY2016	FY2017	FY2018
Revenue from Employee Permits	\$149,932.51	\$157,023.72	\$185,492.55	\$175,117.86	\$218,918.62
Revenue minus expenses and employee permit fees	(\$174,499.76)	\$(11,592)	\$156,206	\$86,849	\$92,199
Revenue minus expenses and Employee Permit fees and General Fund Admin. Fee	(\$107,003.76)	\$49,786	\$222,667	\$180,069	\$110,199

Table 3. Transportation Services financial data FY2014-2018, including adjusted income for General Fund Administrative Fee transfers

III. Proposal

The University Senate asks for greater transparency regarding the rationale for the ongoing administration of employee parking permit fee structures and revenue within Transportation Operations, and more broadly as part of Transportation Services. The Senate asks that the University Administration and Transportation Services attend a Senate meeting prior to the completion of the 2019-20 Senate term to present information related to the following concerns:

- Justify why surplus funds being generated by the current fees attached to employee parking and present data related to the feasibility of lowering parking permit fees for employees;
- Explain and justify the General Fund Administration Fee that has transferred more than \$333,756.35 from Transportation Operations since FY2014 and nearly \$1,000,000 overall from Transportation Services over that same period;
- Provide greater transparency on how revenue generated from parking permit fees (both employee and student) are being earmarked and allocated;
- Account for the \$687,886 net revenue generated to date by Transportation Services and provide a strategic plan for the use of these funds, including any plans for new parking facilities.