

**Minutes of the Special Formal Meeting
of the
Oakland University Board of Trustees
July 24, 2006**

Present: Chair Penny M. Crissman; Vice Chair Dennis K. Pawley;
Trustees Henry Baskin, David J. Doyle, David T. Fischer,
Jacqueline S. Long, Ann V. Nicholson, and Rex E. Schlaybaugh, Jr.

Also Present: President Gary D. Russi; Vice President John W. Beaghan;
General Counsel and Secretary to the Board of Trustees
Victor A. Zambardi and Assistant Rhonda G. Saunders; and Student
Liaisons Frederick A. DeNault and James V. Gammicchia

A. Call to Order

Chair Penny M. Crissman called the meeting to order at 8:31 a.m. in the Auditorium of Elliott Hall of Business and Information Technology.

B. Roll Call

Mr. Victor A. Zambardi, General Counsel and Secretary to the Board of Trustees, conducted a roll call. Chair Penny M. Crissman, Vice-Chair Dennis K. Pawley, and Trustees David J. Doyle, David T. Fischer, Jacqueline S. Long, and Rex E. Schlaybaugh, Jr. were present; Trustee Ann V. Nicholson was present via teleconference; and Trustee Henry Baskin joined the meeting via teleconference when indicated in the minutes.

C. Reports

D. President's Report

President Gary D. Russi reported the following information:

- Ms. Stephanie J. Lee, Assistant to the Vice President for Academic Affairs and Provost, was recognized as the May Employee of the Month for her dedicated service and contributions to the campus community.
- Lieutenant Melvin E. Gilroy was recognized as the 2006 Outstanding AP Award recipient for his extraordinary effort in support of the institutional mission and Strategic Plan, spirit of cooperation, and University and community service.

- Dr. Vincent Khapoya, Professor of Political Science, and Ms. Petra Knoche, Assistant Director of International Students and Scholars, were recognized as the Presidential Diversity Award recipients for promoting diversity on campus.

Tab 1. 2006 Annual Diversity and Affirmative Action Plan Report

Ms. Joi M. Cunningham, Director of University Diversity & Compliance (UDC), presented the following report highlights:

UDC recently completed an extensive audit of the University's Affirmative Action Plan. The audit resulted in a reduction of faculty job groups from 18 to 3 that mirror the stages of the promotion and tenure process. Staff job groups were reduced from 20 to 8.

Using the new University job groups, UDC conducted the utilization analysis on whether or not a job group is "utilized" or a placement "goal" must be set based upon a comparison of the University's actual work force, with "available" work force derived from the U.S. Government Census data and from the National Organization for Research at the University of Chicago (NORC).

Oakland University (University) is doing very well in meeting all of its faculty goals with the exception of Full Professors where 24 women Full Professors are needed to become fully utilized in that job group, although becoming a Full Professor is completely discretionary and tenure is achieved at the Associate Professor level.

The University is doing very well in recruiting and retaining staff, especially women staff. The University is also generally successful with minority staff; however, more work is needed to recruit blacks and other minorities into some particular job groups. Slightly more women and minorities are leaving than joining, but exit interviews indicate it has nothing to do with diversity concerns, but rather other job opportunities. Most staff promotions occurred in the Student Services and Administrative Assistants job groups, with a large majority going to women.

UDC also looks at specific underutilized staff job groups and added the following sources to its already comprehensive list of advertising and recruiting resources:

- Alumni Chapter of the National Society of Black Engineers;
- Black Alumni Chapter of the Oakland University Alumni Association;
- Chinese Association of Greater Detroit;
- Ann Arbor Taiwanese Association;
- Asian Pacific Chamber of Commerce;
- Council of Asian Pacific Americans;
- Michigan Indian Community;
- Network of Indian Professionals;
- Michigan Hispanic Chamber of Commerce; and
- Hispanic Business Alliance.

Specific diversity metrics were implemented to the performance appraisals of all University Executives and Deans.

Ms. Cunningham then mentioned a few of the other diversity initiatives implemented by UDC during the reporting period.

Ms. Cunningham concluded that the University's efforts to recruit, hire, promote and retain women and minority faculty and staff was very successful, and UDC will continue to seek ways to enhance diversity across the University.

Trustee Pawley commented that the report indicates some improvement over last year, and he asked how UDC benchmarks against diversity performance of other State of Michigan (State) universities. Ms. Cunningham replied, although comparative affirmative action statistics are limited, based on data supplied to the National Education Center on Statistics, the University is doing quite well in comparison with the other State universities. For example, in terms of black full-time faculty, the University ranks fourth behind only Wayne State University, University of Michigan-Flint, and Eastern Michigan University. She added more focus is needed to encourage women to seek full professorships and recruiting more black and other minority staff members.

Chair Crissman thanked Ms. Cunningham for her report.

Tab 2. Meadow Brook Hall Budget Status Report

Mr. Geoffrey C. Upward, Interim Director of Meadow Brook Hall (Hall), reported the following all-funds budget highlights for the Hall:

- Non-Meadow Brook Concours d'Elegance (Concours) revenue and expenses through May 2006 are basically within expected ranges.
- Net Concours revenue estimates for 2006 have been reduced by \$75,000, due to reduced Concours usage resulting in a projected budget deficit of \$18,000 for the 2006 calendar year. With catering activity, the Hall expects to break even by year end.
- The Wilson Fund preservation project is on track and scheduled for completion in October.
- A full facility maintenance and preservation assessment will be conducted by the Smith Group in late summer.
- The Hall plans to build an endowment to accommodate any annual maintenance and preservation costs.

Mr. Upward asked the Board if they are comfortable enough with the Hall's budget and operational status to return to an annual reporting process. Trustee Schlaybaugh

replied he would prefer to see the Smith Group report first to determine how ongoing maintenance and preservations will be funded.

Chair Crissman thanked Mr. Upward for his report.

Tab 3. Annual Public School Academies Report

Ms. Gloria M. Bracciano, Director of Public School Academies and Urban Partnerships (PSA), stated that the PSA office is in its tenth year of chartering public school academies, and it has maximized all of its allowable eight charters. She reported the following PSA highlights:

- Edison Public School Academy was chosen the winner of the Michigan Association of Public School Academies (MAPSA) 2005 School of Excellence award and received a \$100,000 Skillman Foundation Grant this year.
- Star International Academy and Universal Academy, managed by Hamadeh Educational Services, were selected amongst the top 15 exemplary charter schools in the nation this year, and are eligible for an award up to \$6 million to replicate their schools.
- Weston Technical Academy has implemented individual student development plans.
- Academy of Michigan has implemented the Helping One Student to Succeed (HOSTS) Program to provide academic support to students.
- Detroit Academy of Arts and Sciences has participated in an active partnership with the School of Education and Human Services faculty and is providing a venue for field placements and classroom instruction for Oakland University students. In addition, three of their students were chosen as scholarship winners for the educational scholarship this year.
- Dove Academy has initiated free after school tutoring and summer school for Grades 3 through 6.
- Nsoroma Institute is providing an African-centered approach to education and instituted the Shamba 4-H Club to maintain their school's organic vegetable garden. They are currently working on a grant for a hoop house for their school.

Chair Crissman thanked Ms. Bracciano for her report.

E. Action Items

Tab 4. Consent Agenda

Chair Crissman removed Tab 9. Adoption of Academic Calendar for 2007-2008 from the Consent Agenda, and presented the remainder of the Consent Agenda items to the Board for approval.

Tab 5. Approval of the Minutes of the Formal Meeting of June 7, 2006

Tab 6. Approval of University Personnel Actions

New Appointments, effective August 15, 2006

Battles, Kathleen M., Assistant Professor of Communication (\$48,000.00) (New appointment filling a vacant authorized position)

Chen, Yu, Instructor in Marketing (\$90,725.00) (New appointment filling a vacant authorized position)

Dinda, Sumit, Assistant Professor of Medical Laboratory Sciences (\$55,000.00) (New appointment filling a newly authorized position)

Drignei, Dorin, Assistant Professor of Statistics (\$60,000.00) (New appointment filling a vacant authorized position)

Edwards, Kyle, Instructor in English (\$43,349.00) (New appointment filling a vacant authorized position)

Filler, Stephen L., Assistant Professor of Japanese (\$47,500.00) (New appointment filling a newly authorized position)

Free, Donna D., Special Instructor in Accounting (\$65,000.00) (New appointment filling a vacant authorized position)

Garraway, Garbette M., Assistant Professor of Education (\$52,000.00) (New appointment filling a vacant authorized position)

Harris, Margaret, Assistant Professor of Nursing (\$65,000.00) (New appointment filling a vacant authorized position)

Hoffman, Frederick G., Special Instructor in Legal & Ethical Studies (\$65,000.00) (New appointment filling a vacant authorized position)

Juettemeyer, Tricia, Assistant Professor, Kresge Library (\$40,000.00) (New appointment filling a newly authorized position)

Kerrigan, Nessian J., Assistant Professor of Chemistry (\$56,000.00) (New appointment filling a vacant authorized position)

Kim, Dong-Hun, Instructor in Political Science (\$43,062.00) (New appointment filling a vacant authorized position)

New Appointments, effective August 15, 2006 (continued)

Laam, Kevin, Assistant Professor of English (\$47,300.00) (New appointment filling a vacant authorized position)

Liedka, Raymond V., Assistant Professor of Sociology (\$48,000.00) (New appointment filling a newly authorized position)

Maher, Sara F., Assistant Professor of Physical Therapy (\$50,000.00) (New appointment filling a vacant authorized position)

Martin, Craig E., Assistant Professor of History (\$48,000.00) (New appointment filling a vacant authorized position)

Motyka, Carrie L., Instructor in Nursing (\$62,075.00) (New appointment filling a vacant authorized position)

Neely, Lynn C., Assistant Professor of Psychology (\$50,000.00) (New appointment filling a newly authorized position)

Ostergaard, Lori A., Instructor in Rhetoric (\$43,062.00) (New appointment filling a newly authorized position)

Pepin, Marie-Eve, Assistant Professor of Physical Therapy (\$50,000.00) (New appointment filling a vacant authorized position)

Qian, Hong, Instructor in Finance (\$94,500.00) (New appointment filling a vacant authorized position)

Raman, Lakshmi, Assistant Professor of Psychology (\$50,000.00) (New appointment filling a newly authorized position)

Seymour, Ruth Ann, Assistant Professor of Journalism (\$50,000.00) (New appointment filling a vacant authorized position)

Shin, Sunwoo, Assistant Professor of Education (\$48,000.00) (New appointment filling a newly authorized position)

Stoffan, George C., Assistant Professor of Music (\$48,500.00) (New appointment filling a vacant authorized position)

Wooddell, Victor D., Assistant Professor of Education (\$49,000.00) (New appointment filling a vacant authorized position)

Wren, Patricia W., Assistant Professor of Wellness, Health Promotion & Injury Prevention (\$55,000.00) (New appointment filling a newly authorized position)

New Appointments, effective August 15, 2006 (continued)

Youngquist, Jeffrey, Instructor in Communication (\$46,000.00) (New appointment filling a newly authorized position)

Yu, Shuishan, Instructor in Art History (\$43,062.00) (New appointment filling a vacant authorized position)

Zhang, Ning, Assistant Professor of Biological Sciences (\$55,000.00) (New appointment filling a newly authorized position)

Administrative Appointments

Machmut-Jhashi, Tamara, Interim Assistant Provost, effective July 10, 2006 (\$73,000.00) pursuant to the Employment Agreement between Dr. Tamara Machmut-Jhashi and Oakland University that was reviewed and approved by the Office of the General Counsel and is in compliance with the law and University policies and regulations and conforms to the legal standards and policies of the Board of Trustees.

Department Chairs

<u>Department</u>	<u>Chair</u>	<u>Term</u>
Art & Art History	Andrea Eis	August 15, 2006-August 14, 2009 (1 st term)
Chemistry	Mark W. Severson	August 15, 2006-August 14, 2009 (2 nd term)
History	Karen A. J. Miller	August 15, 2006-August 14, 2009 (1 st term)
Mathematics & Statistics	Louis J. Nachman	August 15, 2006-August 14, 2009 (2 nd term)
Modern Languages & Literatures	Christopher R. Clason	August 15, 2006-August 14, 2009 (1 st term)
Physics	Andrei N. Slavin	August 15, 2006-August 14, 2009 (1 st term)

Department Chairs (continued)

Rhetoric, Communication & Journalism	Sharon L. Howell	August 15, 2006-August 14, 2009 (2 nd term)
Sociology & Anthropology	Albert J. Meehan	August 15, 2006-August 14, 2009 (1 st term)

Change of Status

Mabee, Barbara U., from Professor of German and Chairperson, Department of Modern Languages & Literatures to Professor of German, effective August 15, 2006.

Maines, David R., from Professor of Sociology and Chairperson, Department of Sociology & Anthropology to Professor of Sociology, effective August 15, 2006.

Mili, Fatma, from Professor of Engineering to Professor of Engineering and Interim Chairperson, Department of Computer Science & Engineering, effective August 15, 2006.

Osthaus, Carl R., from Professor of History and Chairperson, Department of History to Professor of History, effective August 15, 2006.

Schwartz, Robert M., from Professor of Education and Chairperson, Department of Reading and Language Arts to Professor of Education, effective August 15, 2006.

Wood, Susan E., from Professor of Art History and Chairperson, Department of Art & Art History to Professor of Art History, effective August 15, 2006.

Faculty Reappointments

The faculty agreement requires that certain reviews for possible reemployment and promotion be completed by August 15. The following recommendations are made by the President. Standard review processes were followed.

Reappointments (with Tenure)

1. Assistant Professors eligible for promotion to the rank of associate professor, effective August 15, 2006.

Aigbedo, Henry O.	Decision & Information Sciences	Reemploy & Promote
Bouchaffra, Djamel	Computer Science & Engineering	Do Not Reemploy
Bryant-Friedrich, Amanda C.	Chemistry	Reemploy & Promote
Deng, Xiadong	Decision & Information Sciences	Reemploy & Promote
Goody, Stephen G.	Art & Art History	Reemploy & Promote
Hay, Kellie D.	Rhetoric, Communication & Journalism	Reemploy & Promote
Javorsky, James	Human Development & Child Study	Reemploy & Promote
Kitchens, Marshall W.	Rhetoric, Communication & Journalism	Reemploy & Promote
Kobus, Krzysztof J.	Mechanical Engineering	Reemploy & Promote
Kruk, Serge G.	Mathematics & Statistics	Reemploy & Promote
Matthews, Weldon C.	History	Reemploy & Promote
Miree-Coppin, Cynthia E.	Management & Marketing	Reemploy & Promote
Mitchell, Anne M.	Nursing	Reemploy & Promote
Penprase, Barbara B.	Nursing	Reemploy & Promote
Rieger, Ingrid	Modern Languages & Literature	Reemploy & Promote
Ruegg, Erica	Human Development & Child Study	Reemploy & Promote
Schweitzer, Linda	Chemistry	Reemploy & Promote
Scott, Chaunda	Human Resource Development	Reemploy & Promote
Sifonis, Cynthia M.	Psychology	Reemploy & Promote
Smith, Lorenzo M.	Mechanical Engineering	Reemploy & Promote

Reappointments (Probationary) – Effective August 15, 2007, through August 14, 2009.

1. Assistant Professors eligible for reemployment to second, two-year probationary terms as assistant professor.

Bekele, Getnet	History	Reemploy
Benken, Babette M.	Teacher Development & Educational Studies	Reemploy
Chaney, Michael P.	Counseling	Reemploy
Creighton, Douglas S.	Health Sciences	Reemploy

Reappointments (Probationary) – Effective August 15, 2007, through August 14, 2009.

1. Assistant Professors eligible for reemployment to second, two-year probationary terms as assistant professor (continued).

Flumerfelt, Shannon R.	Educational Leadership	Reemploy
Hasanov, Fuad	Economics	Reemploy
Johnson, Eileen S.	Educational Leadership	Reemploy
Kim, Dae-Kyoo	Computer Science & Engineering	Reemploy
Kim, Young J.	Teacher Development & Educational Studies	Reemploy
Kondratek, Melodie D.	Health Sciences	Reemploy
Larrabee, Timothy G.	Teacher Development & Educational Studies	Reemploy
Majeske, Karl	Decision & Information Sciences	Reemploy
Palmer-Mehta, Valerie P.	Rhetoric, Communication & Journalism	Reemploy
Parfitt, Diane L.	Counseling	Reemploy
Qu, Xianggui	Mathematics & Statistics	Reemploy
Reygaert, Wanda C.	Health Sciences	Reemploy
Roytek, Margaret A.	Human Resource Development	Reemploy
Schiele, Joseph	Decision & Information Sciences	Reemploy
Serocki, James S.	Accounting & Finance	Reemploy
Sullivan, Jennifer L.	Modern Languages & Literatures	Reemploy
Switzer, Anne T.	Kresge Library	Reemploy

2. Assistant Professors eligible for reemployment to final two-year probationary terms as assistant professor.

Aloi, Daniel N.	Electrical & Systems Engineering	Reemploy
Baillargeon, Claude	Art & Art History	Reemploy
Chang, Yin-Ping	Mechanical Engineering	Reemploy
Chavez, Ferman A.	Chemistry	Reemploy
Debnath, Debatosh	Computer Science & Engineering	Reemploy
Discenna, Thomas A.	Rhetoric, Communication & Journalism	Reemploy
Dulio, David A.	Political Science	Reemploy
Galloway, Kathleen M.	Health Sciences	Reemploy
Ingram, Ilene L.	Educational Leadership	Reemploy
Larson, Cathy A.	Health Sciences	Reemploy
Li, Ledong	Reading & Language Arts	Reemploy
Lombardo, Sylvie A.	Psychology	Reemploy
Lose, Mary K.	Reading & Language Arts	Reemploy
MacDonald, Michael G.	Teacher Development & Educational Studies	Reemploy

Reappointments (Probationary) – Effective August 15, 2007, through August 14, 2009.

2. Assistant Professors eligible for reemployment to final two-year probationary terms as assistant professor (continued).

Malec, Mariah E.	Music, Theatre & Dance	Reemploy
McGinnis, Debra Q.	Psychology	Reemploy
McGlothlin, Charles W.	Health Sciences	Reemploy
Morrison, Linda J.	Sociology & Anthropology	Reemploy
Rigstad, Mark A.	Philosophy	Reemploy
Slater, Robert S.	Kresge Library	Reemploy
Smith, Laureen H.	Nursing	Reemploy
Trumbore, Peter F.	Political Science	Reemploy
Tyler, Catherine L.	Management & Marketing	Reemploy
Zou, Qian	Mechanical Engineering	Reemploy

3. Special Instructors eligible for reemployment to second, two-year probationary terms as special instructor.

Gaydos, Rebecca L.	Linguistics	Reemploy
Talbert, Elizabeth J.	Rhetoric, Communication & Journalism	Reemploy

4. Special Instructors eligible for reemployment to final, two-year probationary terms as special instructor.

Breidenbach, Cathleen	Rhetoric, Communication & Journalism	Reemploy
Jordan, Danny	Music, Theatre & Dance	Reemploy
Kietlinska, Kasia G.	Rhetoric, Communication & Journalism	Reemploy
McClure, Jimmy T.	English	Reemploy
Saed, Ghassan M.	Chemistry	Reemploy
Suda, Thomas M.	Music, Theatre & Dance	Reemploy

Tab 7. Recommendation to Accept Gifts to Oakland University for the Period of May 1 through June 30, 2006 and to Accept Grants and Contracts to Oakland University for the Period of May 1 through June 30, 2006

(A copy of the gifts, grants and contracts is on file in the Board of Trustees Office.)

Tab 8. Approval of Board Member for Public School Academy

WHEREAS, the Board of Directors of the **Edison Public School Academy** nominated Andre Watson for reappointment for a three-year term to expire on August 2, 2009; and

WHEREAS, Andre Watson meets the requirements of the Oakland University Board of Trustees and applicable law; now, therefore, be it

RESOLVED, that the Oakland University Board of Trustees hereby approves Andre Watson for reappointment to the Board of Directors of the Edison Public School Academy for a three-year term to expire on August 2, 2009; and, be it further

RESOLVED, that all resolutions and parts of resolutions in conflict with this resolution shall be and hereby are rescinded to the extent of such conflict.

Trustee Fischer, seconded by Trustee Long, moved approval of the Consent Agenda. The motion was unanimously approved by those present.

F. Action Items

Tab 10. Approval of Renewal of Charter and Addition of Preschool for Edison Public School Academy

Ms. Bracciano stated Board approval is requested of a charter renewal for Edison Public School Academy (Edison) for an additional six-year term. In addition, the PSA office has reviewed Edison's proposed preschool curriculum, finds it to be consistent with the Michigan Department of Education requirements and the University's educational mission, and requests Board approval to add preschool to Edison's curriculum.

Ms. Bracciano presented the following recommendation for Board approval:

WHEREAS, the Board of Trustees approved the Academy's original Agreement to Organize and Administer a Public School Academy on February 6, 1997; and

WHEREAS, the Board approved the renewal of the Academy's Agreement on June 30, 2001; and

WHEREAS, the Board approved an amendment to the Agreement to reflect a change in location of the physical plant on September 17, 2004; and

WHEREAS, the Academy is in good standing with the University and is in compliance with Michigan Department of Education requirements; and

WHEREAS, the preschool curriculum for the Academy complies with Michigan Department of Education requirements and applicable law;

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Board hereby approves the Academy's applications to renew its charter and to add preschool to the curriculum.

2. The Board hereby approves the Restated Agreement to Organize and Administer a Public School Academy attached hereto as Exhibit A for a term no longer than 10 years from the date of this resolution.

3. All resolutions and parts of resolutions in conflict with this resolution shall be and hereby are rescinded to the extent of such conflict.

Trustee Doyle, seconded by Trustee Pawley, moved approval of the recommendation. The notion was unanimously approved by those present.

Tab 11. Approval of the Oakland University General Fund Budget and Tuition and Fee Rates for Fiscal Year 2007

Mr. John Beaghan, Vice President for Finance and Administration, presented highlights from a PowerPoint presentation General Fund Budget data:

- Base State Appropriations FY 1996-2006. An 11 year history from the Audited Financial Statements and revised FY 2006 General Fund Budget reflects the University's base State appropriations, growth in the late 1990's, and allocation cuts over several years.

Trustee Schlaybaugh asked what the University's effective compound percentage growth rate is from 1996 to 2006. Mr. Beaghan estimated that figure to be 27% to 30% over that 11 year period.

- FY 2006 Base Appropriations per FYES Resident Undergraduate Students. The University is ranked second from the bottom, next to Grand Valley State University, in base appropriation per FYES. Wayne State University maintains the highest ranking in this category.
- FYES Enrollment and Base Appropriation per FYES. An 11 year comparison of the University's enrollment and State appropriations shows an enrollment increase from 10,105 to 14,247 FYES, while appropriations decreased from \$4,112 to \$3,713 per FYES. The University's enrollment grew to accommodate both base and appropriation cuts.
- FY 2006 Tuition and Required Fees Resident Students – per FYES (State Reported Undergraduate Rates). Based on a State reported model, the University resident undergraduate rates are sixth lowest in the State at \$6,361 per year.
- FY 2006 Tuition and Required Fees Resident Students – per FYES (Lower Division Undergraduate Rates). The University's lower division undergraduate rates rank fourth lowest in the State next to Central Michigan University, Northern Michigan University, and Saginaw Valley State University. Central Michigan University's new tuition model will place it at a higher ranking next year.

Mr. Beaghan clarified for Trustees Fischer and Doyle that Central Michigan University's 18% increase is for a five-year period to be implemented in the first year, which will place the University third in FY 2007 with the proposed 7.97% tuition increase. Mr. Beaghan explained that Central Michigan University's program, called the "CMU Promise" includes a very large tuition increase that is guaranteed for a five-year period so that incoming freshmen who stay enrolled in the program will not be assessed a tuition increase each of those next four years. He added it basically results in a 3.6% increase per each of the five years.

- Michigan Universities 10-Year Change (FY 1996-FY 2006) in Resident Student Tuition and Required Fees. A 10 year history of tuition and required fees within the State ranks the University third lowest in tuition increases.
- Michigan Universities FY 2006 Total Tuition and Required Fees and State Appropriation per FYES. Based on State appropriation and tuition and required fees, only Grand Valley State University and the University of Michigan-Dearborn rank lower than the University in reliance on appropriations.

Trustee Schlaybaugh asked if the University of Michigan-Dearborn is growing as fast as the University, and Mr. Beaghan replied they are not, which is part of the reason why the University's appropriation per student has decreased. Trustee Pawley added since the University's appropriations have decreased over the last two years, the only recourse has been to grow enrollment.

- Financial Stewardship Budget Reductions and Cost Containment Cumulative FY 2003-2006. One-time budget reductions and cost containment measures between FY 2003 and FY 2006 resulted in \$8.5 million in budget reductions and cost containment. Base budget reductions and cost containment totaled \$13,496,349 for the four-year period. These savings were due to initiatives such as position eliminations, budget restructure, and energy conservation measures.
- FY 2007 General Fund Budget Summary. A 3.4% appropriation increase is expected to be approved by the State this week. A 4.16% enrollment increase is projected for FY 2007, and a 7.97% tuition increase is proposed for resident undergraduate students, recognizing there are no fees or hidden charges included in tuition. A financial aid increase of an additional \$1.2 million is proposed for FY 2007, for a 13% increase over FY 2006.

Trustee Fischer expressed concern about how some universities are reporting their tuition increases, and he questioned how an accurate comparison can be made based on those reports. Mr. Beaghan replied that the University's data is based on Audited Financial Statements, Board-approved budgets, and the State Higher Education Institutional Data Inventory (HEIDI) reporting model.

- FY 2007 Tuition and Required Fees Dollar Increases. The University's proposed 7.97% tuition increase equates to a \$507 annual increase falling in the middle of proposals from the other State universities.
- FY 2007 Tuition and Required Fees Resident Students – per FYES (State Reported Undergraduate Rates). The University ranks fifth behind Central Michigan University in FY 2007 tuition and required fees for resident students per FYES.

Trustee Baskin joined the meeting via teleconference at this time.

- FY 2007 General Fund Base Budget Changes. The FY 2007 General Fund Base Budget includes revenue from appropriations, tuition, some fees, and other sources. The revenue reflects a proposed 4.16% enrollment growth, 7.97% tuition increase, and \$1.2 million financial aid increase. Expenditures include \$4.2 million in fee elimination funding, \$4.2 million in compensation growth, \$2.9 million in academic programs, \$636,988 in utilities, \$300,000 in deferred maintenance, and \$175,000 in minimum wage and postage increases.

Trustee Schlaybaugh stated he is very pleased that additional deferred maintenance funds are included in the budget, and he asked for an estimate of the University's depreciation expense. Mr. Beaghan replied it is about \$11 million, but only \$1 million is currently budgeted for deferred maintenance. He noted the \$300,000 increase approved by the Board last year, plus the proposed \$300,000 for FY 2007, equals a total of \$1.3 million budgeted for deferred maintenance, which is funded by a Board-approved \$5 million quasi-endowment created a number of years ago. Mr. Beaghan added the University is currently conducting a facilities analysis that will include deferred maintenance liability.

Trustee Schlaybaugh then asked why deferred maintenance is only funded at \$1.3 million since there may be long-term systemic problems given the pressure on State funding. Mr. Beaghan agreed that \$1.3 million is not enough to address deferred maintenance, but noted that additional deferred maintenance funding could result in additional tuition increases and cost cutting measures.

Trustee Baskin questioned the University's enrollment growth decision noting the students are, in essence, paying for that growth and the disproportionate State allocation. Trustee Baskin stated he understands the need to support the infrastructure, but that cost impacts the students. He added that he is concerned with how that will impact students or parents who are unemployed.

Trustee Fischer commented that over the 14 years that he has served on the Board, he has watched the University continually fall further behind in State appropriations, while maintaining the lowest tuition increases. He stated the students are being asked to help

pay for their education in a larger percentage; however, every time the University's infrastructure needs repairs or updates the University either has to pursue bonds or borrow money with interest. He added the variable growth of student tuition is what keeps the University alive, and without it the University would be further in debt. Trustee Fischer reminded Trustee Baskin that when the two of them joined the Board, the State allocation was about 70% of the University's budget. Unfortunately, that percentage has dropped to 37% today.

Trustee Fischer also noted that the University of Michigan is seeking a 5.6% tuition increase, which is actually only for the School of Literature first-year freshmen, while its other schools are proposing up to 11% tuition increases.

Trustee Baskin agreed there are a lot of disguises in the proposed tuition increases and he commended the University for maintaining the lowest tuition rates in the State.

Trustee Pawley stated that over the course of the last six month, Board members individually spent considerable time reviewing the strategic plan with President Russi and the Vice Presidents, and that the plan supported enrollment growth along with an increased tuition to meet the University's strategic initiatives. He commented the Board has a fiduciary responsibility to keep tuition as low as possible while protecting the physical assets and the technical capabilities of the University, and the Board would be neglectful of that duty if it did not consider the requirements to maintain and improve the quality of education offered to the students. He added that although he would like to propose a lower tuition increase, he believes the 7.97% tuition increase a reasonable amount to meet those needs.

Trustee Schlaybaugh stated that the proposed budget and range of tuition increases was reviewed in detail by the Finance, Audit and Investment Committee (Committee) several months ago. He expressed concern about the comparison of FYES and that somehow the University is being shortchanged, when the University actually set the growth rate that drives State allocation per FYES down. He stated, however, that he believes the proposal is very responsible and, in fact, he could support a higher increase to invest in the long-term infrastructure of the University.

Trustee Fischer reiterated that even with the tuition increase, the University still remains in the bottom third of Michigan universities in total tuition costs for in-state residents.

Chair Crissman informed Trustee Baskin that the Board was provided a new informational chart at the beginning of the meeting indicating where the University ranks with the proposed tuition increases to date. Trustee Baskin responded that he would have to abstain from the vote since he has not seen the additional chart that may have new information to support the proposal. Trustee Baskin left the meeting at this time.

Mr. Beaghan presented the following recommendation for Board approval:

WHEREAS, with the close of FY 2006, the new General Fund Budget and Tuition and Fee Rates for FY 2007 require Board of Trustees approval; now, therefore, be it

RESOLVED, that the Board of Trustees approve the FY 2007 General Fund Budget at an expenditure level of \$156,306,908 (see Attachment B for detail) and approved encumbrances and carry forwards from the June 30, 2006 fund balance; and, be it further

RESOLVED, that the Board of Trustees approve the Schedule of Tuition and Fee Rates, effective Fall Semester 2006 attached hereto as Attachment C; and, be it further

RESOLVED, that the Board of Trustees approve the spending of general fund revenues generated from any enrollment in excess of that budgeted to adequately cover the instructional, programmatic and operating expenditures necessary to support higher than budgeted enrollment levels.

Trustee Schlaybaugh noted the budget charts for the individual college and schools reflect a decline in grant dollars, and he asked what the University proposes to increase grant revenue and if the University plans to tie grant performance to the allocation of new resources. President Russi replied that the entire research operation is being restructured, and a new research officer has been hired to provide research leadership throughout the University. He noted the Provost is also working with the Deans to identify ways to increase grant support, for example, through hiring key faculty who can compete for extramural funds. Trustee Schlaybaugh requested that a periodic report be presented to the Committee on grant performance by department, college, and school.

Chair Crissman stated that, although she does not want to place this burden on the students, after further evaluation of the University's infrastructure and with the current State economy, she supports the tuition increase proposal in order to fulfill the Board's fiduciary responsibility.

At this time, Trustee Pawley asked the Student Liaisons to comment on the tuition proposal.

Student Liaison Frederick A. DeNault stated that based on considerable review of the proposal, information he received from the administration, and the Board's considerations, he cannot disagree with the tuition increase. He expressed concern, however, over the long-term effects of declining State appropriations.

Student Liaison James V. Gammicchia expressed concern over the necessary funding and infrastructure to support enrollment growth. He stated that although the tuition increase will impact the students, he believes the Board is doing a great job focusing on the broad spectrum and staying in line with the 2020 Vision.

Trustee Pawley stressed the importance of increasing the University's operating budget to improve the quality of education offered to the students.

Trustee Doyle thanked the administration for the presentation, particularly the 10 year data that proves the appropriation increases received by the University over the last two years are just beginning to position the University where it was a few years ago. He commented that all of this is occurring while there is a stated goal that universities need to double the number of college graduates in the State, which cannot be met if State assistance continues at this meager pace. Trustee Doyle stated, while he is not comfortable with the proposed 7.97% tuition increase, he does not see any other option short of making cuts that will dramatically affect the University's quality of education.

Trustee Long concurred with Student Liaison DeNault's comment that it is at the legislative level where the University needs to focus on gaining support for increased State appropriations. She stated that she reluctantly supports the tuition increase.

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

G. Action Item – Appointment of Board Chair and Vice Chair

Trustee Schlaybaugh stated that, on behalf of the Board Ad Hoc Nominating Committee, he would like to move the following recommendation for Board approval:

RESOLVED, that the Board of Trustees Ad Hoc Nominating Committee recommends approval of the appointment of Trustee Dennis K. Pawley as Chair of the Board of Trustees; and, be it further

RESOLVED, that the Board of Trustees Ad Hoc Nominating Committee recommends approval of the appointment of Trustee David T. Fischer as Vice Chair of the Board of Trustees.

Trustee Long seconded the motion. The motion was unanimously approved by those present.

Chair Crissman made the following statement:

The last two years have been a true honor for me to have chaired the Board of Trustees of Oakland University. The University has always been dear to my heart and to my late husband's heart, so thank you very much for the opportunity.

President Russi thanked Trustee Crissman for her leadership, advocacy, and support of the University. He also recognized her efforts in spearheading many new changes at the University.

H. Other Items that May Come Before the Board

Chair Crissman called on Mr. David A. Szczesny who requested to address the Board.

Mr. Szczesny thanked Mr. Zambardi for his response to the question he raised at the last Board meeting. He commented that the University is locked in a moral struggle for limited finances with much more powerful institutions. Mr. Szczesny asked the Board if they believe they have a duty to go to Lansing to change this situation, and stressed that it is important that people with "clout", like the Trustees, are the ones who should contact State Representatives and Senators to voice those concerns. He commented that politics is personal, and as the budget presentation indicates, the University is getting the "short-end of the stick."

Mr. Szczesny also commented that, having been a long-term employee of the University, he believes the Board needs to look at the University's organizational psychology to achieve the quality it is seeking.

Chair Crissman thanked Mr. Szczesny for his statement, and informed him that Ms. Rochelle A. Black, Director of Government Relations, has done a fine job representing the University's interests in Lansing.

I. Adjournment

Chair Crissman adjourned the meeting at 9:55 a.m.

Submitted,

Approved,

Victor A. Zambardi
Secretary to the Board of Trustees

Penny M. Crissman
Chair, Board of Trustees