

**Minutes of the Special Formal Meeting
of the
Oakland University Board of Trustees
November 2, 2005**

Present: Chair Penny Crissman; Vice Chair Dennis K. Pawley;
Trustees Henry Baskin, David J. Doyle, Jacqueline S. Long, and
Ann V. Nicholson

Absent: Trustees David T. Fischer and Rex E. Schlaybaugh, Jr.

Also Present: President Gary D. Russi; Vice Presidents Susan Davies Goepp,
Virinder K. Moudgil, and Mary Beth Snyder; General Counsel
and Secretary to the Board of Trustees Victor A. Zambardi and
Assistant Rhonda G. Saunders; Vice President for Finance and
Administration John W. Beaghan; and Student Liaisons James V.
Gammicchia and LaToya D. Hearn

A. Call to Order

Vice Chair Dennis K. Pawley called the meeting to order at 2:10 p.m. in the Ballroom of Meadow Brook Hall.

B. Roll Call

Mr. Victor A. Zambardi, General Counsel and Secretary to the Board of Trustees, conducted a roll call. All of the Board members were present except Trustees David T. Fischer and Rex E. Schlaybaugh, Jr. Chair Penny M. Crissman was present via teleconference.

C. Action Items

1. Approval of the Golf and Learning Center Operating Budget for Fiscal Year Ending December 31, 2006

Vice Chair Pawley stated that the two action items on the agenda were reviewed and discussed at the October 25, 2005 Finance, Audit and Investment Committee (Committee) meeting. He called on Mr. William M. Rogers, Golf and Managing Director, to present this item.

Mr. Rogers reported favorable golf activity results in October compared to projections. He stated that, based on preliminary revenue results, the year-end deficit amount may be \$20,000 less than projected.

Mr. Rogers reported the 2006 Golf Course Business Plan (Plan) is based on golf course access changes in various constituencies except for students, faculty, or staff, where access, greens and golf car fees remain at the 2005 levels.

Mr. Rogers reported a 2006 budget revenue increase of \$352,724, of which \$266,775 is from registration fees and \$86,000 is from additional greens fees, pre-paid golf fees, and golf car fees. The 2006 budget expenditures are anticipated to increase \$183,190 from the 2005 estimated year-end amount to cover \$30,000 in salaries, \$30,000 in irrigation repairs, \$54,000 in equipment grounds department purchases, and other line items. Capital expenditures also include a \$35,000 fuel tank replacement project and an \$8,933 first year of a three-year payment for unexpected equipment replacement.

Mr. Rogers presented the following recommendation for Board approval:

RESOLVED, that the Board of Trustees approves the Oakland University Golf and Learning Center Budget for the fiscal year ending December 31, 2006, with budgeted operating expenditures of \$2,642,622 and capital improvement expenditures and transfers of \$43,933; and, be it further

RESOLVED, that any expenditure level in excess of the approved amount that is not funded by a direct revenue increase must have the prior approval of the President or his designee and those amounts shall be reported on a periodic basis to the Board of Trustees.

Vice Chair Pawley asked if Mr. Rogers has had the opportunity to discuss the status and forecasts of golf courses with managers throughout Michigan. He also asked if the University is proposing the new model because of its optimistic programs. Mr. Rogers replied he has tracked the industry closely for seven years and discovered a lot of properties are either going bankrupt or being utilized for other purposes, which will increase the University's customer base and meet the needs of the changing customer. He also stated he believes the new Plan will have a positive impact on the community especially with 300 perspective new customers to be contacted.

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

2. Approval of the Oakland University Revised Fiscal Year 2006 General Fund Budget

Mr. John W. Beaghan, Vice President for Finance and Administration, stated the Fiscal Year 2006 General Fund Budget was submitted at the August Board meeting based on

a flat appropriation rate pending State completion of budget appropriations. He noted that since that meeting, the State approved \$2.6 million above the University's projected original appropriation, and the revised budget includes the following allocations:

• Faculty contractual commitment	\$ 300,000
• Financial aid enhancement	570,262
• Critical Needs Priority 2	373,614
• Critical Needs Priority 3	643,477
• Faculty position enhancement	<u>692,246</u>
Appropriation enhancement	\$2,579,599

Mr. Beaghan stated he also proposed that the budget include a restructuring of tuition and fees by consolidating the four mandatory student fees (general service fee, recreation fee, student activity fee, and course fee) into the tuition rate. He noted at that time that the Board had directed the administration to continue to develop and communicate the proposal to the students and the University community, which had been done. Mr. Beaghan stated, with the additional \$2.6 million appropriation, now is the time to fund the financial aid piece of the proposal while consolidating mandatory fees into tuition, which results in no net revenue increase to the University. He reported the following benefits from this proposal:

- Students save an average of \$41 per FYES.
- 56% of students will either not be affected or will save money.
- Over 600 students will benefit from the Michigan Education Trust (MET) program, since MET does not pay fees but will pay the higher tuition rate.
- All part-time, spring or summer students will benefit through the more equitable distribution of charges.
- Many financial aid students will benefit since some of the fees are not allowed in calculations for awards. Approximately 75% of students receive financial aid.
- The non-refundable portion of the general services fee will be eliminated.
- The student bill will be less confusing and easier to understand.

Mr. Beaghan informed the Board that the State reporting formula for tuition and fee rates is based on a resident undergraduate degree seeking student taking 15 credits in the fall term and 15 credits in the winter term. That student, as defined by the State, would actually have a 2.6% increase in their tuition cost for 30 credit hours a year. Alternatively, a similar student taking 12 credits in the fall term, 12 credits in the winter term, 3 credits in the spring term, and 3 credits in the summer term, for a total of 30 credits in the year, will save 3.7% in tuition or approximately \$200 per year.

Mr. Beaghan clarified for Vice Chair Pawley that 56% of the students will experience either no change or a reduction in tuition, while 44% carrying 15 credits or more would experience a slight tuition increase but may benefit after financial aid is considered.

Vice Chair Pawley asked Mr. Beaghan how the Legislature will view the University's consolidation of fees into tuition. Mr. Beaghan replied that, based on some initial discussions, he expects it will be received positively.

Mr. Beaghan explained for Trustee Baskin that the \$75 recreation center fee, \$21 student activity fee, and \$147 general service fee all meet the State of Michigan definition of mandatory fees. He noted that a few students have the option to waive the recreation center and student activity fees, and Dr. Mary Beth Snyder, Vice President for Student Affairs, explained that the only students eligible to waive fees take classes exclusively off-campus. She added approximately 1% of students, who are mostly graduate students, have taken this option.

Trustee Baskin commented that in essence the four mandatory fees are not being eliminated but re-categorized as tuition. Mr. Beaghan stated they are actually being called tuition and charged on a per credit hour basis versus per semester.

Trustee Baskin then asked how the MET students would be impacted, and Mr. Beaghan responded that the 600 MET students at Oakland University will receive more MET support than in the past, since MET only reimburses for tuition and not for fees.

Trustee Baskin asked how this concept originated, and Mr. Beaghan replied the Tuition and Fees Committee met for two years to discuss this proposal with various divisional administrators and student leadership representatives.

Chair Crissman reiterated that of the 44% of students who will experience a slight tuition increase, about 75% receive financial aid and would benefit from this proposal once the additional financial aid is applied. Based on that calculation, only 11% of students would pay more unless they chose to take fewer credit hours.

Vice Chair Pawley asked the Student Liaisons to comment on the proposal.

Student Liaison LaToya D. Hearn expressed her support for the proposal, noting that Mr. Beaghan thoroughly explained all issues concerning the proposal, which the Student Liaisons communicated to the student body. She stated there will be some students who will pay more because of the diverse ways that students take courses; however, it is a more equitable means of proportioning credit hours and the overall best plan for the common good of the majority of students and the University. Ms. Hearn added she believes the Board always considers the well being of the student body when making decisions of this nature.

Student Liaison James V. Gammicchia stated that as a third-party recipient he will benefit from consolidating fees into tuition. He noted, although there appears to be student support of the proposal benefits, the following concerns were raised:

- Once the plan is implemented, students will no longer be able to see what tuition increases encompass.
- Student voice on the student activity fee may be circumvented.
- With the possibility of mid-year State funding cuts, means of recovery of those funds is unclear.
- More time needs to be allotted to informing students about the proposal.

At this time, Vice Chair Pawley called on Mr. Michael McGuinness, Oakland University Student Congress President, who requested to address the Board.

Mr. McGuinness stated that consolidating mandatory fees into the tuition rate is an issue of pressing importance since it will impact all students to some degree, including their choices on when to take classes. He presented the following resolution adopted by the Student Congress on October 31, 2005:

**OAKLAND UNIVERSITY
STUDENT CONGRESS
A RESOLUTION
CR. 06-05**

Let it hereby be enacted by Oakland University student congress, on behalf of the students:

WHEREAS, Oakland University has for many years had separate line items on semester bills differentiating between tuition and associated fees; and

WHEREAS, University officials have proposed to combine these separate items into one line item called "Tuition"; and

WHEREAS, Vice President for Finance and Administration John Beaghan attended a University Student Congress Legislative Body Meeting on October 24, 2005, to inform the Congress of this proposed plan as well as answer questions; and

WHEREAS, Student Congress recognizes the positive intentions of the University administration and the Board of Trustees with these proposals; and

WHEREAS, many members of the University's Student Congress and the student body as a whole still have questions about and concerns with the proposal; and

WHEREAS, one of the fees that would be rolled into tuition, the Student Activities Fee, is set by the student body and not the Oakland University administration and would therefore become more difficult to adjust and to track; and

WHEREAS, financial aid circumstances for many students would be considerably altered in the middle of the main academic year, causing the potential for uncertainty and confusion; let it therefore be

RESOLVED, that the Oakland University Student Congress for the time being opposes the proposed rolling of tuition and fees; and further

RESOLVED, that the Oakland University Student Congress respectfully requests that the Oakland University Board of Trustees oppose said proposal when it is brought before them at their meeting of November 2, 2005; and further

RESOLVED, that the Oakland University Student Congress is open to a continuing dialogue with the Oakland University administration toward the end of reaching a common and knowledgeable understanding of the tuition and fees proposal and to that end, invites any University officials to attend a Congress meeting as guest speakers; and further

RESOLVED, that this resolution shall be publicized extensively to the student body by Public Relations Agent Krupa Ujla and her Publicity Committee, as well as publicizing the appearance of any guest speakers on this topic; and further

RESOLVED, that a copy of this resolution be forwarded to Board of Trustees Student Liaisons James Gammicchia and LaToya Hearn, University President Dr. Gary D. Russi, and Vice President for Finance and Administration John Beaghan.

Mr. McGuinness then expressed the following student concerns:

- With winter term registration commencing on November 7, students are concerned about the impact on their current course and financial plans.
- The Financial Aid Office will have a much abbreviated time frame in which to repackage financial aid for students, which may have confusing implications for many students.
- There is uncertainty on what the new bill will encompass.
- Full-time students will have to pay more tuition per credit hour than part-time students.

Mr. McGuinness added that students support the overall “theory” of consolidating fees into tuition, but are concerned about the timeliness and the current method of implementation.

Trustee Nicholson noted that the Board received an e-mail regarding the high cost of mandatory fees from the husband of a part-time student with three small children who is taking one engineering class at a time. The concern was that, because of her home obligations, the student cannot take advantage of any of the extracurricular activities she is paying for at a total tuition and fees cost of over \$1,000 per class.

Ms. Hearn commented she believes the proposal is more equitable for the student body as a whole and that the adjustments will not cause major confusion. She noted it is more confusing to see multiple entries on the student bills.

Trustee Doyle commented the proposal is to return to the way universities formerly charged tuition. He recalled that in the 1980's and 1990's separate fees were added to student bills as a way to boost revenue without increasing tuition. Trustee Doyle stated the University has gone from a point where students were paying their fair share cost to a point where part-time students are paying an inequitable amount. He added that more students are taking longer to graduate by taking 12 credits instead of 16 credits a semester and attending more in spring and summer. Trustee Doyle expressed support for this proposal, especially given the number of commuter and part-time students who attend Oakland University.

Trustee Nicholson stated she understood student concern over the timeliness of the proposal, since some students will experience an increase and may not have enough time to adjust. Mr. Beaghan explained that for the students taking 15 credits in Fall and 15 credits in winter, the 2.6% increase is about \$170 per year; however, with implementation mid-year it would be \$85 prior to application of financial aid.

Ms. Hearn stated she believes proper communication to the students will result in a smooth transition and that an additional \$85 will not change a student's mind on whether to take 12 credits or 8 credits.

Trustee Long commented she believes there was thorough discussion in the summer about this proposal, which should have allowed enough time for appropriate understanding of the change.

Mr. Beaghan explained for Trustee Baskin that if the current funds used for mandatory fees needed to be increased in the future, it would be in the form of a tuition increase in the future.

Trustee Doyle asked if the proposal poses a timing problem in making financial aid adjustments. Ms. Cindy L. Hermsen, Director of Financial Aid, replied that, after reviewing the increased costs to financial aid recipients and funding to cover those costs for the winter semester, it was determined that there will be enough time to make those adjustments by December.

Trustee Baskin asked if the third-party providers accept fees as part of tuition, and Ms. Hermsen responded the MET contract provides for that coverage. She explained that fees plus tuition are the true cost of education, and the intention of third-party providers like MET is to assist students to attend school, including all parts of the cost of education.

Trustee Doyle, seconded by Trustee Nicholson, moved approval of the motion. The motion was approved with five affirmative votes and one negative vote by Trustee Baskin.

At this time, Trustee Baskin referred to the \$643,477 in faculty position enhancements included in the revised General Fund Budget. He recalled a prior Board discussion on whether the University can afford to continue to grow enrollment and whether a business plan is needed to address that concern. President Russi replied the University is currently committed to developing such a plan. Vice Chair Pawley added there was significant discussion about this topic at the Committee and Board meetings where Dr. Virinder K. Moudgil, Vice President for Academic Affairs and Provost, explained the process he used to determine the number of faculty positions needed. Vice Chair Pawley added that critical needs were also discussed at those meetings, in view of the State's economic condition and the University's future infrastructure needs.

D. Other Items that May Come Before the Board

There were no other items presented to the Board.

VI. Adjournment

Vice Chair Pawley adjourned the meeting at 3:05 p.m.

Submitted,

Approved,

Victor A. Zambardi
Secretary to the Board of Trustees

Dennis K. Pawley
Vice Chair, Board of Trustees