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Faculty Senate Chronicle for March 6, 2003

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MINUTES OF THE FACULTY SENATE MEETING OF MARCH 6, 2003

The regular meeting of the Faculty Senate was held on Thursday, March 6, 2003, in Room 201 of the Buckingham Center for Continuing Education. Chair Dan Sheffer called the meeting to order at 3:00 p.m.

Forty-five of the sixty-three Faculty Senators were in attendance. Senators Carri, Drew, Garn-Nunn, Graham, Harp, Kolcaba, Konet, Sterns, Stinner, Walter, Wilkinson, and Wyszynski were absent with notice. Senators Crain, Kreidler, Redle, Robinson, Trotter, and Wallace were absent without notice.

SENATE ACTIONS

* **APPROVED CFPC RESOLUTION REGARDING TEMPORARY RELOCATION OF ROTC TO POLSKY BUILDING AND DESIGNATION OF GENERAL PURPOSE CLASSROOM IN POLSKY 321.**

* **APPROVED CFPC RESOLUTION ENDORSING ADDING LINES TO CAMPUS CONSTRUCTION PROJECT ROUTING SHEETS TO IDENTIFY MOVING EXPENSES AND PARTY PAYING THOSE EXPENSES.**

* **APPROVED CFPC RECOMMENDATION TO USE AYER 319 AS A NETWORK SERVER AND TELECOM EQUIPMENT ROOM TO SUPPORT THE PHYSICS DEPARTMENT.**

I. APPROVAL OF THE AGENDA - Chair Sheffer called for approval of the agenda. Senator Dechambeau made the motion; Senator Yousey seconded the motion. The Senate then voted its approval of the meeting's agenda.

II. APPROVAL OF THE MINUTES OF THE MEETING OF FEBRUARY 6, 2003 - Chair Sheffer offered the minutes of February 6, 2003, for the Senate's consideration. Secretary Kennedy reported that she had no corrections. Senator Hebert made the motion that the minutes be approved. Senator John seconded this motion. The body then voted its approval of the minutes.

III. REMARKS OF THE CHAIR - Chair Sheffer stated that he was going to split his remarks into two presentations. The first would be made now; the second would be made before the Planning and Budgeting Committee's report. He then began his first presentation, stating that he wanted to inform Senators that a new web page had been created under the faculty/staff section of the uakron.edu site. Called "Task Force," this new web page outlined the beginnings of the work on the decision-making or recommending entities task force, which had been jointly sponsored by the President's office, the Provost's office, and the Faculty Senate. Professor Mike Cheung was asked to chair that task force. The purpose was to review existing committees and other governance structures on this campus. We had 88 different committees and entities that made decisions on this campus; that could possibly be part of the problem of communication. When one group made a decision, others might not hear about it for some time. This was just the beginning of the list. The Task Force wanted to review these organizations and understand what they were doing. This task force would be making some recommendations that would come back to the Senate, either for action or for information. Chair Sheffer then invited all Senators to view the web page.

IV. SPECIAL ANNOUNCEMENTS - The Chair continued. Once again this month he had the unfortunate duty of mentioning two deaths amongst The University of Akron family. The first was the former UA Trustee George Wilson, who served for nine years on The University of Akron Board of Trustees. His term ended in 1989. For 18 years he also ran the Learning Center of Akron, which provided private and individualized tutoring to young people. Secondly, we were notified early this week of the death of Irene Calvaruso. Irene was the secretary in the Dept. of Mechanical Engineering for 20 years and served that department very well. Chair Sheffer then called for the body to rise for a moment of silence.

V. REPORTS

EXECUTIVE COMMITTEE - Secretary Kennedy began her report. The Executive Committee met three times since the last Faculty Senate meeting. On February 21 the committee met and discussed the following: Regarding the APCC recommendation for the creation of an Honors College – she interjected that this sounded a much more difficult process than it was – Senators might have received a copy of that recommendation. The Executive Committee addressed the APCC recommendation for the creation of an Honors College **(Appendix A)**. Our discussion centered on the discussion points that APCC had raised regarding this proposal; for example, resources, both dollars and staff, required to fill the long-term mission of this project. Without the appropriate projections and other necessary information, especially as related to the budgetary concerns, the Executive Committee felt it necessary to send this proposal back to APCC. Further, the Executive Committee was directing APCC to refer this proposal back to the Honors Program for detailed information which addressed these issues directly. Once this information had been gathered, the Honors Program was to forward this to APCC, who would then again forward it to CRC for evaluation. CRC recommendations would then go back to APCC. Should the formation of an Honors College be supported by both the APCC and CRC, APCC would then forward this information to PBC for further consideration. In other words, the Executive Committee had requested getting specifics and details related to projections and future implications for the Honors College and was sending it through the process once again. Without the details, the Executive Committee did not feel the proposal ready for presentation, discussion and/or final recommendation.

Secretary Kennedy continued. Also at that Feb. 21 meeting, the report from the Curriculum Review Committee indicated that there was a conflict stemming from a curriculum proposal (AS-03-137/140) and an existing course (7400:474-575) within Family & Consumer Sciences. The CRC report detailed an impasse. However, both parties had agreed to a resolution of this impasse which would involve a degree of compromise on both sides. Therefore, the Executive Committee had determined to organize a meeting of all relevant parties to achieve this resolution.

On Feb. 28 the Executive Committee met with President Proenza, Provost Hickey, and Ms. Hoover. Items discussed included the following: We received an update on the status of the FIE Initiative, as well as a discussion of the reorganization of the C&T College. Also received was an update on the status of the request to place a member of The University of Akron Retirees Assoc. on the Well-Being Committee. We were told that the Office of General Counsel was looking into that. Also, as related to ROI from the non-academic side, an issue was raised regarding a remark reported in last month's Senate Chronicle. This remark could be taken to suggest that it was PBC's responsibility to develop

ROI measures for the non-academic side. To clear any confusion or misinterpretation, this was not the charge of PBC. This remark was in reference to quality measures for the academic side which PBC was already working on. Relatedly, the Executive Committee was informed that ROI indicators for the non-academic side were being updated through initiatives such as the Balanced Scorecard and could be expected perhaps as early as May 2003. Finally, we discussed issues related to the budget and potential looming state cuts.

Chair Sheffer called for questions for Secretary Kennedy. Senator Gerlach then asked, as related to the possible addition of a retiree to the Well-Being Committee and the report that this had been referred to the General Counsel, why on earth was that necessary, and how long would we leave that in that black hole?

President Proenza replied that, black hole or not, when the question arose, he had stated that he would raise the issue and get information back as soon as possible. He had relayed the question. Mr. Mallow would inform him and he would provide the answer no later than the next regular Senate meeting.

Chair Sheffer then invited President Proenza to address the body.

REMARKS OF THE PRESIDENT

"Thank you, Mr. Chairman, and Secretary Kennedy, I appreciate your clarifying that matter because indeed I had misunderstood the question and I regret and apologize for my own misunderstanding. I have more specifically on that ROI, charged Provost Hickey and my Executive Assistant Becky Hoover Herrnstein to indeed track this and bring information forward to the Senate as promptly as it is available so all of you are appropriately informed and can help advise the process as well.

Let me share a number of points of information with you, and certainly answer any questions you may have. Our Office of Human Resources recently received the annual summary of the AAUP Faculty Salary Survey compiled by the Ohio Senate, and I've provided a copy to your chairman. The outcome of our own Academic Salary Task Force is very clearly reflected in the outcome of that result. Average salary rank for The University of Akron moved from the ninth rank position to fourth, while for example, Kent State University moved from third to seventh. KSU's decline I believe reflects its increasing use of instructors instead of tenure-track faculty, but it certainly is salutary that we did so so very quickly in our own movement.

In average salary benefits, Akron ranks about Kent State and CSU, the latter by 8% which is significant. Even more positive is the fact that we fared so well in that survey comparatively even though our own C&T faculty salaries were included, although most other universities in the study do not have 2-year colleges that are incorporated into the domain of their main campus report. Both Cleveland State and Ohio University were so upset by these results, but on a positive matter they have contacted Chand Midha, the chair of our task force, and invited him to provide a copy of the methodology and have invited him to consult. He will all at once be the most popular consultant as well as potentially obviously the most concerned since he was able to bring something about that they obviously are now jealous about. In addition, I'm pleased to tell you that the task force is now continuing to analyze other aspects of compensation, including summer compensation, and initial data indicates that ours is very, very competitively placed, indeed higher than others.

Now let us turn to continue to be informed about budget issues. I wish I could be conclusive on this matter, but the dialogue continues, and as you now know, the Governor and the legislature are having a bit of a fight. One is blaming the other, the other is blaming it, for lack of a better term. This is a difficult time, and I was just talking to Senator Witt and he certainly reflected, and others of you know very well, that budgetary crises are not unique to Ohio. Ohio, while certainly not in a feather-bedding position, is better positioned than others. California is facing about a $40 billion deficit, and the state of Texas about $10 billion, and the dialogues there are perhaps even more rancorous and contentious than those we are seeing in Columbus.

As a result however of the legislature's failure to act upon his suggested revenue options to yield the total $720 million and specifically the added $162 million deficit piece he wanted through the sin taxes, I do have to tell you something. We went to Columbus a couple of days back and visited with the legislature at length on many of these issues. I had some very productive discussions with some, but you have to understand how some people either misinterpret, misunderstand, or otherwise certainly give us reason to know that we need to continue to inform them. One legislator in all earnestness and all good faith said, `I would rather you in higher education raise tuition which students would only have to pay a couple of times in their lives, than to raise taxes on a bottle of beer which everybody has to pay everyday.' Now that tells you something.

As you know as a result of the legislature's failure, the Governor has announced and issued an executive order calling for additional cuts to K-12, higher education, passport program, developmental and treatment programs, and several others, a 2.5% cut to the current year budget. For us that's about $2.2 million, and fortunately, the conservative approach that we have followed this year with the help of the PBC, Vice President Ray and others, and with the success we've enjoyed in building enrollment and other revenues, it will be possible for us to absorb that cut without making any additional infliction of pain or pounds of flesh, so we're in good shape until the end of June. Now I cannot tell you what the legislature will do with regard to appropriations for the next biennium. Please remember that the Governor made his biennial proposal contingent upon the various taxes being enacted. Since those have not been enacted, we obviously do not know whether the legislature will try to provide 3% in the first year for adding to higher education and 4% in the second year.

On the good news front or at least positive news front, it does appear that the House is beginning to consider what specific taxes they may need to effect to at least ensure that the Ohio budget is balanced and hopefully provide some resources for higher education. Secondly, it appears that the legislature is going to be well disposed to not include a tuition cap among the legislation that is considered going into the next biennium. That would leave us some flexibility but as you know, any time that we've had to do a tuition increase we have not been able to absorb all of the budget deficit we've had as a result of cuts and other fixed-price increases. I think Chairman Sheffer will also indicate that there's some insane legislation now being discussed in Washington, which I am fairly comfortable will be quickly put to rest, in which one misguided legislator has suggested that the federal government should limit tuition increases to no more than twice the consumer price index and that anyone who violates that would be immediately ineligible to receive federal funds for financial aid, etc. Again, I do believe that will go away.

You will be presented a budget today, and to Senator Fenwick and all members of the Planning & Budgeting Committee, I sincerely appreciate the hard work that all of you together with members of the administration have been putting forward to present a budget in a general direction of issues we want to include and hopefully bring forward. I met with the PBC this morning to communicate several important points, some of which I'd like to reiterate very briefly this afternoon.

First of all, whatever budget is presented to you this afternoon and whether we make any adjustments or take this as stands to the Board of Trustees, we must consider it as a provisional budget. Provisional. Why? The budget picture is changing in the general economy almost on a daily basis, and regarding the state economy we don't have a clue what the legislature is going to do. Certainly we're taking again very conservative measures with regard to not betting on the outcome, while we do know that applications are up and we should expect an enrollment increase. We are not willing at this point to say what it is. Why is that? Again, we're still building all of the tools that are necessary to make accurate projections. Remember, it was only as recently as 1999 that nobody had a clue how to project enrollment, period. We are now in a position to know that we will have an increase, but I'm used to being able to make predictions on a plus or minus 10 or 15 student basis and we don't have the legacy data necessary to make that kind of precise prescription.

Thus, in short, there are a number of budget uncertainties and I simply must ask that you all understand that whatever we do has to be provisional. Now why is that so important? Because if we try to pin down everything today or in the next month before we present it to the Board of Trustees, first of all I'll have to tell them it's provisional anyway. Secondly, if we insist on trying to solve every last nickel and dime between now and then we will make everyone very angry - all of you/me - and we will accomplish nothing. Yes, the work we've done is very important and I appreciate it, but we must understand the changing dynamics and be prepared to adjust to those as they emerge.

Secondly, I asked the PBC to effectively begin to work and to look to the future for all of us because what we must do is begin to create the appropriate incentives that will ensure that all of us are looking for new sources of revenue. We can't just redistribute the existing pie for what is and what isn't appropriate. We must begin a concerted, studied, disciplined approach to looking at new sources of revenues in an ambitious way and I've asked them to take that on.

Thirdly, I asked the PBC to also consider how we better inform all of ourselves so that we can have an even more productive dialogue on budget realities and budget opportunities in the future. I think any member of the PBC can tell you, budgeting is not simple and it's always complex. We can learn from important books such as Ronald Ehrenberg's Tuition Rising, as well as from important exercises such as those conducted by the American Council on Education that the Congress conducts for itself and for others under the rubric of exercising hard choices.

Finally, I indicated that we can and we should continue to examine each and every thing that we do with a careful eye to is it appropriate, is it not appropriate. To do that however requires that we have a lot more information that seemingly often appears in our radar screen. Because for example, we should never expect that just because we see a large ticket item in a budget that it necessarily has to be cut. Why do we say that? Conversely, just because it's small doesn't mean it's something we should continue. So I have charged Vice President Ray with the assistance of the Planning & Budgeting Committee to undertake a rigorous, benchmarked analysis of every expenditure such as Athletics and Information Technology and everything else we do so as to provide us appropriate productivity indices, baselines and benchmarks.

I would love to take half of the athletic budget, but we already spend the least amount of any university on athletics; that's the baseline. It doesn't make rational sense unless we want to make a very broad policy discussion, and as I said to the PBC, maybe that's a decision we'll have to come to. But not before we have the adequate information on which to do so. For example, the recent crisis of dialogue we've had about a presumed shortfall in athletics. There are some realities there, as we've played some very aggressive schedules, they've given us some extra money and so forth. But we also have some significant revenues from students that walk on, that pay tuition, in addition to the liability from scholarships that are provided. If we were to make a willy-nilly decision, we would immediately forego the revenue against presumed savings which may be less than the existing revenue; let us study it. Moreover, Vice President Ray has been instructed to look very carefully at all administrative costs to identify possible additional deficiencies and I hope that this is the year that we can put in place a rigorous, continuous, quality improvement process across the University, administrative, academic, support - The University of Akron.

I think you know that as a faculty member I realize that teaching drives revenue - 93% I've told you about from tuition. I certainly do not wish us to do anything that would harm any revenue-producing program, academic or otherwise. We must also realize that those who teach are not the only ones who affect the bottom line. In short, we must continue to strive for increasingly better data and to improve all of our basic business processes on a regular basis so that we do continuously approve what we do and how we approach that. I thank that several of you who took their time to share with me some of their concerns that's been emerging in some of the dialogue. I certainly appreciate the frustratio. Lord knows, I hope you understand that if I had the answer I'd pull it out of my hat and share it with you. It's not a simple process.

Just a few last points. I met yesterday with the Task Force on Decision Making that Chairman Sheffer has just informed you has a web page. We shared some thoughts about how we might begin, and again in the spirit of doing things from the well-informed and data-based perspective, I shared some of my favorite basic references about institutional governments and decision-making structures, etc.

As you know, over the last several weeks I've been meeting with university faculties to review the two trends that are going on in the state. On the one hand, the policy discussion in the House Committee on Higher Education, and soon to continue with the Governor's Commission on Higher Education and the economy and the budget discussion and what we are intending to do on that. I am pleased to report that those discussions have yielded some exceptionally good recommendations about the brochure or brochures that we're intending to soon produce. I will continue to anticipate that information and have given every school a week from the time I meet with them to give it back to me. I will conclude those visits by the middle of next week, so within approximately two weeks we'll hopefully have some samples, and certainly I would invite input from this body in a collective or individual fashion. If you've not heard that review, I certainly would be pleased to come to any other groups.

Two last things - at the February 26 Board of Trustees meeting the Trustees approved all of the Faculty Senate recommendations that were presented. These of course dealt with new academic programs, minor certificates, and several name changes.

Finally, I've been in Washington twice this week and let me share the most important piece. My participation in the President's Council of Advisors on Science and Technology continues to be not only greatly personally rewarding, but to yield considerable fruits. Specifically, we submitted for final review a report on technology transfer and I'll make that report available very shortly, as soon as it's formally approved.

Secondly, we received from the President our charge for this year, and it includes three basic new elements of study. First, a comprehensive review spinning off from the work we did this past year on science and technology investment. but specifically dealing with the growing concern about the science and technology in mathematics work force in the United States, the availability of interest and the availability of sufficient numbers of people participating in science, engineering and mathematics education. So we'll deal with that in some length. The second is the charge to examine what our nation needs to do to ensure its lead is maintained in advanced manufacturing capability, so we will do that.

Lastly, we've been asked to do a comprehensive review of our nation's initiative on nanotechnology, which is now in several agencies and amounts to several hundreds of millions of dollars and is an important initiative that will surely yield a next generation of manufacturing capacity and possibly several new industries. So I'm pleased about that.

Equally interesting and challenging perhaps is the fact that last Friday I was asked by the state of Ohio to chair the Ohio Aerospace Council. This is a major initiative to bring together what we do with regard to the Air Force research laboratories at Wright Patterson and what we do in relationship to NASA. So I look forward to updating you on that, but most importantly on what has always been my purpose for participating in these things, what is the possible opportunities that this brings to to our University of Akron. I'll be happy to entertain any questions you may have."

Chair Sheffer called for questions. Senator Witt stated he had a two-parter. As we increased tuition, when did we expect enrollment to start to go down as a result? The second thing related to communicating the reason for the tuition increase to our students. His students had heard about this on public radio as they drove into class that morning. They were about as upset as the morning when they tried to get through the snow.

The President replied with the following:

"As I tried to review with your chairman, we were faced with a very difficult decision; namely, if we did not act at that point, our opportunity to do all we need to do to process and correct accounts for the summer session would have been foregone. We did the very best and the story by Katie Byard tried to describe the situation for the first time in the Beacon's treatment of these issues. It did say very clearly that tuition goes up because of state cuts. We also conveyed in that message the aspect that this will in no way cover the deficit we might anticipate if we do everything we want to do, and Rudy (Fenwick) will brief you on that. Needless to say, it is not something that is met immediately with great joy by anyone. I can tell you that unlike previous years when I've typically received 20 or 30 emails, I've received only one today. Not to suggest that this isn't upsetting.

To your first question, David, understand that we've been operating under a general strategy that says we've been underpriced. Our benchmark for that is that students tell us that when they're considering The University of Akron, they're considering principally four other institutions - Ohio State, Ohio University, Bowling Green, and Kent State. If you look at the net cost of attending all of those others, they're all, with the exception of Ohio State, more highly priced than The University of Akron. By this action even if the others hold their tuition increase to 6%, we'll still be more lower priced than they. Our sense has been and has been borne out by interest and other things, that the price elasticity is relative to our key competition. Clearly, if we price ourselves beyond that, we may begin to see some impact on enrollment. On the other hand, there is the other very real impact of how people perceive an institution's quality and hence their possible interest based on price, which often if it is higher, the perception of quality, increases simply because the price is higher. Those two things we're monitoring very carefully and will continue to monitor. At this point applications have been running between 13-15 ahead of schedule depending on exactly when you measure it, but the curve has been consistently above that for last year. In other words, it's not just a spike but a consistent trend, and next year we'll have better data to begin to predict much more carefully.

One last comment in that regard, and certainly Senator Erickson was at the talk by the Nobel Economist, James Heckman, earlier this year. In addition to his excellent remarks, in the context of his remarks he felt that there was still considerable price elasticity in higher education, frankly in education in general. When education is concerned, the most important indicator is the recent census data and the conclusion very simply is that education pays. If people graduate from high school they will earn an average of approximately $1.2 million. If they graduate from college they will earn an average of twice that amount, and if they get a masters degree about another million dollars. If they get a Ph.D. about another million dollars, and if they go into one of those very lucrative professions some of us love to hate, $4.4 million more than a high school graduate. In short, the message is, education pays and you better invest in the education of your children, and a price ceiling has not been reached accordingly.

Am I happy about that? No. Those of you who heard my presentation on the policy dialogue know that I'm incensed about the fact that this nation which was the first nation in the world after World War II to inject a massive number of college-educated people as a result of the GI Bill and other measures, now lags to other countries in that regard. Ironically, what we seem to be engaged in is still feeling somehow that we don't know how it is that public investment creates a public good. We are concerned and afraid the legislature seems to think, just go get another job. In short, we think it creates a larger private gain than it does a public good when the data indicate otherwise."
Chair Sheffer thanked President Proenza and then invited Provost Hickey to address the body.

REMARKS OF THE PROVOST

"I will be very brief because you have a very full agenda today. First of all, let me address the issue of libraries and the budgets and personnel associated with the libraries. The libraries have been moved under the Provost's office. When you look at the budget today you will see that the library budgets are included among the academic college budgets and the personnel associated with the library have also been moved under the Provost's office. In that regard, the cuts that are proposed in the PBC recommended budget, the library is treated as are the other academic colleges. So that should hopefully address some concerns that I've heard mentioned over the last few days.

The second and last point I want to make to you is it's still a little preliminary and I don't want to get too far out in front of our headlights here, but on March 13 the Carnegie campus program will be holding a meeting in Washington D.C. at which they will announce the Carnegie Teaching Academy institutions. Now when they announce it you will see that the terminology they use has changed, but the announcements they will make will in fact be the equivalent of the Carnegie Teaching Academies that was one of the goals of The University of Akron. I have extremely good reason to believe in the form of a letter that we will be among those named as a Carnegie Teaching Academy. The University of Akron will be among those named. So I want to express my thanks to all of those who have been actively involved in this program - to Tom Angelo who isn't here now but who has worked both in front of the scenes and behind the scenes to make this become a reality. So watch for an announcement on or about March 13, which will be the official announcement. Those are the only points I want to raise today but I too will be happy to answer any questions."

WELL-BEING COMMITTEE **-(Appendix B-1, Report from February 6 Senate meeting.)** Senator Erickson directed Senators' attention to the second page of the report **(Appendix B-2)**; there was a recommendation by the committee. It was being brought for consideration in tandem with the

PBC's proposal, and she was here to report two things.

First, the ongoing process of getting health care insurance bids had a timeline; those bids had to go out by the end of this month. The benefits were about the same as we had had over the last two years. The small differences were listed on the sheet - $3,500 flexible spending account, some extra prevention care items, and a change in minimum and maximum drug payments. We had to opt for the latter, not because we wanted to but because we were told ours are so low compared to everyone else's, even with the huge increases in drug costs.

The only other comment was that the committee had set up a bidding process that involved going for the bid first and then, with finalists, doing some interactive discussion on the issues of co-pays of drug pay deductibles to see what the tradeoffs were. As we talked about before, there was an anticipated $2 million increase in costs. On behalf of the committee she strongly supported the statement by the President today that we needed extra information about health care.

The premium framework proposed could be found in the report. If PBC asked us to pick up 1.9 million of the $2 million health care cost increase, 80% of the increase, here was our plan: Instead of having a free plan for employees and premiums for others, the committee has suggested that no premiums be charged for employees; dependent coverage would incur a premium. The premiums would be based on a percentage of income, as passed by the Senate. Further that there would a cap, a one-time adjustment with the sharing of no more than 15% of health insurance costs as a continuing cap. We also attempted to make small adjustments that retiree dependents, who made up a large group, that those under 65 should pay the difference between traditional indemnity and PPO. This was just a part of the ongoing discussion of the budget.

President Proenza then asked for a point of information. When did the bidding on the next contract begin? Senator Erickson replied that we were going out to bid in the next month or so. President Proenza then stated that he had just learned of a consultant that may help inform this in a wonderful way, and to be sure to get that person involved.

Senator Norfolk then asked, if contributions were going to cover 1.9 of 2 million, that was 95%. How was it 80%?

Senator Maringer thanked Senator Norfolk for bringing that to the Senate's attention. He stated that the sheet Senators had showed bringing in 1.6 million, which was 80% of the 2 million. There were so many unknowns in that. The committee did not really know until the bid came back whether it was actually 2 million or not. We did not know whether that number was based on this year's salaries. Those were going to go up, hopefully. Then as we shifted from one plan or coverage to another, and he did not mean to imply that a couple hundred thousand dollars was not a lot of money, but that was why we were not dollar for dollar on that aspect.

Senator Lee stated that his question had to do with the change in what used to be the different levels from employee and spouse or employee and dependent and children no matter how many children there were. Did this mean that a single parent with two children would now pay the highest level?

Senator Maringer stated that he could tell Senator Lee what the sheet on the premiums said. It said that if you were an employee there was no percentage paid. If you were an employee and covered your spouse, it was .3% or whatever. If you were an employee and just children, it said the same thing, .3%.

If you were employee plus family it said a higher percentage.

Senator Lee then pointed out that the written report did not state that, and Senator Erickson then stated that it should have.

Senator Jordan asked whether the committee had considered in connection with how premiums were to be charged, the fact that what was here would result in some families subsidizing wealthier families for the health care costs. Perhaps Senator Erickson or the committee had the answer to this, but as he understood it this was based on the income of The University of Akron employee. So for example if we had to use the table at the top of page 3, the 3.2% being used, a $60,000 employee would pay $1,920 a year. The $40,000 employee would pay $1,280 a year. That meant that the $60,000 employee who was perhaps a single parent with children or married to a spouse who did not work would pay the $1,920, whereas the $40,000 employee married to the lawyer or the doctor or to perhaps to another employee of The University of Akron who made perhaps $100,000, would pay less than the less wealthy family. Had the committee taken that into account?

Senator Erickson replied that obviously, we could not collect that information; it was not allowed for us to collect information about incomes of the spouses of University of Akron employees. Therefore, we did not review that, only the issue with respect to retiree dependents. So Senator Jordan's simple answer was no, because the committee was already under a Senate directive.

Senator Jordan then stated for clarification that neither at this point nor last May did the committee either identify or consider the inequities that he had just identified. Senator Erickson indicated that that statement was correct.

Senator Kahl stated that what the body appeared to be doing was taxing the dependents. The young families with young dependents were not driving the health care costs of this organization or any other. It was an aging work force, an aging faculty, that was driving the health care costs up for this organization and for others. He understood that the committee had done what Senate had asked them to, but there was no incentive in this program for the people who were driving the health care costs up to control those health care costs. This should be the point of having the faculty share costs. He did not know what they were going to do to reduce the cost of young children who were on that dependent coverage - skip a vaccination? That was $10. The health care costs were being driven by the health care for the older faculty. He did not know what could be done in terms of charging for it. He would suspect that it would be against the law to charge more if they were older; he hoped it was. But certainly, nothing was being done to control those health care costs by taxing the children who subsidized the older faculty. The committee was not accomplishing what it wanted to accomplish with that charge.

Senator Norfolk pointed out, as one of those people with younger children, that his son was on single vaccinations that were $2,000 a pop. Vaccinations were not very cheap now, unfortunately.

Senator Kahl replied that he understood; he was an older parent as well. But that was not the norm. Insurance was based on large numbers. Those dependents were younger and healthier than the people who were being subsidized; they were older and less healthy.

Senator Soucek echoed that concern. He would probably get hit with a higher percentage because of his salary and the number of dependents. Now that may be fair or unfair, but to get hit at both ends he considered unfair.

Senator Maringer replied that the committee would be willing to consider all these suggestions or comments. But he was a little confused, as he was not sure the committee had sent this premium structure to cause change in behavior of who was spending what money on the plan. If that were the case, maybe we would have tried to look at the legality of charging higher premiums based upon age or based upon previous usage of health care. The committee had simply wanted to come up with a plan that would be most fair.

Senator Braun added that it seemed to him that the way this plan was set up actually required people who made higher salaries to make higher contributions. Now the guys who made higher salaries were usually the older guys, so they were paying more money anyway. Now we were trying also to say that these guys who were older should be also taxed because they were older? Was this double taxation? Senator Erickson then rejoined the dialogue stating that she knew there was not a completely fair method, unfortunately. But the committee did want to take into account everyone's concerns; she thanked all who had expressed concerns. She pointed out that people were not stuck in a specific health care plan. There were ways to reduce the cost of health care plans by migrating. If one had a large family and were on traditional indemnity, one could move to something else, a PPO or HMO. The committee had deliberately rolled that into the system, because the HMO was the cheapest, but it was also the one with the least out-of-pocket cost to a young family. The other issue centered on elderly faculty who needed to stay healthy so the rest of us did not need to pay for them. The committee was working on a wellness subcommittee that was coming up with targeted methods to encourage people to do preventative things like good nutrition, exercise. The committee would tie this in with the insurance policy. They had not gotten to that point yet but did have that in mind.

Senator Kahl then stated that the best incentive he could think of for behaviors that cost health dollars - smoking, drinking, overweight - was financial. If there were a financial incentive for everyone to be healthier, he thought it was a good idea.

Senator W. Yoder then asked whether we had invited people to bid on this. Given permission to speak by the body, Vice President Ray stated that we would identify providers. Senator W. Yoder then asked how we identified those providers. Senator Erickson replied that we put an RFP out and they put their bids in. We had done this before. Out of those bids we chose the finalists and then moved on to the second stage.

Chair Sheffer then closed this part of the discussion.

<u>CURRICULUM REVIEW COMMITTEE</u> - See **(Appendix C)** for curriclum proposals.

<u>CAMPUS FACILITIES AND PLANNING COMMITTEE</u> - Senator Erickson stated she was giving the report in Senator Sterns' place this month **(Appendix D)**. She began by moving right to the committee's resolutions. The first resolution related to the temporary relocation of ROTC from Schrank Hall S. to Polsky's for summer and fall and to the designation of a general purpose classroom in Polsky 321. Further, that general purpose classroom should be maintained as such after the return of ROTC to SHS in 2004.

Chair Sheffer then called for discussion of the motion coming from the committee. Senator Norfolk then had a brief question. Above the resolution it stated, "Because of work on the parking deck, parking funds were going to be used to pay for the move." What did that mean?

Senator Gunn explained that the move was programmed into the expense of doing all the renovation. The parking budget would pay for that move to make the renovation possible.

No further discussion forthcoming, the Chair then called for a vote on the resolution. The Senate voted its approval of the resolution.

Senator Erickson then continued with the committee's second resolution. This resolution dealt with the committee's plan to add lines on the routing sheet used for campus construction projects identifying the moving expense and the party paying for those moving costs.

The Chair called for discussion of the motion. None forthcoming, a vote was taken. The body voted its approval of the resolution.

Senator Erickson continued with the third resolution coming from the committee. This resolution asked Faculty Senate to endorse the plan to use Ayer 319 as a network server and telecom equipment room to support the Department of Physics.

Senator Gerlach then asked whether Chair Sheffer would entertain a short question. The top of the CFPC report indicated that discussion continued about the names Simmons and Gardner. No action was taken. He would like to know why, since that committee recommended to the Senate months ago that we endorse the idea of maintaining the Gardner name on a building. That was respectfully referred to the President for his consideration. He wondered what the holdup was on the other question of the Simmons name, and what was going on in this committee?

Senator Erickson replied that she thought the President could talk about this. Senator Sterns had been doing a lot of behind-the-scenes discussion.

President Proenza addressed Senator Gerlach's questions. Both of those names had now received very comprehensive study and were being recommended with that due diligence for perpetuation. There was one very excellent recommendation for the Gardner name; there were several alternatives for the Simmons name. That set of recommendations would hopefully be finalized to go to the Board of Trustees possibly as early as their next meeting. But as he had previously suggested, it was his hope to complete this process by the end of this academic year, and that remained his hope.

Senator Gerlach indicated his appreciation of the President's comments but that his point was, what was going on in the committee because it had taken one action on the one case and then stopped on the other. Obviously, there had been some deliberation going on, but there was nothing said about that. He had thought that perhaps the committee would come forward with some statement for the Senate the way they had in the first instance, so that we would see what happened.

Chair Sheffer stated that this was where he wished to continue his remarks. He proposed that PBC Co-chair Fenwick present the fiscal year 04 budget as a motion from the committee; then discussion would begin. The discussion would either be a discussion or description of the line items, perhaps line by line if we needed to, on the budget or broad categories. Those would be described by Co-chair Fenwick. There would be time for clarification and for questions on these various items on the budget. Also today the proposed budget was sent to the deans and to the vice presidents for their review and for their comments. He was certain there would be suggestions and modifications made back to the PBC. With all of this in mind, the Chair then called for a special meeting of the Senate two weeks from today for further deliberation of the budget. That would be on March 20, in this room at 3:00 p.m. PBC would meet at least two more times before that special meeting, and in fact had several meetings before the next meeting of the Senate in April. He believed the desire was to take a budget to the Board of Trustees at their April meeting. So there should be plenty of time for deliberation of this budget. He then called for Senator Fenwick to begin his report.

<u>FACULTY RESEARCH COMMITTEE</u> - See **(Appendix E)** for committee report and 2003 Spring Grants.

<u>PLANNING AND BUDGETING COMMITTEE</u> - **(Appendix F)** Senator Fenwick stated that if someone did not understand a particular line or comment, he or she could raise that question at that time. Before getting into the line-by-line items, Senator Fenwick stated that he hoped everyone had had a chance to review the budget that was sent out Tuesday. There were major assumptions including that the enrollment would remain flat, that state subsidy would remain flat, and that we had already built in the 2.5% reduction in state subsidy. We were assuming a 9.9% tuition increase and an increase in group insurance of $2 million.

Senator Fenwick continued. Some other things contained within this budget were the merit pool of 3%, an employee pickup of 1.9 million of the $2 million increase in health care insurance, additional $1 million for fringes and to address faculty compression issues; 5% reduction in academic operating budgets; 10% reduction in non-academic operating budgets; $1,500,000 for an upgrade to Peoplesoft 8. A 50% reduction in University advertising expenses; an increase in campus contingency to $1 million; an increase in budgeted scholarships to reflect the 9.9% increases in tuition, and a rejection of requested additional support to the Student Union, Rubber Bowl and athletic operating budgets. Those were the main points, the highlighted points in the budget.

There was one change from the budget Senators had received through email earlier. In that budget the Library was still under VP/CIO, and it reflected the 10% reduction in non-academic operating budgets. The budget we had on the screen reflected its change to an academic unit and a 5% reduction in operating budget. The effect on the bottom line was to change $146,000 surplus to roughly a $7,300 deficit.

The first page had to do with revenue - the first lines 1-4 reflect the 9.9% increase in tuition rates. The next set of lines 5-9 also reflect 9.9%; course fees reflect a 6% increase in rates and they were factored in before the tuition increase went up to 9.9%.

Senator Witt had a question as to what exactly course fees were. Was the committee assuming that people responsible for their course who set that fee would increase it by 6% or would it be automatic?

Provost Hickey replied that the 6% was the overall estimate. The recommended increases in course fees were in his office now. He was due to work on them this weekend and turn them to the next step on Monday. The course fees varied from course to course and were based on the recommendations that came out of the colleges. The 6% was an estimate of the average increase in course fees based on history.

Senator Dalton asked whether the student activity fee was referred to as a general fee. Senator Fenwick replied yes.

Senator Jordan then asked how certain we were that we would not have a tuition cap that would prevent us from doing 9.6. To which Senator Fenwick replied that we were not certain at all. Earlier this week he received an email from Vice President Ray's office suggesting there may be a tuition cap that may also be retroactive back to 6%. Today the President expressed in PBC a more optimistic picture regarding not having tuition caps. So we were going with 9.9%, and that had already been taken to the Board.

Senator Jordan then asked what the impact was if we went back to the tuition cap. Senator Fenwick replied that if that happened, we would be facing approximately an additional $3 million deficit. Provost Hickey added that it was about a million dollars per percent.

Senator Fenwick pointed out that before the 9.9% increase was factored in, we had a budget deficit of around $3 million. There were some other changes that had taken place, but this would certainly throw the budget back into the red.

Senator Fenwick continued with his presentation. The other lines 18-21 dealt with state appropriations. Again, we were expecting losses and had already factored in the 2.5% reduction. Total state appropriations had declined by almost $3 million from the last fiscal year. Then we had also lost $1.5 million endowment departmental sales and services. But overall, the total resources had increased $7,400,000 roughly from last fiscal year.

Senator Dalton asked where market revenue from agreements we had with corporations and also ticket revenue we received from sports was listed. Senator Maringer replied those were in auxiliary ticket sales.

Senator Fenwick then continued with page 2 of the proposed budget. Page two, line 29 contained expenditures compensation, full-time faculty payroll, an increase of $1.6 million which included $1 million for equity and compression. Line 33, vacant positions – we hade reduced by roughly 50% the money available for vacant positions. That was essentially eliminating most non-ongoing searches with the fuzz factor in there of about $200-300,000 for emergencies.

Senator Witt then asked whether we knew how many positions that meant roughly. How many searches were going to be abandoned for the time being?

Provost Hickey replied that no ongoing searches would be abandoned, but very few searches beyond those ongoing would be initiated. He did not remember the exact number of positions that represented, but it was faculty and staff positions across the entire institution.

Senator Pinheiro asked whether the visiting position was also included in that. Provost Hickey replied that if positions were currently filled with a visiting person, those were still in there. If there was a vacant position for a visiting faculty member and there was not an ongoing search, then that position would be eliminated. Senator Pinheiro followed up by asking whether that were a done deal in terms of elimination. As he recalled, once the Provost had made a comment that he looked at the revenue over the credit generated before making that decision.

Provost Hickey replied that this was the proposed budget coming from PBC, and, in order to balance the budget, the recommendation was that those other positions be eliminated. Senator Pinheiro then asked whether there was a position in a department that would generate more money, at this time suffice it to say that that position would be eliminated?

Provost Hickey replied that there was a small amount of $200-300,000 left in the pool for searches that were not ongoing at this point in time but where positions were particularly needed. So there was a small amount of flexibility, but it would not take long to go through $300,000, particularly if we were talking about faculty.

Secretary Kennedy then asked for an explanation of the comments on lines 36 and 37. What did those comments mean?

Senator Fenwick replied that that was the conversion of full-time positions that were vacant into summer pay and part-time positions. Full-time conversions also occurred with operating budgets in academic units.

Provost Hickey added that, when the unallocated positions were pulled centrally two or three months back, that made it possible to cover the $2.2 million cut we just had without going back to any of the units, academic or administrative. He had met with each of the academic deans, and they had gone through their open positions line by line. What had happened in a number of situations was over the years they had chipped away at the money in open positions. In a number of colleges he found multiple faculty positions with $12,000, $16,000 - amounts of money that clearly were not enough to fund a faculty position. What had happened was, as they had hired new faculty they needed to offer larger salaries and they reached into the vacant faculty line and used some of that money. Since those positions were coming centrally and the units would have lost the unallocated salary money from those positions which they were using to fund other things including part-time faculty, visiting faculty, and operations, he had given the deans the opportunity to convert the money in those positions to operational monies in their colleges. That way, deans did not lose the money and the University saved the fringe benefit package we had to provide for an open position. So it was a conversion of partially-filled faculty line into operating monies, but it was a revenue-neutral event as far as the colleges were concerned. It gave colleges the flexibility of using that money for part-time faculty or for operational budgets.

Senator W. Yoder then asked about line 29 which indicated a million dollars for equity. The extra $600,000 there - what did that cover? Was that new faculty? Senator Fenwick replied that it was new faculty, primarily conversion from vacant positions into new faculty.

Senator W. Yoder then asked whether there were another side of that, where those of us faculty who got old and died, health care did not take care of, or we simply retired. Was that not going to be perhaps a wash?

Senator Fenwick replied that his guess was that we were paying more for getting new faculty than we were losing faculty in terms of the market going up.

Provost Hickey replied that those positions, either faculty or staff, vacated for whatever reason, now became central. Depending on our budget situation, they could either be used to meet further cuts or they could be reallocated to units based on the productivity of the units. So they could come to his office and be allocated to a different college; they could be allocated back to the same college, and the dean of that college could allocate it back to the same department or to any other department in the college that the dean saw fit with regard to faculty positions. With regard to staff positions in administrative units, they could be allocated to administrative units based on productivity.

Senator W. Yoder then asked, at this point, whether it was likely that those positions would be filled for next year. If the Provost allocated a position back to a college, would a search be able to be conducted and that position filled?

Provost Hickey replied that this would represent a different pool of personnel money than the one we talked about earlier where there had been $2.2 million ongoing. If the position was allocated back to a unit, either a faculty or staff position, it would be allocated back with the opportunity for them to conduct a search and fill the position.

Senator Maringer then added that line 29 was a pretty solid number, because it represented all full-time faculty currently employed now at their current salary rate which includes raises from last year and the equity into it. If a new faculty would be hired, it would come out of line 33 and be moved to line 29. Lines 33 and 29 from faculty's standpoint would be a direct trade-off. The next two lines would be a trade-off for vacant positions also.

Senator Fenwick continued. Senator J. Yoder then asked whether the 3% merit raise pool covered everyone – faculty and staff. Senator Fenwick replied that it was everyone.

Senator Covrig asked whether it was typical to put a raise in a separate line item than in just the other budgeted items above. Usually raises were considered part of the budgets of salaries, so why was it separate instead of up in the payroll section, lines 29 through 32?

Senator Maringer stated he thought it was cleaner to leave it in an account like it was now. If it was merit, we did not know who of those many different types of employees would get the raise and what it would be. Putting it into either full-time, part-time, or staff would be just a guess at this point. We were putting it into an account to give us an idea budgeting-wise how we balanced the budget.

Senator Fenwick then directed attention to line 47, the group insurance pickup. Senator Steiner asked whether it would be fair to say that, of the budgeted 3.1 million allocated for salary raise pool, about 1.9 million of that would go as part of the increase in health insurance? Senator Fenwick replied that there was a bit of a trade-off there, yes.

Senator Kahl stated that he was concerned again that far too much of that $2 million coming from health care charge was going to be paid by the people least able to pay it. Far too much of that 2 million that was going into the merit pool was going to go to people who were least in need of it. He did not think that was right. There was a clear trade-off; 2 million of that 3 million was coming from the health care charge, and that was going to be heavily weighted toward junior faculty and younger staff with children, and the merit was going to go to the other end of that wage pool. He did not think that this was the time we ought to do things like that.

Provost Hickey replied that he wanted to point out that when talking about overall increase, there was a 3% merit pool which was 3 million, but there was also the 1 million pool for equity and compression. So really there was a total compensation pool of 4 million rather than 3 million.

Senator Witt then stated that the compression pool would still affect the people least likely to pay for insurance. The people we were talking about, their salaries were lower, was that correct? On the merit side this might be thought about department by department. It was not a solution to the budget item here but to see merit based on work for dollars rather than percentage points. Like a publication was worth this much money rather than a percentage of salary.

Senator Hebert asked whether there had been any consideration by PBC or anyone else regarding the possibility as we entered this first phase of health care cost sharing of making 1.9 million of this merit pool across the board so that it basically picked up the cost in a sense for everybody, and then leaving what was leftover for merit.

Senator Fenwick stated that he believed the Senate passed last fall a resolution that non-merit factors could be included in salary increases. PBC looked at this in various ways. Should money go to cover health care costs, or a pay raise?

Senator Hebert stated that that was not the issue. The point was to use an across-the-board component this year as we moved into the first time of picking up the health care costs so that no one could complain that health care costs went up but he or she had not gotten a raise. Because if that would be the case, across-the board should in most cases pick up the cost of the increased health care.

Senator Fenwick then stated that one of the reasons PBC had come down on the side of having a merit pay raise of 3% over not cost sharing was that raises impacted other benefits, most importantly retirement levels. PBC felt dollar for dollar that we were better off with a merit pay increase versus health care. That did not mean everybody was going to be the same; not everybody was the same age with the same children. Everybody was going to be in a different position.

Senator Hebert stated that Senator Fenwick was not hearing his recommendation. He was not talking about changing the raise pool; he was talking about changing the allocation of the raise pool to part of it approximately 1.9 million across the board, so that at this time we pick the health care increase for virtually everybody.

Senator Jordan then stated that, consistent with Senator Hebert’s question, at some point we talked about a principle that no one would make less next year than they had before by virtue of the health care cost increases. Was not that correct? What Senator Hebert had suggested would assure that.

Senator Lee then added that it was not going to ensure that because different people had different health care costs, different health care premiums. Even if they got an across-the-board raise, some of their health care costs might increase more than that. They would be at the top of their scale, at the 3.2% premium category, and they were going to end up with a lower paycheck. He was curious about merit pay that did not go across the board. Did merit pay increases go more toward people with higher health care or not? He did not think it was clear that across the board was less to be distributed or more to be distributed with regard to health care costs than leaving it as a merit pool.

Senator Kahl offered that another side effect of the way it was now would be avoided by making that 1.9 million an across-the-board raise, was that effectively you're taking $1.9 of 2 million out of the current salary pool and putting it into merit to be reallocated. This was giving the administration the option of reallocating current salary dollars among current employees. Taking $2 million out of current employees' pockets to charge for health care was effectively putting that back in a merit pool that would be parceled out perhaps by merit but perhaps not. In his college, all administrators appeared to be equally meritorious. For them it was an across-the-board pay raise; for the faculty, not. He had benefitted from that in the past but he did not think it was right to tax those dependents to pay the merit, especially not when it was done that way.

Senator Maringer stated that based on these comments, PBC should address this issue as one of its next orders of business. He had intended to bring it up as an idea. Perhaps this was the year to consider a portion of the raise across the board. PBC would be talking about the issue.

Senator Fenwick then continued his report, moving on to page three of the proposed budget, non-personnel operating costs. These lines reflected a 10% reduction in operating costs of non-academic units, and a 5% reduction in the cost of academic operating units. The Library was now down in line 71.5. As an aside, he wanted to thank Amy Gilliland for running these numbers very quickly and getting it to us so we could present it this afternoon.

Provost Hickey then pointed out that lines 61, 62 and 68, where it stated a 5% reduction plus an amount of money from full-time diversions, meant that the operating budgets of those units were taxed at 5% level prior to the conversion of faculty money to operating monies.

Senator Jordan then stated that as part of the academic side, he was happy to be taxed less. But what was the principle that told us that the so-called non-academic side was better able to absorb than the academic side was?

Provost Hickey replied there was none. Senator Norfolk then asked why every college was being taxed at the same rate regardless of any productivity issues. Senator Jordan also asked why every college was being taxed at the same rate despite the fact that their operating budgets might be in very different circumstances depending upon what had happened with their personnel lines over the years.

Senator Maringer stated that he would try to address that issue by reflecting on the conversations PBC had had. That was to say, a little bit of frustration at not having what we might have thought was a very clear, definite sense of priorities and strategies and therefore ranking them. To try at the committee level to decide which one could be cut higher than the other one was kind of a no-win situation. Therefore, in lieu of that, cut it across the board and let them decide with flexibility where they cut their expenditures. Now remember, this was a first blush at the budget. If one of those colleges or vice presidents came back and said, “10% was really something I cannot do,” then we had a chance to adjust based upon that. We did not at this point in that committee have the detail. Although we had asked for detail from the various entities, we did not have that detail in a sufficient amount of time to make those very selective cuts.

Senator Fenwick then elaborated on that point. Last December PBC decided to send out budget request details for all units on campus. Many of these units came back and reflected in general terms what they would do with the 5, 10 and 15% reduction in operating budgets. They did not prioritize their expenses or their projects. That’s the frustration of the committee at not having clear answers as to priorities. He could understand from the point of view of the unit heads in not doing this because it gave PBC clear targets. But not having clear targets moved us to a more general approach.

Senator Kahl then asked about the CBA graduate tuition differential. This was going down by 5%. Was that just a plug number that was stuck in everything, or was that assuming a decline in the tuition we were going to charge, or a decline in enrollment?

Senator Fenwick replied that it was a 5% reduction for line item 64.

Senator Maringer added that The Law School had had a differential tuition for a while and had been allowed to keep 100% of it. The College of Business established a differential tuition for a graduate school and they were allowed to keep all of it this year, pending further discussion of it. That was what was in that line item; he did not believe there had been a decision made on what to do with that in the future. Therefore, it got the same cut as every other line on the academic side of 5%.

Senator Kahl then stated that PBC was not actually expecting that tuition to go down. It was just that the allocation to the Business School was going down.

Senator Maringer replied that was correct; there would be $200,000 more tuition in the graduate program for business. They were keeping all of it to fund the activities in that program, so 5% was coming back to the general budget to balance the budget.

Senator Lee stated he wished to correct the misimpression that all of the tuition differential for the Law School had been entirely eaten up by the Law School. That was not true. More importantly, this line, because it was so new, was set out as a separate budget line for the Business School, because as we went through and cut the expense by 5%, that line got cut by 5% as a separate line.

Senator Kahl was wondering whether PBC expected the cash flow from that charge to actually go down or whether it was just a budget allocation.

Senator Dalton, stating that he did not mean to be cynical, asked whether it would be safe to say that students were spending more and getting less?

President Proenza replied yes. To which Senator Kahl added that all should write the Governor, the legislature.

Senator Erickson then had a question about lines 72-74. Would Senator Fenwick c
comment on those scholarships?

Senator Fenwick stated that the 9.9% reflected the increase in tuition. In each case there had been a request for more money to go into these items and this was what PBC cut from the request to go into those lines. He then moved the discussion forward.

Senator Erickson also asked what would cause the legal fees to go up.

Senator Fenwick replied that suing the University would be the explanation. PBC had cut that by $277,000 from their requested increase. His understanding was that it reflected real increases in legal fees and settlements we had already paid out. He then asked whether someone from PBC would like to respond in more detail to that.

Senator Lee stated that PBC never had an explanation of what their request was about. What we did in the absence of information was to allocate the additional and then take that same 10%, and that was what that 500,000 was.

Senator Fenwick then asked whether the Senate would allow Mr. Ted Mallo to speak.

Permission granted, Mr. Mallo stated that approximately 20% of the increase was for the increase in hourly rates that we were expected to get July 1, roughly $125 an hr. to $150 an hr. Based on our billable hours we anticipated that to be about $250,000. We were engaged in some litigation at the current time that he would not go into detail about, except to illustrate what the facts of the cases were. One, we had an 11-year old young lady at EJ Thomas on whom an individual in the third tier fell. So far she had had three surgeries. We were in litigation on that particular case at this time. We had another situation involving a minor at the JAR arena. The court had determined that a liability attached to us, so now we were on the issue of liability in that case. He had several others that he did not need to go into. In addition to those issues that were coming to fruition this next year we were very much involved in the SEVIS compliance issues. We had been providing legal support for that this past year and that would be ongoing this next year. Senators might be aware of the USA Patriot Act that kicked in this past year; we had major compliance issues on that. We had an anticipated Department of Labor review coming up this next year. Usually those were 3 to 4 week on-site visits that were very time-intensive, very expensive. We had our CWA negotiations coming up this next year; they come up every three years and were quite an expensive ticket as well. So there were a number of issues that were cyclical and others that were sort of one-time type issues that went into that budget. He concluded his remarks by stating he would be happy to address any questions of a general fashion.

Chair Sheffer then pointed out to Senators that there was a 5:00 p.m. class waiting to come into the room. He reminded all of the next scheduled meeting two Thursdays from now. We could continue at that time with the discussion and the deliberation.

Senator John then had a request. Would it be possible for Senators to get an email of the current, updated budget? Senator Fenwick replied affirmatively. Senator John then asked whether the assumptions listed at the beginning of Senator Fenwick's report could also be included. Again, Senator Fenwick indicated yes, that those assumptions would be included with the revised budget.

As this appeared a good point to end the meeting's deliberations, Chair Sheffer called for a motion to recess. This was made and seconded. The meeting recessed at 5:00 p.m.

Transcript prepared by Marilyn Quillin