

**Minutes of the Formal Meeting
of the
Oakland University Board of Trustees
August 3, 2005**

Present: Vice Chair Dennis K. Pawley; Trustees Henry Baskin, David J. Doyle, David T. Fischer, Jacqueline S. Long, Ann V. Nicholson; Chair Penny M. Crissman and Trustee Rex E. Schlaybaugh, Jr. joined the meeting in progress as indicated in the minutes

Also Present: President Gary D. Russi; Vice Presidents John W. Beaghan, 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; and Student Liaison James V. Gammicchia

A. Call to Order

Vice Chair Dennis K. Pawley called the meeting to order at 2:07 p.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. All of the Board members were present except Chair Penny M. Crissman and Trustee Rex E. Schlaybaugh, Jr. Trustee Ann V. Nicholson was present via teleconference.

C. Action Item

Tab 1. Consent Agenda

Vice Chair Pawley removed Tab 4 – Approval of University Personnel Actions, from the Consent Agenda for further discussion.

Vice Chair Pawley presented the following recommendations:

Tab 2. Approval of the Minutes of the Formal Meeting of June 1, 2005

Tab 3. Approval of the Minutes of the Special Formal Meeting of July 13, 2005

Tab 5. Approval of Recommendation of Final Undergraduate and Graduate School Reports dated April 30, 2005

(A copy of the Final Undergraduate and Graduate School Reports dated April 30, 2005 is on file in the Board of Trustees Office.)

Tab 6. Recommendation to Accept Gifts to Oakland University and the Oakland University Foundation for the Period of May 1, 2005 through June 30, 2005, and to Accept Grants and Contracts to Oakland University for the Period of May 1, 2005 through June 30, 2005

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

Tab 7. Approval of Meadow Brook Subdivision Financing Guarantee

(A copy of the Meadow Brook Subdivision Financing Guarantee is on file in the Board of Trustees Office.)

Tab 8. Approval of the Revision of the Residency Classification for Admission and Tuition Purposes Policy

RESOLVED, that the Board of Trustees approves the attached revised Residency Classification for Admission and Tuition Purposes Policy to be effective immediately.

(A copy of the revised Residency Classification for Admission and Tuition Purposes Policy is on file in the Board of Trustees Office.)

Tab 9. Approval of Academic Calendar for 2006-2007

RESOLVED, that the Board of Trustees approves the Academic Calendar for 2006-07 as presented in this agenda.

(A copy of the Academic Calendar for 2006-07 is on file in the Board of Trustees Office.)

Tab 10. Authorization to Charter Public School Academy

WHEREAS, the Michigan Revised School Code of 1976, as amended (the "Code"), permits the Board of Trustees of Oakland University (the "Board") to authorize the establishment from time to time of public school academies meeting the requirements of the Board and the requirements of applicable law; and

WHEREAS, on October 5, 1995, the Board approved the Oakland University Policy on Public School Academies and Criteria for the Evaluation of Applications; and

WHEREAS, Oakland University (the "University") has received the application of Universal Academy requesting that the Board authorize Universal Academy as a public school academy; and

WHEREAS, in consideration of the resources available to Universal Academy (the "Academy"), the population to be served by the Academy, and the educational goals to be achieved by Academy, the University has determined that it is in the best interest of the University and the State of Michigan to authorize the Academy as a public school academy; and

WHEREAS, the Agreement to Organize and Administer a Public School Academy has been reviewed and approved by the Office of the General Counsel and is in compliance with the law and Oakland University policies and regulations and conforms to the legal standards and policies of the Board; and

WHEREAS, the Agreement to Organize and Administer a Public School Academy was presented to and reviewed by the Board of Trustees at the July 13, 2005 Board of Trustees Working Session, and a copy of the Agreement is on file in the Board of Trustees Office.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The application submitted by the Academy meets the requirements of the Board and of applicable law.
2. The Board approves the application of the Academy.
3. The Board approves the Articles of Incorporation of the Academy.
4. The Board appoints for the Academy the initial Board of Directors identified in Exhibit A attached hereto.
5. The Board approves the Agreement to Organize and Administer a Public School Academy (the "Agreement") and authorizes the President of the University to execute and deliver the Agreement.
6. In accordance with the Code, the Board authorizes the Academy to employ or contract with personnel as necessary for the operation of the Academy, and further authorizes the Academy to prescribe the duties of and fix the compensation for such personnel, subject to applicable laws governing the employment of public school employees, and within the limitations specified in the Agreement.

(A copy of Exhibit A – Universal Academy Initial Board of Directors is on file in the Board of Trustees Office.)

Tab 11. Approval of Board Members for Public School Academies

WHEREAS, the Board of Directors of the Nsoroma Institute nominated Sarida L. Scott to fill a vacancy on the Board, for a three-year term to expire on September 1, 2008; now, therefore, be it

RESOLVED, that the Oakland University Board of Trustees approves Sarida L. Scott to fill a vacancy on the Board of Directors of Nsoroma Institute for a three-year term to expire on September 1, 2008.

Trustee Henry Baskin, seconded by Trustee David T. Fischer, moved approval of the Consent Agenda as presented, absent Tab 4 – Approval of University Personnel Actions. The motion was unanimously approved by those present.

Tab 4. Approval of University Personnel Actions

At this time, Vice Chair Pawley called on Dr. Fay Hansen, Associate Professor of Biological Sciences, who requested to address the Board. Dr. Hansen provided Mr. Zambardi with supporting materials to distribute to the Board members. A copy of those materials is on file in the Board of Trustees Office. She addressed the issue of the promotion and tenure of Dr. Gabrielle Stryker, and asked what recommendation the Board received on Dr. Stryker's promotion. Mr. Zambardi replied that Section III.A.1. Reappointments (with Tenure) of the University Personnel Actions agenda item states that the recommendation is "Do Not Reemploy".

Dr. Hansen commented she served as the Department Chair for Dr. Stryker's review for tenure and promotion this past year, and she noted Dr. Stryker received overwhelming support by the department and the review committee, which reported she met all of their criteria and exceeded them in the area of teaching. Dr. Hansen stated reviews on Dr. Stryker at the Committee on Appointment and Promotion (CAP) and Faculty Re-employment and Promotion Committee (FRPC) levels were unanimously approved. She stated Dr. Stryker first learned of the Provost's recommendation after viewing it on the website, and she received no formal communications from the administration that there was anything problematic about her performance.

Dr. Hansen stated Dr. Stryker's background in parasitology epidemiology and molecular immunology is an excellent fit with the Biology Department's needs, and if her tenure is denied she will be a great loss to the department and the students. She noted that Dr. Stryker is scheduled to teach a unique honors class this fall in new emerging infectious diseases, which will enhance the stature of biology and the impact of epidemiology on the world's health among non-biology majors. She has also been pivotal in bringing world-class scientific speakers to Oakland University.

Dr. Hansen commented that, although all three review committees concurred unanimously that Dr. Stryker meets and exceeds departmental expectations, Dr. Stryker

has been told by the Dean of Arts and Sciences that the decision was based on her lack of independence as a researcher. Dr. Hansen stated the Biology Department had extensive discussions on the meaning of scholarly independence, which has been defined in the revised draft of the Standards for Promotion currently under review. She believes Dr. Stryker meets both the new and the existing statements on research independence for promotion and tenure. Dr. Hansen also explained that scholarly independence must not be confused with issuing research collaborations, and that Dr. Stryker's field of research in molecular biology and immunology is impossible today without interdepartmental and intradepartmental collaborations. For example, Professor Michael Chopp's research recently received the prestigious research award based on his collaboration with Henry Ford Hospital. She noted Dr. Stryker has a rare and invaluable talent for being able to bridge the gap between biology, math, and the engineering disciplines that is almost unheard of in a Biology Department. She authored and received substantial funding from the National Institutes of Health for a highly innovative collaborative research project on biosensors assisted by Howard Hughes and Michigan Employment Relations Commission student fellows. Dr. Stryker's abilities as a molecular immunologist have been pivotal to unique combinations of applied research at Oakland University. Her expertise has led to another successful collaboration with a junior colleague, and she is the author of nine publications based on work conducted at Oakland University and 16 publications overall. Her successful model of research collaboration has been the key underpinning of a new program in bioengineering and formed a model for an application by the College of Arts and Sciences to the Howard Hughes Foundation for funding of a proposed interdisciplinary Ph.D. program.

Dr. Hansen mentioned there were historical precedents where the Board overturned negative tenure and promotion decisions, but none in the case of a faculty member who had unanimous positive reviews at all levels. She concluded that if the Board supports the Provost's recommendation to deny Dr. Stryker's tenure and promotion, ongoing teaching and research in several departments and schools will be severely impacted and opportunities for research funding will be lost.

Vice Chair Pawley thanked Dr. Hansen for her comments, and called on Dr. Barbara Oakley, Associate Professor of Engineering and Vice President, Engineering in Medicine and Biology Society, who also requested to address the Board. Dr. Oakley commented that her five-year collaboration with Dr. Stryker, Dr. Anna Spagnuolo of Mathematics and Statistical Sciences, and Dr. Darrin Hanna of Computer Engineering and Computer Sciences, which established a very good interdisciplinary research program, will be irreparably compromised with the denial of Dr. Stryker's tenure and promotion.

Vice Chair Pawley thanked Dr. Hansen and Dr. Oakley for their comments.

Vice Chair Pawley then presented the following recommendation for Board approval:

New Appointments, effective August 15, 2005

Bosyy, Pavlo, Assistant Professor of Theatre (\$42,000.00) (New appointment filling a vacant authorized position)

Cayanus, Jacob L., Assistant Professor of Communication (\$45,000.00) (New appointment filling a vacant authorized position)

Fascio-Vereen, Susan, Assistant Professor of Education (\$48,000.00) (New appointment filling a vacant authorized position)

Finke, John M., Assistant Professor of Chemistry (\$55,000.00) (New appointment filling a vacant authorized position)

Fu, Huirong, Assistant Professor of Engineering (\$78,000.00) (New appointment filling a vacant authorized position)

Gibson-Scipio, Wanda M., Assistant Professor of Nursing (\$65,000.00) (New appointment filling a newly authorized position)

Harrison, Barbara E., Assistant Professor of Nursing (\$65,000.00) (New appointment filling a newly authorized position)

Jumel, Caroline M., Assistant Professor of French (\$45,000.00) (New appointment filling a vacant authorized position)

Kabak, Baris, Assistant Professor of Linguistics (\$50,000.00) (New appointment filling a newly authorized position)

Larocca, Roger T., Assistant Professor of Political Science (\$45,000.00) (New appointment filling a vacant authorized position)

LaRock, Eric F., Assistant Professor of Philosophy (\$44,000.00) (New appointment filling a newly authorized position)

Lewis, Michael A., Assistant Professor of Journalism (\$60,620.00) (New appointment filling a vacant authorized position)

Liebert, Todd W., Assistant Professor of Education (\$48,000.00) (New appointment filling a vacant authorized position)

Love, Jr., Fred A., Assistant Professor of Theatre (\$42,000.00) (New appointment filling a vacant authorized position)

New Appointments, effective August 15, 2005 (continued)

Magnan, Morris A., Assistant Professor of Nursing (\$65,000.00) (New appointment filling a newly authorized position)

Maxfield, Jr., C. Robert, Assistant Professor of Education (\$48,000.00) (New appointment filling a vacant authorized position)

Nehmer, Robert A., Assistant Professor of Accounting (\$104,000.00) (New appointment filling a vacant authorized position)

Orzach, Ram, Assistant Professor of Economics (\$67,000.00) (New appointment filling a vacant authorized position)

Ricks-Doneen, Julie J., Assistant Professor of Education (\$50,000.00) (New appointment filling a vacant authorized position)

Shaska, Tanush T., Assistant Professor of Mathematics (\$58,000.00) (New appointment filling a vacant authorized position)

Taber, Brian, Assistant Professor of Education (\$48,000.00) (New appointment filling a vacant authorized position)

Tyson, Linda K., Special Instructor in Education (\$47,300.00) (New appointment filling a newly authorized position)

Walters, Julie K., Assistant Professor of Political Science (\$44,204.00) (New appointment filling a vacant authorized position)

Whitehead, Vagnar Mendonca, Assistant Professor of Art (\$49,000.00) (New appointment filling a newly authorized position)

Williams, Keith L., Assistant Professor of Psychology (\$50,000.00) (New appointment filling a newly authorized position)

Change of Status

Silberman, Jonathan, Dean, School of Business Administration, from a start date of July 1, 2005 to a start date of June 1, 2005.

Tower, John E., from Interim Dean, School of Business Administration to Interim Associate Dean, School of Business Administration, effective June 1, 2005.

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, 2005.

Cardiff, Gladys	English	Reemploy & Promote
Cataldo II, Anthony J. Chintala, Shraavan	Accounting & Finance Eye Research Institute	Do not reemploy Reemploy & Promote
Dembinski, Roman	Chemistry	Reemploy & Promote
Gilson, Annette M.	English	Reemploy & Promote
Goldberg, Andrew F.X.	Eye Research Institute	Reemploy & Promote
Hawley, Lisa D.	Counseling	Reemploy & Promote
Hovey, Judith K. Isken, Mark W.	Nursing Decision & Information Science	Do not reemploy Reemploy & Promote
Kridli, Suha	Nursing	Reemploy & Promote
Stryker, Gabrielle A. Willard-Traub, Margaret	Biology Rhetoric, Communication & Journalism	Do not reemploy Reemploy & Promote
Zeng, Xiangqun	Chemistry	Reemploy & Promote

2. Assistant Professor considered for optional granting of tenure with promotion, effective August 15, 2005.

Reger, Joanne E.	Sociology & Anthropology	Reemploy & Promote
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3. Special Instructor considered for optional granting of tenure with promotion, effective August 15, 2005.

Reappointments (with Tenure) (continued)

Eis, Andrea	Art & Art History	Reemploy & Promote
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4. Associate Professors considered for granting of tenure, effective August 15, 2005.

Mourelatos, Zissimos P.	Mechanical Engineering	Reemploy
Nassar, Sayed A.	Mechanical Engineering	Reemploy
Rojó, Alberto G.	Physics	Reemploy

Reappointments (Probationary) – Effective August 15, 2006, through August 14, 2008.

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

Andress, William C.	Health Sciences	Reemploy
Brown, Nancy M.	Teacher Development & Educational Studies	Reemploy
Graetz, Janet E.	Human Development & Child Study	Reemploy
Hanna, Darrin M.	Computer Science & Engineering	Reemploy
Hastings, Derek K.	History	Reemploy
Insko, Jeffrey R.	English	Reemploy
Letsholo, Rose M.	Linguistics	Reemploy
Markel, Karen S.	Management & Marketing	Reemploy
Pobutsky, Aldona A.	Modern Languages & Literatures	Reemploy
Riley-Doucet, Cheryl	Nursing	Reemploy
Singhal, Rajeev	Accounting & Finance	Reemploy

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

Bolak, Karen	Teacher Development & Educational Studies	Reemploy
Dunn, Karen	Nursing	Reemploy
Heisler, Jennifer M.	Rhetoric, Communication & Journalism	Reemploy
Koppelman, Elysa R.	Philosophy	Reemploy
Kraemer, Elizabeth W.	Kresge Library	Reemploy
Krauss, John R.	Health Sciences	Reemploy
Lal, Shailesh K.	Biology	Reemploy
Liptak, Laszlo	Mathematics & Statistics	Reemploy
McMillon, Gwendolyn	Reading & Language Arts	Reemploy

Mitton, Kenneth P.	Eye Research Institute	Reemploy
O'Mahony, Carolyn J.	Teacher Development & Educational Studies	Reemploy
Petrella, Diane H.	Music, Theatre & Dance	Reemploy
Tomlin, Kassaundra M.	Economics	Reemploy
Tracey, Monica W.	Human Resource Development	Reemploy

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

Crabill, Scott L.	Rhetoric, Communication & Journalism	Reemploy
Robertson, Jeanie R.	Rhetoric, Communication & Journalism	Reemploy
Smydra, Rachel V.	English	Reemploy
Urla, Julia A.	Modern Languages & Literatures	Reemploy

Trustee David J. Doyle, seconded by Trustee Fischer, moved approval of Tab 4 University Personnel Actions. The motion was unanimously approved by those present.

D. Action Item – Proposed General Fund Budget and Tuition and Fee Rates for Fiscal Year 2006

Mr. John W. Beaghan, Vice President for Finance and Administration, presented the following Fiscal Year 2005 and Fiscal Year 2006 budget highlights:

- Oakland University ranked second lowest among Michigan universities in full year equated (FYES) student funding for Fiscal Year 2005.
- Oakland University ranked fifth lowest in tuition and fees among Michigan universities for Fiscal Year 2005.
- Oakland University ranked second lowest in dollar increases in tuition and required fees among Michigan universities over the last 10 years.
- Oakland University is fourth lowest among Michigan universities for tuition and fees plus appropriations per FYES, for a total of \$9,052 per student per year.
- The Fiscal Year 2006 budget proposal includes Critical Needs Priorities One, Two and Three consisting of items that are important to the University's academic programming, student services, and student access.

- The Fiscal Year 2006 budget proposal includes consolidating the four mandatory fees (general service fee, recreation center fee, student activities fee, and course fee) into the tuition rate.
- The benefits of consolidating fees into the tuition rate include increased third-party sponsors/payers reimbursement; increased financial aid awards; decreased part-time student semester fee payments; improved student tuition bills; and elimination of non-refundable fees.
- The budget summary is projected on a “flat” State appropriation, a 2.65% enrollment growth, a 15.2% tuition increase totaling \$869 for the average full-time student, a 23% increase in financial aid or \$1.73 million to offset the tuition increase, funding of base and critical needs, and a Fiscal Year 2007 guarantee of a 3% tuition and fee increase or the Higher Education Price Index plus appropriation decreases in Fiscal Year 2006 or 2007.
- The three-year average of undergraduate tuition increases is 6.9% based on last year’s 2.4% increase, this year’s proposed 15.2% increase, and next year’s proposed 3% increase.

Mr. Beaghan stated that at the August 1, 2005 Board Special Working Session, the Board expressed concern regarding the proposed 15.2% tuition and fee increase and requested alternative tuition increase proposals. Mr. Beaghan proposed one alternative to defer funding Critical Needs Priorities Two and Three, resulting in a 13.9% tuition increase and a \$93,000 reduction in financial aid. He presented a second alternative to defer all three Critical Needs Priorities One, Two and Three, resulting in a 13% tuition increase and a reduction in financial aid of \$161,000 below the proposed plan and loss of the benefits provided by the Critical Needs Priorities. Mr. Beaghan also proposed a third alternative for a 12.5% increase, and a reduction in financial aid of \$195,000, a deferral of all three Critical Needs Priorities, a reduction of the core operational budget by \$371,449, and a significant erosion of essential programming and support services. Mr. Beaghan commented that Oakland University has continued to enhance its presence and stature as a premier regional university despite less than average appropriation and tuition levels. He noted that restructuring of tuition and fee rates has been discussed for many years, and the budget and tuition and fee proposal moves the University into a stronger funding position, fully resolves the mandatory fee issues, provides many students with the ability to receive additional financial aid, and funds the budgetary needs to maintain high-quality programming.

Mr. Beaghan presented the following recommendation for Board approval:

WHEREAS, with the close of FY 2005, the new General Fund Budget and Tuition and Fee Rates for FY 2006 require Board of Trustees approval; now, therefore, be it

RESOLVED, that the Board of Trustees approves the FY 2006 General Fund Budget at an expenditure level of \$135,449,965 (see Attachment A for detail), which includes Critical Needs Priority One, and approved encumbrances and carry forwards from the June 30, 2005 fund balance; and, be it further

RESOLVED, that the Board of Trustees approves the attached schedule, Attachment B, Proposed Schedule of Tuition and Fee Rates for FY 2006, effective Fall Semester 2005; and, be it further

RESOLVED, that the Board of Trustees will reconsider the administration's proposal to fund Critical Needs Priorities Two and Three upon ratification of the FY 2006 State budget bill and no later than October 15, 2005; and be it further

RESOLVED, that the Board of Trustees will reconsider the administration's proposal to restructure tuition and fee rates, which may include rolling the general services fee, recreation center fee, student activity fee, and course fee into the tuition rate, upon further recommendation made to the Board of Trustees; and be it further

RESOLVED, that the Board of Trustees approves the spending of general fund revenues generated from potential excess enrollment to adequately cover the instructional and programmatic expenditures necessary to support the potential higher than anticipated enrollment levels.

Vice Chair Pawley thanked Mr. Beaghan for his presentation and asked how the amount of financial aid is determined. Mr. Beaghan replied the Budget and Financial Aid Offices use a model that fixes internal financial aid based on the type of award. He added that 70% of students receive financial aid. Dr. Mary Beth Snyder, Vice President for Student Affairs, also explained that, based on the current proposal, the financial aid portion will remain the same, but student packages would be adjusted to cover the increased cost in tuition. Ms. Cindy L. Hermsen, Director of Financial Aid, confirmed that the additional financial aid included in the proposed budget would cover those increased tuition costs for the financial aid recipient. Mr. Beaghan noted there would be no increase in financial aid relative to consolidating fees into the tuition rate. Vice Chair Pawley added that, under this proposal, the other 30% of students who do not qualify for financial aid will essentially pay higher tuition to provide more financial aid funding.

Trustee Baskin asked if the increased tuition would help fund financial aid grants, and Ms. Hermsen replied that it does. Mr. Beaghan added it is about 3% of the proposed 15.2% increase, while the total financial budget increase is 23% or \$1.7 million. Mr. Beaghan clarified for Trustee Nicholson that the increase in financial aid will offset the increase in the tuition rate related to the consolidation of fees for those students who receive financial aid.

Trustee Jacqueline S. Long asked how many students qualify for tuition reimbursement, and Mr. Beaghan responded 3,000 to 4,000 students receive third-party tuition reimbursement. Ms. Hermsen added some of them are not full reimbursements, and Mr. Beaghan noted a large portion of them are with the Michigan Education Trust program, which does not pay many of the fees.

Trustee Doyle asked what percentage of students are enrolled less than full-time, and Mr. Steven J. Shablin, Registrar, replied that 30% to 35% of undergraduates are part-time students. President Russi noted if graduate students are included, that percentage increases to 40%.

Vice Chair Pawley asked where the proposed 15.2% tuition rate increase ranks among other Michigan universities. Mr. Beaghan replied that Oakland University would place ninth out of the 15 universities, or third highest on a percentage basis and fifth highest on a dollar basis.

Trustee Fischer asked what the increase would be without consolidating fees into tuition, and why it is being proposed at this time. Mr. Beaghan replied it would be approximately 11%. He noted the tuition and fee structure has been studied for many years because it has been a source of frustration to the administration, students, and parents. Mr. Beaghan commented that the administration believes consolidating fees is a good strategic decision. He noted the 15.2% tuition increase was calculated using the State's formula for tuition and mandatory fees, which is not discounted by the offsetting increase in financial aid. Mr. Beaghan added that Central Michigan University consolidated mandatory fees into their tuition rates this year, and it seems to be a trend elsewhere. Trustee Fischer commented that it is not actually a new fee proposal since a fee arrangement is already in place. He asked if students would pay the same amount if an 11% increase was proposed that does not include consolidating the fees. Mr. Beaghan replied that some students would pay less and some would pay more because of financial aid.

Trustee Baskin commented it appears that the consolidation of the fees is actually a method of funding financial aid which will benefit some students and not others. Mr. Beaghan clarified that some of the 70% of students who receive financial aid will benefit from the consolidation if their fees were not already covered by their type of financial aid. Mr. Beaghan explained that consolidating the fees will benefit the 3,000 students who receive third-party reimbursements and that the improved tuition bill will assist the administration and the students in interpreting student bills. Trustee Baskin expressed concern about asking for a 15.2% tuition increase this semester before a determination on State appropriations has been made by the Legislature. He questioned whether the University is reacting to the decisions of other Michigan universities, since it has always been able to supply a quality education at an affordable price. Trustee Baskin proposed keeping tuition at a modest rate until next semester when the Legislature has made a decision.

Vice Chair Pawley supported Trustee Baskin's proposal to defer consolidating fees and Critical Needs Priorities One, Two and Three until the Legislature makes a decision on State appropriations. Mr. Beaghan stated that at the July Board meeting the University's lobbyists reported the State budget would probably not be settled until the end of September. He noted at that point the administration decided to move forward with a budget estimate assuming a flat or zero appropriation level versus the proposed reduction by the Governor and the proposed increases by the House and Senate. He noted that if the University receives more than a flat appropriation, the administration discussed committing the Fiscal Year 2006 increase to financial aid.

Vice Chair Pawley then questioned the ramifications of not completing some of the critical needs at this time. He suggested outsourcing the Critical Needs Priorities dealing with personnel if necessary. Vice Chair Pawley commended the administration for their efforts over the last year to provide a quality education while operating a very lean institution, but was uncomfortable with the proposed 15.2% tuition increase. President Russi stated the proposal also takes into consideration the State's pattern of revenue generation based on its difficult position and the demands it is faced with relative to possible further reductions in January and the following year. President Russi stated the proposal is simply for the Board to consider a budget that continues the operation of the University as it has in the past. Every variable presented to the Board, such as square footage usage and number of staff and faculty in key positions relative to other universities, indicates that the University is a lean operation. President Russi commented that with the University's lower quartile ranking compared to other State universities, the administration is advocating for quality instruction and delivery of services with the proposed budget. He added that several options have been provided to the Board, including deferring Critical Needs Priorities Two and Three at a 13.9% tuition rate increase, or deferring Priorities One, Two and Three at a 13% tuition rate increase.

Trustee Baskin commented he believes the University has been a well-run institution that has survived only through the innovative and creative minds of President Russi and his administration. He expressed concern over those students who will not be able to afford to attend Oakland University because of the 15.2% increase, and reiterated his proposal to defer the consolidation of fees and the Critical Needs Priorities. Trustee Baskin also proposed that the administration return to the Board with a new proposal once the State has made a decision on appropriations. Vice Chair Pawley complimented the administration on past cost savings measures and the reasoning behind the lists of Critical Needs Priorities. He commented that he has faith in the University's ability to maintain quality of education in the interim until the State budget is finalized. Trustee Fischer expressed disappointment with the State's treatment of Oakland University over the past 11 years while he has served on the Board; however, he concurred with holding tuition down until the Legislature acts on the State budget.

Trustee Nicholson commented that she calculated the Fiscal Year 2006 budget increase at 12%, which appears to be higher than in previous years. Mr. Beaghan

clarified that part of the reason is some of the fees were accounted for in the General Fund where they were previously designated as fund or auxiliary fund fees. In addition, the \$1.8 million of financial aid is now reposted as an offset to revenue, not as an expense. Mr. Beaghan stated that with these calculations the actual increase to the budget is only about 7% versus 12%.

At this time, Vice Chair Pawley called on Mr. Michael McGuinness, Student Congress President, who requested to address the Board. Mr. McGuinness noted that student leaders, resident assistants, Student Congress legislators, student organization presidents, new students, and employees were present to show their concern with the proposed 15.2% tuition rate increase. He stated the students understand that with annual growth of the University comes inevitable increases in tuition driven by the State of Michigan budget. He proposed a greater collaborative effort by the administration and the students to lobby for more State appropriations. Mr. McGuinness recommended, on behalf of the student body, that the consolidation of fees be deferred especially since it requires additional financial aid to cover those fees. He also expressed concern that not all students want to pay the recreation center fee that comes with the consolidation of fees. Mr. McGuinness noted that the abbreviated timing of the tuition increase proposal will most likely pose financial hardships on some students and their families at this late date. He urged the administration to communicate and review consolidating fees with the students prior to presenting the proposal to the Board for approval. He encouraged the administration and the Board not to follow the pattern of the other Michigan universities, and stated he believes the University can still thrive without a double-digit increase. Mr. McGuinness concluded by stating the students are passionate about being able to afford to remain at Oakland University, as he knows the Board is passionate about providing that opportunity.

Vice Chair Pawley thanked Mr. McGuinness for his comments. He then called on Mr. James V. Gammicchia, Student Liaison, for his comments. Mr. Gammicchia expressed gratitude to the administration for their continued efforts to provide an affordable and outstanding education to students under such economic constraints. He recognized the Board's impeccable track record of balancing the University's budgetary needs based on the students' best interests. Mr. Gammicchia stressed the importance of finding the most conservative increase that will adequately fund the exceptional education Oakland University provides, while looking ahead to the University's future budget status, assessing the University's vision for growth, and advocating for State decision makers to enhance the University's future appropriations. He stated he was impressed with the Board's request for alternative tuition increase proposals, and to address consolidating fees and Critical Needs Priorities One, Two and Three after the State's decision is handed down. Mr. Gammicchia added that the student body defers to the Board and the administration for a tuition increase for the coming academic year that best suits the University's needs.

Vice Chair Pawley thanked Mr. Gammicchia for his comments. He recessed the meeting at 3:42 p.m. to allow time for Mr. Beaghan to recalculate the tuition rate

increase based on the Board's discussion to defer consolidating fees into tuition and the Critical Needs Priorities. The administration returned from the recess and Vice Chair Pawley called the meeting to order at 4:05 p.m. At this time, Mr. Beaghan requested that the Board allow more time to recalculate the budget models and provide a new proposal to the Board. Vice Chair Pawley suggested that the Proposed General Fund Budget and Tuition and Fee Rates for Fiscal Year 2006 agenda item be tabled and a new proposal be addressed in a continuation of the present meeting immediately prior to the Finance, Audit and Investment Committee meeting scheduled for 8:00 a.m. the following day, August 4, 2005. Trustee Baskin, seconded by Trustee Fischer, moved to table the item, and the motion was unanimously approved by those present.

Trustee Baskin commented he does not want the administration to leave the meeting thinking the Board has a particular tuition increase number in mind. Mr. Beaghan replied he understood the Board's directive is to consider deferral of consolidating fees into tuition and Critical Needs Priorities One, Two and Three. President Russi clarified that, in that scenario, the Fiscal Year 2007 tuition guarantee of 3% would not be a part of the package. Trustee Baskin added the record should also reflect the administration did not, by design, delay this proposal, but that it was a work in progress based on developments with the State.

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

Trustee Doyle stated that, on behalf of the Board Ad Hoc Nominating Committee consisting of himself and Trustees Baskin, Fischer, and Schlaybaugh, 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 Penny M. Crissman to a second one-year term 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 Dennis K. Pawley to a second one-year term as Vice Chair of the Board of Trustees.

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

F. Discussion of October 5, 2005 Board of Trustees Formal Meeting Agenda

Vice Chair Pawley asked the Trustees to review the October 5, 2005 agenda and contact Mr. Zambardi with any additions or deletions.

G. Recess

Vice Chair Pawley recessed the meeting at 4:25 p.m.

H. Call to Order

Vice Chair Pawley reconvened the meeting at 8:02 a.m. on August 4, 2005. All of the Board members were present. Chair Penny M. Crissman and Trustees Henry Baskin, David T. Fischer, and Ann V. Nicholson were present via teleconference.

I. Action Item

Approval of Oakland University Proposed General Fund Budget and Tuition and Fee Rates Fiscal Year 2006

Trustee David J. Doyle, seconded by Trustee Henry Baskin, moved to remove this item from the table for further discussion and possible action, and the motion was unanimously approved by those present.

Mr. John W. Beaghan, Vice President for Finance and Administration, stated that the Board requested a revised proposal on the 2006 tuition rate increase that considers the deferral of certain proposed Critical Needs Priorities and the deferral of consolidation of the fee structure into tuition. Mr. Beaghan presented a new proposal calling for a 9.53% increase in tuition and fees for resident undergraduates, equating to \$532.50 per year. He explained that the State formula for the definition of a resident undergraduate is based on 30 credit hours, which results in tuition of \$6,122.25 per year for that defined student. Mr. Beaghan added the proposed 9.53% tuition increase includes Critical Needs Priority One and defers Critical Needs Priorities Two and Three for reconsideration upon ratification of the 2006 State budget bill. In addition, the proposal does not include a consolidation of fees into the tuition rate, which will be reconsidered at a later date.

Mr. Beaghan presented the following recommendation for Board approval:

WHEREAS, with the close of FY 2005, the new General Fund Budget and Tuition and Fee Rates for FY 2006 require Board of Trustees approval; now, therefore, be it

RESOLVED, that the Board of Trustees approves the FY 2006 General Fund Budget at an expenditure level of \$135,449,965 (see Attachment A for detail), which includes Critical Needs Priority One, and approved encumbrances and carry forwards from the June 30, 2005 fund balance; and, be it further

RESOLVED, that the Board of Trustees approves the attached schedule, Attachment B, Proposed Schedule of Tuition and Fee Rates for FY 2006, effective Fall Semester 2005; and, be it further

RESOLVED, that the Board of Trustees will reconsider the administration's proposal to fund Critical Needs Priorities Two and Three upon ratification of the FY 2006 State budget bill and no later than October 15, 2005; and be it further

RESOLVED, that the Board of Trustees will reconsider the administration's proposal to restructure tuition and fee rates, which may include rolling the general services fee, recreation center fee, student activity fee, and course fee into the tuition rate, upon further recommendation made to the Board of Trustees; and be it further

RESOLVED, that the Board of Trustees approves the spending of general fund revenues generated from potential excess enrollment to adequately cover the instructional and programmatic expenditures necessary to support the potential higher than anticipated enrollment levels.
(Attachments A and B are on file in the Board of Trustees Office.)

Chair Crissman, seconded by Trustee Ann V. Nicholson, moved approval of the recommendation.

Trustee Rex E. Schlaybaugh, Jr. expressed concern about the deferral of the proposal to consolidate fees that was initially included in the administration's proposed 15.2% tuition increase. He commented that consolidating the fees to the proposed 9.5% tuition increase equates to approximately 13.2%. Trustee Schlaybaugh then noted the advantages the proposal offers to students, such as increased financial aid awards, increased third-party sponsor/payer reimbursements, improved tuition bills, and elimination of non-refundable fees. He commented that he did not understand why the Board is concerned with that proposal when it has no real dollar impact.

Trustee Baskin commented that the Board thoroughly discussed this matter where it was noted that not all students would benefit from the consolidation of fees. Trustee Baskin expressed his support for the current recommendation, and then excused himself from the meeting.

Vice Chair Pawley explained that one reason for deferring the consolidation of fees is to allow time to better communicate to the students the reason for the proposal. He recommended that the following friendly amendment be added to the fourth resolution clause:

. . . provided however, that if the University's State Appropriation for FY 2006 is less than \$48,106,101, then the Board of Trustees authorizes the administration to roll the general services fee, recreation center fee, student activity fee, and course fee into the tuition rate effective Winter Semester 2006;

Trustee Fischer, seconded by Trustee Doyle, moved the amended motion.

Trustee Schlaybaugh asked what impact the elimination of Critical Needs Priorities Two and Three would have on maintaining a quality education for students. President Russi responded that the three priority lists were established with the most important one being Critical Needs Priority One. He stated the hope is that the University's assumption of flat State appropriations is less than optimistic, which may offer support for Critical Needs Priorities Two and Three; however, if Critical Needs Priorities Two and Three are not ultimately funded in this budget, he believes the University can still continue to provide quality education services for the students.

Vice Chair Pawley commented that the strategic plan and vision set by the University five years ago, based on assumptions existing at that time, have dramatically changed. He noted it is extremely important that the administration review that strategic plan and vision as soon as possible in light of recent occurrences.

The motion as amended was unanimously approved by those present.

L. Other Items that May Come Before the Board

There were no other items presented to the Board.

M. Adjournment

Vice Chair Pawley adjourned the meeting at 8:20 a.m.

Submitted,

Approved,

Victor A. Zambardi
Secretary to the Board of Trustees

Dennis K. Pawley
Vice Chair, Board of Trustees