

**Minutes of the Meeting
of the
Oakland University Board of Trustees
June 8, 1999**

Present: Chairperson David J. Doyle; Vice Chairperson Ann V. Nicholson; Trustees Henry Baskin, Robert N. Cooper, Louis Grech-Cumbo, Rex E. Schlaybaugh, Jr., and James A. Sharp, Jr.

Also Present: President Gary D. Russi; Vice Presidents David S. Disend, Louis Esposito, Lynne C. Schaefer, and Mary Beth Snyder; Assistant General Counsel Victor A Zambardi; Student Liaisons LaShanda Evans and Linda Hickmott; and Administrative Assistant Rhonda G. Saunders

I. Call to Order

Chairperson David J. Doyle called the meeting to order at 2:10 p.m. in the Oakland Room of the Oakland Center.

II. President's Report

President Gary D. Russi welcomed Dr. Louis Esposito to Oakland University as the new Vice President for Academic Affairs and Provost. President Russi reported the following information:

- Ms. Lori Boughner was recognized as the May Employee of the Month.
- The two new Student Liaisons are Ms. Amy Block, a Physical Therapy graduate student, and Mr. Bonefacio De La Rosa, a junior majoring in Political Science.
- The new Student Congress President is Mr. Nicholas Mitchell, and the Vice President is Mr. Robert Filer.

Chairperson Doyle thanked President Russi for his report.

III. Reports

A. Student Liaisons' Report

Chairperson Doyle called on the Student Liaisons, Ms. LaShanda Evans and Ms. Linda Hickmott, to present their final report. On behalf of the Board of Trustees, he thanked Ms. Evans and Ms. Hickmott for their service to the university for the past year.

Ms. Evans thanked the Board of Trustees for the privilege of serving as student representative to the Board. She also expressed appreciation for the Board's continued support of the Student Liaisons' concerns raised at the Board meetings and programs such as the "Getting to Know Your Board of Trustees Luncheon" and the "Building Bridges" presentation. Ms. Evans encouraged the Board to continue to make progress towards keeping tuition low, improving student housing with campus apartments, promoting diversity, maintaining the natural beauty of the campus, and keeping class sizes down.

Ms. Hickmott also thanked the Board for including the Student Liaisons in the decision making process. She noted that their work as Student Liaisons has been the highlight of their academic endeavors, and that they would like to continue to participate and contribute to the strategic goals of Oakland University as the institution moves towards the 21st Century. Ms. Hickmott expressed her appreciation for the Board's sincere attention to the student body as difficult issues were debated during the year.

Chairperson Doyle thanked Ms. Evans and Ms. Hickmott for their report.

B. In-Service Distributions from University Funded Retirement Plan

Ms. Lynne C. Schaefer, Vice President for Finance and Administration, reported that at the May 1999 meeting, the Board was asked by a faculty member to consider the university's policy regarding in-service withdrawals of retirement funds for active employees. The Board requested that the administration review the policy and report back on the issue. Ms. Schaefer noted that the current university policy does not permit employees to make withdrawals from their university-funded retirement accounts before retirement, with the exception of faculty members who engage in the university's three-year phased retirement program. Ms. Schaefer reported that, based upon administrative review of the university's retirement policy, it is recommended that the university not change its policy prohibiting pre-retirement or in-service withdrawals from retirement plans.

Trustee Henry Baskin clarified that the Internal Revenue Code does not prohibit the university from making a decision whether or not to revise the policy. Trustee Ann V. Nicholson commented that the Board had the opportunity to review all correspondence related to this issue. She noted that she personally concluded that to open retirement benefits for people who are not retired would be a very poor choice for the Board to make, especially since the university has quite a generous three-year phased retirement program.

Chairperson Doyle thanked Ms. Schaefer for her report.

IV. Roll Call

Mr. Victor A. Zambardi, Assistant General Counsel, conducted a roll call vote. All of the Board members were present except Trustee David T. Fischer.

V. Action Items

A. Consent Agenda

Chairperson Doyle presented the following recommendations:

- 1. Approval of the Minutes of the Meeting of May 6, 1999**
- 2. Approval of the Minutes of the Closed Meeting of May 6, 1999**
- 3. Approval of University Personnel Actions**

New Appointments

Butzloff, Ronald L., Assistant Professor of Psychology, effective August 15, 1999 (\$45,000) (New appointment filling a vacant authorized position)

Clark, Daniel J., Assistant Professor of History, effective August 15, 1999 (\$38,000) (New appointment filling a vacant authorized position)

Sethi, Ishwar K. Professor of Engineering and Chairperson, Department of Computer Science and Engineering, effective August 15, 1999 (\$108,000) (New appointment filling a vacant authorized position)

Strother-Jordan, Karen E., Assistant Professor of Communication, effective August 15, 1999 (\$44,398) (New appointment filling a vacant authorized position)

Stryker, Gabrielle A., Assistant Professor of Biological Sciences, effective August 15, 1999 (\$44,000) (New appointment filling a vacant authorized position)

Wagner, Kathryn, Assistant Professor of Theatre, effective August 15, 1999 (\$38,000) (New appointment filling a vacant authorized position)

Willard-Traub, Margaret K., Assistant Professor of Rhetoric, effective August 15, 1999 (\$41,000) (New appointment filling a vacant authorized position)

Change of Status

Barber, Gary C., from Associate Professor of Engineering, to Associate Professor of Engineering and Acting Chairperson, Department of Mechanical Engineering, effective June 1, 1999 through August 21, 1999

Lepkowski, Frank J., from Associate Professor, University Library, to Associate Professor, University Library and Interim Associate Dean, University Library, effective June 3, 1999 (\$61,941)

Mabee, Barbara, from Associate Professor of German, to Associate Professor of German and Chairperson, Department of Modern Languages and Literatures, effective April 29, 1999 through August 21, 1999

4. Recommendation to Accept Gifts to Oakland University and the Oakland University Foundation for the Period of April 1 through April 30, 1990, and to Accept Grants and Contracts to Oakland University for the Period May/June 1999

Trustee Nicholson, seconded by Trustee James A. Sharp, Jr., moved approval of the consent agenda. The motion was unanimously approved by those present.

B. Louis R. Ross Memorial Resolution

Chairperson Doyle stated that the Board joins the entire university community in mourning the loss of Louis R. Ross, a friend and colleague. He noted that Mr. Ross was an outstanding addition to the Board as well as a great Oakland University Foundation Director. Chairperson Doyle stated that the memorial resolution will be forwarded to Mr. Ross' family.

Chairperson Doyle submitted the following resolution to the Board for approval:

WHEREAS, Trustee Louis R. Ross served on the Oakland University Board of Trustees from September 27, 1994, through June 6, 1996; and

WHEREAS, the Board of Trustees wishes to recognize Trustee Ross' service to Oakland University with dedication and distinction; and

WHEREAS, Trustee Ross served as Chairperson of the University Affairs Advisory Committee, devoting his talent and time to sustaining quality at the institution; and

WHEREAS, Trustee Ross was a conscientious supporter of Oakland University for 23 years serving as Chairperson of the Oakland University Foundation Board of Directors, Chairperson of the Meadow Brook Hall Holiday Walk Patron's Dinner Committee, Chairperson of the Meadow Brook Music Festival Committee, Co-Chairperson of the Kresge Library Enduring Legacy Committee and Chairperson of the Glyndebourne Picnic Committee, and a member of the School of Business Administration Board of Visitors, sharing his business insight and knowledge of the corporate community; and

WHEREAS, Trustee Ross provided outstanding leadership through sharing innovative and effective strategies to efficiently allocate the university's resources to satisfy the role and mission of the university; and

WHEREAS, Trustee Ross showed an abiding interest in the affairs of the university, often taking time from his personal and professional life to attend events beyond the requirements of his trusteeship and other associations with the university; and,

WHEREAS, with the sudden death of Trustee Ross, Oakland University lost a compassionate leader and friend; now, therefore, be it

RESOLVED, that the Board of Trustees of Oakland University extends its sympathies to the family of Louis R. Ross.

Trustee Rex E. Schlaybaugh, Jr., seconded by Trustee Louis Grech-Cumbo, moved approval of the recommendation. The motion was unanimously approved by those present.

C. Resolution Honoring James A. Sharp, Jr.

Chairperson Doyle commented on Trustee Sharp's resignation from the Board due to his decision to retire and move to Arizona. He noted Trustee Sharp's distinguished career in government service, both in the military and at the city, state, and federal levels. Chairperson Doyle added that Trustee Sharp has been a great friend to Oakland University and that the Board is truly sorry to lose his expertise and stewardship.

Chairperson Doyle submitted the following resolution to the Board for approval:

WHEREAS, Trustee James A. Sharp, Jr. was appointed to the Oakland University Board of Trustees on September 14, 1988, by Governor James Blanchard, and reappointed on August 12, 1992, by Governor John Engler; and

WHEREAS, Trustee Sharp resigned his office as Trustee effective July 2, 1999, necessitated by his change of residence to Arizona; and

WHEREAS, the Board of Trustees wishes to recognize Trustee Sharp's service to Oakland University with dedication and distinction; and

WHEREAS, Trustee Sharp served as Chairperson and Vice Chairperson of the Board of Trustees, Chairperson and member of the University Affairs Advisory Committee, Chairperson and member of the Investment Advisory Committee, member of the Finance and Personnel Advisory Committee, member of the Investment and Finance Advisory Committee, member of the Presidential Search Advisory Committee, member of the Blue Ribbon Strategic Planning Steering Committee, and member of the Ad Hoc Nominating Committee, contributing his knowledge and insight and expending many hours on the responsibilities associated with all of these duties; and

WHEREAS, Trustee Sharp and his wife demonstrated a strong advocacy for financial assistance to students by establishing the James A. Sharp, Jr. and Tessie Baltrip Sharp Endowed Emergency Loan Fund in 1994 to provide emergency, interest-free loans to students; and

WHEREAS, Trustee Sharp continuously sought to develop ways for the university to lessen the financial burden placed upon students; and

WHEREAS, Trustee Sharp supported the Oakland University Trustees Academic Success Fund which fosters cultural dialogue and training among diverse groups of students to prepare them for employment in an increasingly multicultural world; and

WHEREAS, Trustee Sharp has provided valuable assistance to the university in its relationship with the legislature and other governmental entities; and

WHEREAS, Trustee Sharp supported minority vendor expenditure efforts by the university; and

WHEREAS, Trustee Sharp demonstrated sensitivity towards student concerns and involvement in major university initiatives; and

WHEREAS, the Board of Trustees, President Gary D. Russi, and the entire university community are grateful to Trustee Sharp for his devoted service and wise counsel; now, therefore, be it

RESOLVED, that the Board of Trustees publicly expresses its deep appreciation to Trustee James A. Sharp, Jr.; and, be it further

RESOLVED, that Trustee Sharp be designated as Trustee Emeritus with all the attendant rights and privileges of this position; and, be it further

RESOLVED, that a copy of this resolution be provided to Trustee Sharp to convey the esteem in which he is held by the Board of Trustees, the President, and the university community; and, be it further

RESOLVED, that the Board of Trustees extend to Trustee Sharp and his wife, Tessie, their best wishes for happiness and the hope that they will continue their association with the university.

Trustee Schlaybaugh, seconded by Trustee Nicholson, moved approval of the recommendation. The motion was unanimously approved by those present, except for Trustee Sharp who abstained.

D. Resolutions Honoring Ms. LaShanda Evans and Ms. Linda Hickmott, Student Liaisons to the Oakland University Board of Trustees

Chairperson Doyle stated that it has been a pleasure working with Ms. Evans and Ms. Hickmott, and he commended them for their professionalism.

Chairperson Doyle submitted the following resolutions to the Board for approval:

Resolution Honoring Ms. LaShanda Evans Student Liaison to the Oakland University Board of Trustees

WHEREAS, Ms. LaShanda P. Evans, a senior majoring in Computer Science, was appointed as Student Liaison to the Oakland University Board of Trustees in June 1998, by the President upon recommendation of a screening committee, with her term of office ending June 30, 1999; and

WHEREAS, Ms. Evans attended all scheduled open Board meetings, "Creating the Future" Board Retreats, and Investment and Finance Advisory Committee meetings, providing a cross-section of student views and opinions; and

WHEREAS, Ms. Evans demonstrated a concern for opening up the line of communication between the Board and the student body in an informative presentation to the Board titled "Building Bridges;" and

WHEREAS, Ms. Evans communicated her Student Liaison responsibilities and made periodic Board activity reports to student groups; and

WHEREAS, Ms. Evans at all times demonstrated leadership skills at the Board meetings in her role as Student Liaison; now, therefore, be it

RESOLVED, that the Board of Trustees wishes to recognize the fact that Ms. LaShanda P. Evans has served as Student Liaison with dedication and distinction; and, be it further

RESOLVED, that the Board commends Ms. Evans for her outstanding academic achievements, diverse involvement in extracurricular activities at Oakland University, and service as a Student Liaison to the Oakland University Board of Trustees; and, be it further

RESOLVED, that a copy of this resolution be forwarded to Ms. Evans to convey the esteem in which she is held by the Board of Trustees; and, be it further

RESOLVED, that the Board of Trustees publicly expresses its deep appreciation to Ms. Evans and extends to her its best wishes for continued success in all of her future endeavors.

Trustee Robert N. Cooper, seconded by Trustee Baskin, moved approval of the recommendation. The motion was unanimously approved by those present.

Resolution Honoring Linda J. Hickmott Student Liaison to the Oakland University Board of Trustees

WHEREAS, Ms. Linda J. Hickmott, a senior majoring in Political Science, was appointed as Student Liaison to the Oakland University Board of Trustees in June 1998, by the President upon recommendation of a screening committee, with her term of office ending June 30, 1999; and

WHEREAS, Ms. Hickmott attended all scheduled open Board meetings, "Creating the Future" Board Retreats, and Investment and Finance Advisory Committee meetings, providing a cross-section of student views and opinions; and

WHEREAS, Ms. Hickmott demonstrated a concern for opening up the line of communication between the Board and the student body in an informative presentation to the Board titled "Building Bridges;" and

WHEREAS, Ms. Hickmott communicated her Student Liaison responsibilities and made periodic Board activity reports to student groups; and

WHEREAS, Ms. Hickmott at all times demonstrated leadership skills at the Board meetings in her role as Student Liaison; now, therefore, be it

RESOLVED, that the Board of Trustees wishes to recognize the fact that Ms. Linda J. Hickmott has served as Student Liaison with dedication and distinction; and, be it further

RESOLVED, that the Board commends Ms. Hickmott for her outstanding academic achievements, diverse involvement in extracurricular activities at Oakland University, and service as a Student Liaison to the Oakland University Board of Trustees; and, be it further

RESOLVED, that a copy of this resolution be forwarded to Ms. Hickmott to convey the esteem in which she is held by the Board of Trustees; and, be it further

RESOLVED, that the Board of Trustees publicly expresses its deep appreciation to Ms. Hickmott and extends to her its best wishes for continued success in all of her future endeavors.

Trustee Cooper, seconded by Trustee Baskin, moved approval of the recommendation. The motion was unanimously approved by those present.

E. Approval of Amendments to the Constitution of the Oakland University Senate

President Russi stated that the Oakland University Senate has proposed amendments to its Constitution. The key changes are in the composition of the Senate, specifically Article IV which addresses membership. The stated goal of the amendment was to give the faculty a governance voice that is distinct from the role historically served by the University Senate and its committees. President Russi added that the proposed amendments were ratified by a majority of the members of the Senate organized faculties in accordance with the Senate Constitution. Approval of the amendments will allow internal governance to continue to flourish.

President Russi submitted the following resolution to the Board for approval:

WHEREAS, a majority of organized faculties voting in accordance with the Constitution of the Oakland University Senate have ratified the proposed amendments; and

WHEREAS, the proposed amendments will facilitate faculty input on matters of academic importance, increase communication and mutual understanding between the faculty, the administration, and the Board of Trustees through regular and structured means thereby enhancing the faculty's voice in the future of the university, and will continue to foster a climate where internal governance can continue to flourish; and

WHEREAS, the Board of Trustees has acted to approve internal constitutions in order to obtain the input and recommendations of faculty, staff, and students on matters relating to the programs of the university; now, therefore, be it

RESOLVED, that the Board of Trustees approves the amendments to the Constitution of the Oakland University Senate, which are set forth in proposed changes to the Constitution of the Oakland University Senate; and, be it further

RESOLVED, that notwithstanding any provision of the amended Constitution of the Oakland University Senate, the Board of Trustees reconfirms its legal authority to grant, modify and rescind internal constitutions when the Board determines such action to be in the interest of the university or required to comply with its legal obligations.

Trustee Sharp, seconded by Trustee Nicholson, moved approval of the recommendation.

Trustee Schlaybaugh noted that this initiative was generated by the Senate to provide more direct faculty input into academic governance issues affecting the university. He asked if other alternatives existed, and President Russi stated that other alternatives do exist, but the administration has not reviewed them.

Trustee Baskin stated that he was unable to vote on this recommendation, since he does not understand the rationale for the proposed constitutional changes. He requested information on the arguments for and against the proposal prior to casting his vote, since the vote was fairly close at 162 to 101.

Trustee Sharp concurred with Trustee Baskin's request, and moved to table the recommendation pending the development of other models and a deeper understanding of the proposal. The motion to table the recommendation was seconded by Trustee Grech-Cumbo.

Prior to the final vote on the motion to table the recommendation, Chairperson Doyle called on the AP Assembly President, Mr. Richard Fekel, who had requested to speak on this item. Mr. Fekel presented the following position statement:

The AP Assembly has enjoyed the working relationship it has had with the University Senate, and we believe that faculty, staff, and students benefit from the shared governance model that the University Senate provides. While the AP Assembly understands and recognizes the desire for other faculty to have a stronger voice in the governance system, we urge the Board of Trustees to consider the value of continuing the current shared model of university governance. Faculty already have a significant voice through the AAUP and some 40+ representatives on the University Senate. If the Senate becomes a body of 50 faculty and only 3 others, the AP Assembly doubts that it will be seen as being as broad enough to speak to the university community. As a result, issues would have to be directed through the AP Assembly, Student Congress,

and university administration in order to get a thorough review. This process could cause delays, increased communication problems, and reduce the cross-fertilization of ideas that our current shared governance provides. Hence, the AP Assembly urges that the University Senate structure remain as it is, or greater numbers of students and staff should be added to the proposed University Senate structure to retain the strength that such shared governance brings. Since much of the work of the University Senate is done through committees, the AP Assembly feels strongly that administrative staff needs to continue to work on such committees, and they should continue to have a vote in committee decisions. Whatever the future structure of the University Senate, the AP Assembly trusts that the voice of all committee members will be respected and valued. As it is currently recommended, the AP Assembly asks that the Board vote against the constitutional amendments changing the current membership of the University Senate. On behalf of the AP Assembly, thank you for your utmost consideration.

Chairperson Doyle thanked Mr. Fekel for his comments.

The motion to table this item was unanimously approved by those present.

Trustee Baskin requested additional information on the composition of the University Senate and a comparison of the University Senate Constitution with other universities. Trustee Grech-Cumbo also requested information on the position of the dissenting votes. Dr. Esposito offered to provide that information for the Board.

F. Oakland University General Fund Budget and Tuition and Fee Rate Increase for Fiscal Years 1999-2000, 2000-2001, and 2001-2002

Ms. Schaefer distributed a copy of her power point presentation to the Board on the General Fund Budget for fiscal years 1999-00, 2000-01, and 2001-02. (A copy of the presentation is on file in the Board of Trustees Office.)

Ms. Schaefer's overview of the proposed three-year budget included a review of Oakland University's financial and operating environment, with highlights and assumptions for each of the budget years. Ms. Schaefer presented comparison data on Oakland versus other Michigan public universities relative to funding and expenditure issues. In that comparison, she noted that over the last 10 year period, Oakland University ranked very low in the increase in state appropriations with a change of 34.5% versus an average increase of 47% for all of the state universities. Ms. Schaefer added that since 1994, Oakland University's enrollment growth increased 15.6%, which has been recently recognized through increased state support. However, based on the 10 year period of 1987-88 to 1997-98, the increase in state appropriations per fiscal year equated students

(FYES) placed Oakland University second from the bottom at 4% versus 20% across the state. Ms. Schaefer also pointed out that while at the high end of the spectrum 67% of Northern Michigan University's general fund comes from state appropriations, only 46.5% of Oakland's general fund comes from state appropriations.

Ms. Schaefer then discussed Oakland University's operating environment relative to other universities. One measure of instructional program productivity is the student-faculty ratio (SFR). Using the state's higher education database, fiscal year equated students (FYES) per full-time equivalent faculty (FTEF), is a reasonable approximation of SFR. For 1997-98, Oakland University had 18.76 FYES per FTEF, which is very high in comparison to the average of 14.75 FYES to FTEF at similar institutions.

Trustee Schlaybaugh questioned whether the university should measure utilization based on the contractual ratio of 20 to 1 rather than on a peer comparison, and whether meeting that ratio would indicate the university was operating as efficiently as possible. Dr. Esposito stated that a contractually agreed upon student-faculty ratio is generally used as a trigger mechanism that indicates that once the ratio is achieved, the university is obligated to either hire or find another way to reduce the SFR. Trustee Schlaybaugh asked, in order to achieve the most efficient use of the university's assets, whether the current ratio should be moved to 19.75 to 1. Dr. Esposito replied that generally speaking, a student-faculty ratio of 18.76 to 1 for a doctoral granting institution like Oakland University compared to peers is already relatively high. President Russi added that the quality of the programs must also be considered when efficiencies are determined, and that the question is really how Oakland University's student-faculty ratio compares with other universities. He noted that based on the data presented, Oakland is operating very efficiently. Dr. Esposito commented that in the recent NCA reaccreditation review, the NCA was amazed that Oakland's ratio remains the same as it did 10 years ago, given the growth of the institution. He added that anything above the current level would raise questions about the quality of the programs.

Trustee Schlaybaugh reiterated his belief that the student-faculty ratio does indicate efficiency. He noted, for instance, that the proposed budget contains a reallocation of \$1.5 million for certain programs that need additional faculty. It also includes \$500,000 for academic support which might also involve additional faculty. Thus, the Board is being asked to approve \$2 million as additional cost to add faculty to support enrollment. Trustee Schlaybaugh stressed the importance of reviewing the current faculty utilization for efficiency purposes. He expressed his belief that the allocation of those types of human resources is an efficiency issue, given the budget proposal. Trustee Sharp concurred with Trustee Schlaybaugh's statement, noting that it is always a consideration for contract negotiations which relates to the operational budget.

Ms. Schaefer continued with her presentation by stating that another measure of productivity and efficiency is shown in a comparison of the 1997-98 general fund expenditures per FYES for Michigan universities. In that comparison, Oakland University's total general fund expenditures per FYES were \$8,826, which fell in the lower half of the group, or 10% below the median and 25% below the average.

Ms. Schaefer reported that Oakland University ranks 4th in the percent of its student credit hours that are in upper division undergraduate courses out of the 15 Michigan institutions. Also, at 14.33% of total credit hours in graduate courses, Oakland ranks 6th for fiscal year 1997-98 among the 15 public universities in Michigan.

Ms. Schaefer stated that in gross square footage of building space per student, Oakland ranks second from the bottom among the 15 Michigan public universities.

Ms. Schaefer noted that in order to support increased enrollments and development of new programs with very little in new resources, the university has made budget reductions and reallocations since the early 1990's. She added that quality improvement efforts have been underway for several years and have resulted in such improvements as hiring process, purchasing and Banner.

Ms. Schaefer reported that a legislative appropriation increase of 8.1% over last year is being projected for fiscal year 1999-00, subject to final House and Senate approval this week. A tuition and fee rate increase of 2.9% over last year is proposed.

Ms. Schaefer stated that state appropriations contributes 47% of Oakland University's General Fund Budget revenues, while 51% are from tuition and fees. The other 2% in revenues are from indirect cost recovery and other miscellaneous income. The total proposed revenues for 1999-00 are \$101,121,355, which includes a one-time state appropriation of \$869,976.

Ms. Schaefer concluded her presentation by stating that the Oakland University General Fund distribution of expenditures for fiscal year 1999-000 is 65% for Academic Affairs, 14% for Finance and Administration, and the balance for Students Affairs, University Affairs, President, Financial Aid, Debt Service, and Utilities. The expenditures assumptions include a compensation pool averaging 3.25% for all employee groups, a debt service increase of \$981,505, and purchased utilities inflation of 1.65%. The assumptions also consider top discretionary budget priorities that include a 4.36% student financial aid increase,

full-time faculty position increases, additional Academic Affairs operating costs, support for new instructional programs, and ongoing support for new athletic scholarships and operating costs.

There was a lengthy discussion on the proposed 2.9% tuition and fee rate increase. Ms. Schaefer noted that two-thirds of the state appropriations increase, over what had been projected in May, was allocated to reduce tuition from the previously approved level of 3.9% down to 2.9%. The remaining amount will be allocated for funding "Creating the Future" initiatives, infrastructure needs and other high priority needs. Trustee Schlaybaugh recommended that the university make investments out of the cost savings and efficiencies and not only through the new revenues. He agreed with the allocation of all of the excess state appropriations to the students and to improve the infrastructures. Ms. Schaefer agreed, noting that steps are underway to increase operating efficiencies.

Trustee Baskin asked Mr. Zambardi whether the Board was approving the budgets for fiscal years 2000-01 and 2001-02, and Mr. Zambardi replied that the Board was approving the 1999-00 budget, and the 2000-01 and 2001-02 budgets conditionally subject to the assumptions stated in those budgets and that the administration will return in subsequent years with updated budget information for the Board to consider before final approval. Dr. Esposito explained that the three-year budgeting process allows time for planning, particularly in the academic units.

Trustee Cooper asked whether a lower tuition increase would impact enrollment. Ms. Schaefer stated that a survey of Oakland University's competition shows that the majority of the universities are seeking a 3% or higher tuition increase. Historically, small increases or decreases in tuition rates have not had an impact on enrollment.

Trustee Schlaybaugh requested data that reflects how funds have been allocated and spent by program areas, and how the proposed budget increases would be distributed across the university. Ms. Schaefer stated that she will provide that information to the Board. President Russi stated that the distribution is consistent with the "Creating the Future" initiative.

Ms. Evans noted that at the May Board meeting, a trustee asked whether the proposed \$85,000 increase in athletic scholarships could be matched for academic scholarships, and she asked if that would be possible. Ms. Schaefer stated that the university is currently adding \$285,000 in the main financial aid programs of the university to recognize the enrollment growth and tuition and fee rate increase. The university did not increase student financial aid beyond that amount.

Trustee Grech-Cumbo stated that the university should try to control expenses through the operational efficiencies. He stressed the importance of data that reflects the control end of expenses, in addition to growth in revenue and operating expenses. Trustee Grech-Cumbo also expressed his belief that all new programs add some inherent costs to the system and that the data should always reflect those costs for control purposes. Ms. Schaefer stated that examples of control measures the university has developed include the institution of quality improvement efforts, the new Banner administrative computing system, and reallocation of staff to meet new requirements. She noted that in the coming year, the administration will review additional quality improvement measures to make the university more efficient, and that she is confident that the university will experience cost reductions as a result of those efforts. President Russi added that one of the nonacademic efficiencies that the university has instituted is the outsourcing of activities such as the bookstore operation, food service, and other ancillary operations which reduced the operating costs to the institution.

Ms. Schaefer submitted the following resolution to the Board for approval:

WHEREAS, with the close of the current fiscal year, a new General Fund Budget and Tuition and Fee Rates for the coming year require Board of Trustees approval; now, therefore, be it

RESOLVED, that the Board of Trustees approve the FY 1999-2000 General Fund Budget at an expenditure level of \$101,111,222 and approved encumbrances and carry forwards from the June 30, 1999 fund balance. See Exhibit II for detail; and, be it further

RESOLVED, that the Board of Trustees conditionally approve the FY 2000-2001 General Fund Budget at an expenditure level of \$105,749,797 and approved encumbrances and carry forwards from the June 30, 2000 fund balance. See Exhibit III for detail; and, be it further

RESOLVED, that the Board of Trustees conditionally approve the FY 2001-2002 General Fund Budget at an expenditure level of \$110,154,257 and approved encumbrances and carry forwards from the June 30, 2001 fund balance. See Exhibit IV for detail; and, be it further

RESOLVED, that the Board of Trustees approve a FY 1999-2000 adjustment for non-represented employees effective July 1, 1999, of a 3.25% pool increase for each employee subgroup, as follows: Group I, Executives and Deans; Group II, Academic Administrators, Administrative-Professionals, and Contract Employees; and Group III, Excluded Clerical-Technical and Miscellaneous Employees. The distribution for individual employees within subgroups will be based on an assessment of performance or merit; and, be it further

RESOLVED, that the Board of Trustees approve the attached schedule, Exhibit V, of Recommended Tuition and Fee Rates for fiscal years 1999-2000, 2000-2001, and 2001-2002.

(Copies of Exhibits I through V are filed in the Board of Trustees Office.)

Trustee Baskin, seconded by Trustee Nicholson, moved approval of the recommendation.

Chairperson Doyle called on Mr. Nicholas Mitchell, Student Congress President, who had requested to address the Board on this issue. Mr. Mitchell stated that on behalf of the student body, he wished to comment on the budget proposal. He stated that Oakland University needs to continue to be the best buy in the State of Michigan, while maintaining enrollment growth and external outreach to build the university's reputation. It is his belief that in order to retain students, the university needs to "give back to the students" through lower tuition increases. Mr. Mitchell stressed that, as the university's primary constituents, an overwhelming majority of the students would like to see money go back into their pockets in the form of decreased tuition. He stated that he believes that the increased state appropriations is a direct result of the lobbying efforts of the Student Congress Legislative Affairs Committee. Therefore, a lower tuition rate would reward the students for those efforts. Mr. Mitchell stated that cutting operating costs may enable the university to allocate the entire state appropriations increase towards reducing tuition. He concluded his comments by encouraging the Board to "keep students first" through lower tuition rates.

Chairperson Doyle thanked Mr. Mitchell for his comments.

In response to a question posed by Trustee Schlaybaugh regarding whether the administration would return to the Board if the state appropriations is 8.6%, President Russi stated that the administration will return to the Board for discussion and determination of how that additional funding will be allocated.

The motion was unanimously approved by those present. (For clarity purposes for the record, the Board approved the rates listed in columns 3, 5, and 7 of Exhibit V, Recommended Schedule of Tuition and Fee Rates, titled "Proposed Rate 1999-00," "Proposed Rate 2000-01," and "Proposed Rate 2001-02.")

G. Authorization to Proceed with Reconstruction of Various Roads

Ms. Schaefer called on Ms. Susan M. Aldrich, Associate Vice President, Facilities Management, Capital Planning and Design, to explain the summer road improvement project.

Ms. Aldrich stated that as part of the university's overall maintenance program, a number of sections of roadway that are badly deteriorating are proposed for reconstruction this summer. Funds were set aside in fiscal year 1997-98 for this roadway work. Ms. Aldrich noted that this project includes reconstruction of a major segment of Meadow Brook Road from West Oakland past the entry drive to Hamlin and Hill Halls, as well as patching along Ravine Drive and Pioneer Drive. In addition, the service drive for Vandenberg Hall will be reconstructed through a combination of FY 1999 Deferred Maintenance funds and Residence Hall funds. Ms. Aldrich added that the total cost of this work for summer 1999 is \$610,000.

Ms. Schaefer submitted the following resolution to the Board for approval:

RESOLVED, that the Vice President for Finance and Administration be authorized to execute a contract with the lowest responsible bidder for reconstruction of roads and service drive; and, be it further

RESOLVED, that the total project shall not exceed \$610,000.

Trustee Baskin, seconded by Trustee Sharp, moved approval of the recommendation. The motion was unanimously approved by those present.

VI. Discussion of July 29, 1999, Board of Trustees Meeting Agenda

The Board reviewed the July 29, 1999, proposed agenda and made no changes.

Trustee Sharp suggested that there should be a future discussion by the Board on the advantages to changing the university's pooled equity investment portfolio situation. Ms. Schaefer agreed with Trustee Sharp's recommendation and stated that it will be addressed this fall by the Investment and Finance Advisory Committee (IFAC).

A. Report on Ancillary Activities Operating Budgets for Fiscal Year Ending June 30, 2000

Ms. Schaefer stated that, in preparation for the July 29, 1999, Board meeting, she wanted to report on next year's ancillary activities budgets. She noted that an IFAC meeting will be scheduled prior to the Board meeting to review those proposed budgets in detail. Ms. Schaefer reported that the ancillary activities budgets will be presented as three-year rolling budgets, like the General Fund Budget is presented, including similar assumptions of a 3.25% compensation pool and 2 to 3% increases in expenses. The General Fund support in those areas will continue to be decreased where there are multi-year plans for a

declining subsidy. In addition, there will be increases in athletics in accordance with the multi-year transition plan to Division I, funded from additional revenues and enrollment growth in the general service fee.

Chairperson Doyle thanked Ms. Schaefer for her report.

VII. Other Items that May Come Before the Board

A. Approval of Appointment of Dean, University Library

Dr. Esposito recommended the appointment of Dr. Elaine K. Didier as the new Dean of University Library and Professor of University Library with tenure. He noted that a national search was conducted, generating an outstanding pool of candidates. Dr. Didier was the top candidate, and she was highly endorsed by those involved in the search process, including the deans, the search committee, and the upper administration. Dr. Esposito stated that Dr. Didier has served as the Director of the Kresge Business Administration Library at the University of Michigan, the Director of Information Resources at the School of Business Administration of the University of Michigan, and the Associate Dean of Horace H. Rackham School of Graduate Studies at the University of Michigan. He added that Dr. Didier has an extraordinarily rich background that includes expertise in library, information technology, and business.

Dr. Esposito submitted the following resolution to the Board for approval:

RESOLVED, that the Board of Trustees appoint Dr. Didier to the position of Dean, University Library, and Professor, University Library with tenure effective August 30, 1999, at an initial salary of \$111,000 (One Hundred Eleven Thousand Dollars) and in accordance with the terms and conditions of Dr. Didier's appointment which are set forth in the Agreement between Dr. Elaine K. Didier and Oakland University.

(The Agreement between Dr. Elaine K. Didier and Oakland University is filed in the Board of Trustees Office.)

Trustee Nicholson, seconded by Trustee Sharp, moved approval of the recommendation.

Trustee Baskin asked whether the contract with Dr. Didier includes an arbitration clause. Mr. Zambardi responded that the contract is a standard contract used for all deans and that it does not include arbitration language. He added that arbitration is certainly an option that is common in employment contracts. However, to include it in

university employment contracts is a policy decision for the Board to determine how it would like to approach those contracts. Trustee Baskin stated that, given the recent Michigan Court of Appeals decisions in employment agreements, he believes it might be an important issue to consider. Chairman Doyle noted that the Board's approval of Dr. Didier's appointment would also approve her contract as it is currently written. Trustee Schlaybaugh concurred with Trustee Baskin's concern, and requested a legal opinion on the inclusion of arbitration as an exclusive remedy in contractual employment matters for future contracts. Chairperson Doyle stated that this issue could be discussed at the next IFAC meeting.

The motion was unanimously approved by those present.

B. Student Congress Presentation on Goals and Objectives

Mr. Mitchell and Mr. Filer made a Student Congress presentation stressing goals and objectives. (A copy of the presentation is on file in the Board of Trustees Office.) The goals of their "Students First" platform include ensuring that the students have a high-quality affordable education; ensuring that the students are well represented with the Board of Trustees and at local, state, and federal levels; ensuring that student life is diverse; ensuring that the students have pride in their alma mater; and ensuring that the credibility of the Student Congress is reinstated.

Chairperson Doyle congratulated Mr. Mitchell and Mr. Filer on their appointments and thanked them for their report.

Chairperson Doyle called on Dr. Philip Singer, Professor of Health Behavioral Science, who requested to address the Board on the university policy not to grant in-service distributions from university funded retirement plans. Dr. Singer stated that it is his belief that the Board cannot "create the future by simply offering outdated past practices as a justification for decision making in lieu of debating and thinking about meaningful policy. Policy without fundamental principles supporting it . . . is no policy at all." Dr. Singer asked the Board members to individually respond on their principled reasons for refusing to exercise their legal option to grant his request without recourse to legal counsel and past practices. He also suggested that the Board contact the two institutions mentioned in a recent survey that do allow withdrawals. In summary, Dr. Singer stated that if the Board exercises its legal option to grant him the in-service distribution option, he will donate the requested amount to the President's Club to help create the future.

Chairperson Doyle thanked Dr. Singer for his comments.

At this time, Trustee Sharp expressed appreciation to Governor James Blanchard for originally appointing him to the Board of Trustees and to Governor John Engler for reappointing him to the Board. He stated that he deeply appreciates the students and their concerns, and commends them for their dedication on issues such as improving diversity and creating alcohol-free dormitories. Trustee Sharp commented on the importance of the creation of the Student Liaisons to the Board of Trustees and the increased dialogue that has developed between the faculty, administrators, and the Board during his 11 year term. He thanked the Board and the university community for the privilege of serving with them.

There was a standing ovation in honor of Trustee Sharp's dedication to the university.

VIII. Adjournment

Trustee Sharp, seconded by Trustee Grech-Cumbo, moved adjournment of the meeting. The motion was unanimously approved by those present. The meeting adjourned at 4:40 p.m.

Submitted,



Victor A. Zambardi
Assistant General Counsel

Approved,



David J. Doyle
Chairperson