

Oakland University Senate
Special Meeting of the Senate
Thursday, February 25, 1988
Room 156, North Foundation Hall
3:10 p.m.

Agenda

This will be an open meeting of the Senate for the purpose of discussing issues and concerns surrounding the University's budget, student enrollments and their mutual interactions. After an opening presentation by the Provost which examines the funding and enrollment patterns of the University with particular attention to their current status and future trends the forum will be opened for questions and discussion.

No items are planned for formal Senate action at this meeting, but the discussion will be important to the Academic Policy and Planning Committee and faculty groups in the College and Schools engaged in planning functions.

This meeting was originally scheduled for Thursday, February 11; we shall ask NOAA for more favorable weather this time.

Respectfully submitted,
Keith R. Kleckner for the Steering Committee

Fourth Meeting
Thursday, 25 February 1988

Minutes

Senators Present: Abiko, Appleton, Bhatt, Braun, Brown, Cardimen, Cass, Chapman-Moore, Chipman, Christina, Coffey, Copenhaver, Dahlgren, Dawson, Downing, J. Eberwein, R. Eberwein, Frankie, Gerulaitis, Grossman, Hartman, Herman, Hildebrand, Jackson, Ketchum, Kleckner, Lindell, Martek, Maschke, Miller, Millwood, Olson, Pettengill, Pine, Rosen, Sherman, L. Stamps, P. Stamps, Wedekind, Williamson, Wilson.

Senators Absent: Barthel, Champagne, Desmond, Eliezer, Faber, Fish, Hart-Gonzalez, Haskell, Horwitz, Hough, Karasch, Lauer, Muir, Murphy, Pillow, Reddy, Riley, Stern, Strauss, Theisen, Tripp.

Summary of Actions.

This being a special open meeting of the Senate called for informational and discussion purposes, no ordinary business was conducted.

Mr. Kleckner called the meeting to order at 3:15 p.m., defining the event as an "irregular meeting" called at an unusual time after Mother Nature frowned on our last attempt to convene. The next regular meeting of the Senate will occur in March, at which time normal business will be conducted. He explained his purposes to set forth before the university community where Oakland is now in terms of enrollment and budgeting, to provide a capsule history on how it got there, and to suggest procedures for dealing with issues currently looming before us. Disclaiming any intention of selling a plan, he indicated that he wanted to talk about how we may plan our way out of our current discouraging situation.

The provost began his presentation with a brief history lesson. Oakland University, he reminded his unsurprised colleagues, was founded at a time of statewide growth in higher education and experienced

its maximum rate of expansion in the 1960s. This growth was supported by ample state dollars-- "ample," at least in retrospect, although some felt even then that we could have put more to good use. In 1972, however, the first Arab oil embargo reduced Michigan resources. Growth continued at Oakland, but state funding shrank. Committees here gathered to find ways of dealing with that novel situation. In 1975, a Michigan task force devised a funding formula based mainly on enrollment patterns, following an investment-needs model. This system was designed to close caps that had developed between actual funding and documented needs and should have been especially useful to institutions like Oakland that suffered an unusual degree of imbalance. It was expected that the funding formula would gradually close these gaps over a three or four-year period. It seemed to be doing so in the few years of its operation. Each year, the new dollars budgeted in Lansing for higher education went first to meet inflation overall throughout the state colleges and universities and then to fill gaps between funding and enrollment, with differential allocations to specific schools. For the period when the annual percentage of new dollars exceeded inflation, that system worked nicely to our advantage.

With the nosedive in the state's economy that hit in 1980, the funding formula was shelved (in fact, abandoned). New dollars available each year for higher education no longer proved adequate even to meet the inflation rates, in excess of 10%, so catch-up efforts were forsaken. Statements holding forth promise of an eventual return to formula funding encouraged Oakland to hope for better days ahead. The university continued to grow.

Starting in the mid-1970's, disparities in enrollment patterns began to emerge among Michigan schools. Oakland and some others grew, while other institutions experienced decline but avoided immediate budget cuts based on shrinkage. The state abandoned its funding formula, occasionally resorting to negative funding through budgetary cutbacks. By the time the state's fiscal base returned to conditions that might favor formula funding, great enrollment disparities had developed among colleges. A statewide commission, including Oakland University representatives, met to study formula funding and recommend a new model. Neither that model nor the substitute concocted by the legislative fiscal agencies and the Department of Management and Budget ever won approval.

This year's budget includes a small amount of money meant to make partial acknowledgment of enrollment growth at Oakland, but the allocation was made on a one-year basis. No real legislative impetus now remains to return to any sort of formula funding. By an accident of fate, Mr. Kleckner noted, those institutions that have most drastically lost enrollments happen to be those with the strongest political base in Lansing. Current legislative thinking anticipates a stateside enrollment decline in higher education. No effort can be anticipated to recognize enrollment issues in funding either by generating new money to help Oakland or by shifting resources from other universities. The picture darkened this fall when a dreaded imbalance in the state's budget resulted in a 3/4% cutback in budget allocations, a dismal outcome this university anticipated by its November position freeze.

Having concluded his history lecture, Mr. Kleckner turned to economics by way of explaining the real problem-faced by the university as a result of the governor's budget proposal for next year. Losses are built into the system. This year's 3/4% cutback becomes permanent in that our diminished allocation now becomes our base at a cost to us of \$233,000. Our one-time special allocation for growth also disappears, at a cost of \$316,000. Thus we face a combined loss of \$549,000. Meanwhile, Governor Blanchard proposes to give all schools 1% of new money (figured, of course, on the reduced base explained above), a sum of \$10,000,000. To this is to be added the \$5,000,000. enrollment-growth money that was provided year to particular schools like Oakland. An additional \$667,000. will be provided, making a total "new money" appropriation increase of \$15,667,000., but these dollars are all designated for student support and can only be used for purposes of financial aid. Oakland's share works out to \$493,000. Other state agencies fare even worse than higher education, however. Thus the university faces a deficit if this budget is approved, even assuming absolutely no increased expenses.

Naturally, we are seeking diligently to alter this budget in Lansing, using Mr. DeCarlo's good offices, and hope for some amelioration. The most optimistic Lansing projections, however, suggest no more than a 3% increase that would represent only a trifling actual gain. The budget is unlikely to reach final form before summer, so we must plan for next year before securing an absolutely reliable figure. The provost stressed that no special help for Oakland University is possible.

A planning problem therefore confronts us, although history demonstrates that reallocation of resources within the university presents problems that parallel those within the state system as a whole. Back in 1981, with enrollment at its all-time high, Oakland began planning for selective decline. Some programs were growing in excess of our capacity to support them, while others shrank. In the 1984-85 academic year, space constrictions on campus forced efforts to curb growth by way of introducing some enrollment caps, decreasing promotion of extension sites, and increasing admission standards for some individual programs as well as for the university as a whole. During the early years of this decade, a great exodus of students from Education programs occurred, although that trend has been reversing itself in recent years. Interest in teacher-training programs now far exceeds realistic projections of the job market. Another enrollment peak hit in 1986 as a result of the return to Education, although Mr. Kleckner predicted a reduction of interest shortly as a result of the pink slips to teachers that will predictably result from state funding curbs at the K-12 level.

Enrollment management has become necessary now that it becomes clear that the state is just not going to help us out. The only new dollars we get by attracting a student here come from tuition, which no longer pays even for faculty--never mind books, buildings and supportive services. We could conceivably make money by staffing additional extension classes with part-time faculty (not full-timers, who cost too much for profit), but the biggest opportunities for this program expansion are in units like SHES and SBA that already have too much part-time teaching.. How, then, do we get more dollars per student? Some, obviously, can come tuition. More could eventually result from dropping the total number of students so that state revenues would come closer to meeting the needs of a somewhat smaller group. Mr. Kleckner projected what it would take for the university to drop 200 FYES. With a 2% tuition increase for the remaining students (repeated in the following years) and with state dollars distributed over a smaller enrollment base, he reasoned that the university could realize significant gains in a few years.

Questions arose at that point from Messrs. Cardimen and Christina about possible cuts in state funding that might result from enrollment decline. Mr. Kleckner repeated state assurances not to reduce our funding differentially. Our problem, he suggested, results from a pattern of growth in anticipation of renewed formula funding. Now that conditions in Lansing have changed, shrinkage poses no threat. Carrying the argument to its extreme, he indicated that if Oakland shrank to one student and kept its state allocation, we could eliminate tuition entirely and still give a wonderful education. Nothing so radical will happen, of course. The idea is to decline gradually in enrollment, carefully monitoring the results of each year's changes, until we get back in line with state allocations.

Mr. Ketchum then inquired how the university could downsize without cuts in support services, to which Mr. Kleckner replied that these would have to be reduced but not in proportion to enrollment. Ms. Blankenship, upon learning that our projected revenue shortfall for next year comes to \$60,000, wondered whether the university's reaction might not be excessive. Mr. Kleckner, however, indicated that the problem is already compounded by anticipated greater expenses. We are spending more than we take in, managing to balance the budget only in the wrong way--by freezes. He suggested that we take guidance from the past by seeing what we did in the mid-70's. Oakland then had only 8500 FYES but supported even more programs than we now have. The institution need not look different in terms of its array of programs. To this, Ms. Braun rejoined that the provost was making it all sound so painless that people were left wondering where \$3,000,000. would come from. Mr. Kleckner thought

that a good case could be made for diminished enrollment, with the university depending more on tuition and less on state funds. He advocated avoiding our usual practice of "budgeting at the cusp," incurring fiscal commitments on the basis of high enrollment projections. This practice resulted in special problems this year when the budget came into conflict with enrollment-curbing strategies already launched within academic affairs. Had the university budgeted for 9200 students this year instead of 9600, we would have had no trouble using the extra tuition dollars. He urged development of a long-term policy to keep the institution stable.

Mr. Shantz asked how enrollment would be managed. Would there be a significant reduction of students in business? Mr. Kleckner responded that the governance system must deal with such questions in a careful way. He intended to work with the academic deans and with the APPC. He then pointed out some of the difficulties we face in projecting enrollments. We can control how many people will be admitted each year but not how many actually enroll, how many credits each student will take nor how many of the 25,000 students currently eligible to register without reapplying for admission will show up any given semester. It is hard to predict when the local job market will beguile our students away from campus for more hours a week. Recognizing that fluctuations in enrollments are inevitable, he concluded that budget plans should not count on every possible nickel.

This discussion led back to the provost's proposal for intensive study to be conducted within academic affairs by himself, the academic deans, and the APPC. These worthies should consider desirable enrollment patterns, including the mix of freshmen, transfers, and graduate students (both full and part-time). Nobody, he assured the Senate, proposes changing Oakland's mission by eliminating any component of our present student body. He also advocated a study of enrollment patterns within programs, confessing a private judgment in favor of reduced enrollments in Education, Engineering, and Business linked to efforts to boost enrollments in underutilized fields like Philosophy, Modern Languages, and Music. Schools losing majors should be able to carry on their work as effectively and comfortably; enrollment losses in the College of Arts and Sciences would probably concentrate in 100-level general education offerings, now overcrowded, rather than courses for majors.

The question of how to accomplish the desired redistribution of program enrollment patterns struck him as complex but not unmanageable. It might, for example, be necessary to modify our policies to make it less easy for a student leaving us in good standing to return anytime within six years. Mr. Kleckner declared his conviction that Oakland's shrinkage in enrollment would be responsive to current public policy needs in southeastern Michigan, which now experiences considerable excess capacity in higher education. There is no obligation the state will acknowledge to allow every student who wants to come here to do so. The purpose of this special Senate meeting, he reminded his colleagues, was to open questions and elicit discussion. What he offered was only an approach to a downsizing plan, and he disavowed the notion that any actual plan already exists under wraps. Although projecting an annual reduction of 200-300 students for the immediate future, he indicated that Oakland could grow at a moment's notice if funding prospects should improve.

With the formal presentation of information completed, Mr. Eberwein initiated the question period by asking whether the non-academic affairs side of the university would share in responsibility for thoughtful reduction. Mr. Kleckner assured him, that it would, reminding people of adjustments in the mid 70s. Cutbacks would depend on specific needs, however; he foresaw no fewer lawyers on campus. Ms. Gerulaitis later declared herself pleased that an orderly process was envisaged for academic affairs but wondered whether similarly systematic planning was going on in non-academic offices. Not yet, according to Mr. Kleckner, but it would happen.

Mr. Christina, figuring that the real problem is to achieve a better match of expenses to budget, concluded that downsizing was only one solution. He inquired whether other possibilities had been considered, such as changing the balance of programs in favor of shifting enrollments to those that are

less expensive. Mr. Kleckner said he had considered this possibility but that every program costs money. Ms. Braun agreed that some programs are inherently more expensive than others but yet remain necessary academic offerings. Mr. Christina urged consideration of other options than downsizing. Mr. Tracy then introduced a series of questions: first among them a query as to whether anyone had yet done the type of analysis that would track what really happens when you lose a given number of students. He noted that incremental costs are associated with downsizing as well as upsizing. The APPC, which he chairs, has tried to think in these terms to be sure that cost savings could be realized in the short term. Mr. Kleckner agreed with him that the solution to the problem, initially, would not be easy. Question two concerned the effect of economics on enrollment. Mr. Tracy noted that Oakland's enrollment pattern tends to be countercyclical. In a strong state economy, such as the region has enjoyed for the past several years, Oakland has a hard time keeping its students when families can afford to send them away to school. A struggling state economy, on the other hand, tends to hold students here. He wondered whether people were keeping this pattern in mind. Were enrollments expected to hit 9600 next year, he speculated whether we would still be having this meeting or simply going ahead as before while relying on some eventual fiscal catch-up. Mr. Kleckner's response was that this university did indeed grow in the past when the economy was roiling, depending on tuition for growth. This, he suggested, might well be the origin of our current troubles, since tuition no longer pays faculty as it used to do.

Mr. Cardimen then tried a different tack, inquiring about the revenue stream coming in. Could its deficiencies be attacked through the political process? Definitely not, according to the provost. Mr. Kleckner reported that Oakland representatives have been told bluntly by key legislators to expect nothing done differentially for Oakland--or against it, either. There is no way we can gain on the system; ears in Lansing grow deaf and deaf. Referring to a concern he had raised in the Senate several months before, Mr. Williamson inquired about the level of support that would be provided to APPC members. Given all the responsibilities devolving on these worthies, he thought they should be assigned reduced course loads, adequate administrative support, and, pay for whatever work they must do over the spring and summer. When faculty members function as administrators, he reasoned, they should be compensated accordingly. Mr. Kleckner assured him that his office, among others, would be generating data for that committee's use. He did not envisage summer meetings. Mr. Williamson, recognizing that his comment might enrage his science colleagues, suggested that their projected new building represented a chance for cost saving. Mr. Kleckner replied that we have not argued for this new building on the basis of recent growth but find it necessary to serve the university at its current size--even its possibly smaller future size.

Mr. Dawson's memory of last year's APPC deliberations indicated that there is no way to cut costs across-the-board; the university must look closely at specific programs. His experience suggests that real opportunities exist for education graduates. Calling attention to external funding sources as supplements for state allocations, he wondered how the budget base could be increased. That question, according to Mr. Kleckner, raised another whole story, but not a wonderful one. Development funds, as he has found in serving on several boards, cannot be relied upon for general expenses such as paying regular salaries and carrying on operations. They serve to initiate experimental programs for the first few years, to buy equipment, and to provide new facilities. He agreed that Oakland could certainly take a look at prospects there.

Mr. Chipman inquired what goals the university has set for itself in terms of student/faculty ratio and dollars per student. He would like to see a goal set in those terms rather than simple enrollment tallies. Mr. Kleckner explained that it was not his purpose to sell the community on any specific number of students. The first target he proposed was simply to get us to about the middle of the state pack in terms of dollar per student. He would be happy to advance beyond that point eventually on the basis of

normal faculty/staff departures (hiring substitutes only as necessary to maintain programs in a healthy condition).

Questions then arose about attitudes elsewhere in the university. Mr. Ketchum asked whether an institutional consensus exists for the kind of movement the provost recommended for study or whether one part of the university would find itself having to sell a case to the president and the board. Mr. Kleckner, indicating that the issue has been discussed with board members, predicted that they might actually direct such a move in the next few months. This surprised Mr. Bartalucci, whose experience last year on a task force charged to study the tuition/fee structure showed the board hostile to tuition increases in a proportion that would reflect the actual value of an Oakland education to our potential pool of students. He wondered whether anything had happened to change attitudes. Mr. Kleckner acknowledged that board members have been very interested in holding tuition down but found them increasingly willing to redefine what they consider reasonable. Legislative attitudes have affected sentiments here. Key legislators now anticipate typical 13% tuition increases across the state if the governor's budget is adopted. They no longer threaten to cut allocations to institutions that raise tuition. One state university has already announced an increase, and all the others are expected to follow.

The concluding faculty comment came from Mr. Winkler, who confessed to sensations of *deja vu* that brought back memories of the ill-fated Classics program. He appreciated the civility characterizing this day's discussion but worried about looming contract negotiations, which can sometimes be less than civil. He urged that answers to key questions be provided as promptly as possible, specifically recurring to Ms. Gerulaitis's query about the kind of planning we can expect to see on the non-academic side of the university. He hoped for sustained openness over the next few months. So did Mr. Kleckner, who reiterated that his presentation was intended to initiate discussion rather than cut it off. This need not be the end of Senate deliberation. A year from now, be anticipated, the university should have an ongoing plan. On this hopeful note, he adjourned the meeting at 4:50 p.m.

Respectfully submitted
Jane D. Eberwein
Secretary to the Senate