

MINUTES OF THE SPECIAL MEETING
OF THE
MICHIGAN STATE UNIVERSITY
BOARD OF TRUSTEES

July 27, 2001

President McPherson called the meeting of the Board of Trustees to order at 9:35 a.m. on Friday, July 27, 2001 in room Red Cedar A, Kellogg Center.

Trustees present: Dolores M. Cook, Joel I. Ferguson, Dorothy V. Gonzales, Colleen M. McNamara, Donald W. Nugent, David L. Porteous, and Robert E. Weiss.
Trustee present by phone: G. Scott Romney

University officers present: President McPherson, Provost Simon, Vice President Poston, Secretary Pogel, Vice President and General Counsel Noto, Vice Presidents Denbow, June, and Webster. Student Liaison present: Sam Howerton.

All actions taken were by unanimous vote of the Trustees present, unless otherwise noted.

1. On a motion by Ms. McNamara, supported by Mr. Nugent, **THE BOARD VOTED to approve** the proposed agenda.

2. Public Participation

There were no requests to address the Board of Trustees on issues germane to the agenda or other issues.

3. 2001-02 Operating Budgets

It was recommended that the Board of Trustees adopt 2001-02 operating budgets for the University General Fund, the Michigan Agricultural Experiment Station, the Michigan State University Extension Service, and Intercollegiate Athletics. A copy of the complete 2001-02 operating budget is on file in the Office of the Secretary of the Board of Trustees.

Discussion Regarding the 2001-02 Budgets

Trustee Weiss said that he would be voting No on the budget because it is based on a tuition increase of 8.9%. He commended the administration for the outstanding job over the past 5 years in holding tuition down to the rate of inflation. Mr. Weiss said he feels that the appropriation from the State is wrong and insufficient, and that a tuition increase is necessary, but an increase of 6% would have made up for what we are losing from the State.

Trustee Weiss commented that he opposes the repeal of the Tuition Tax Credit because it would amount to a tax increase for the residents of Michigan. A repeal of the Tuition Tax Credit hits the middle class the hardest and there may

be other solutions to make the credit more reflective of the real world. Mr. Weiss said he agrees with President McPherson that it is wise to contain tuition increases to the rate of inflation. He noted that by repealing the tax credit for a one-time fix, there is no commitment that the money would be re-appropriated next year or the following year.

President McPherson said that MSU would roll back the tuition increase from 8.9% to 6% if the State pledges a 3% recurring appropriation. The tuition increase will remain at 8.9% if the State appropriates an additional, one-time-only increase of 1.5% this year.

Trustee Nugent stressed that this has been a difficult budget to put together and that no one is happy to approve a tuition increase of 8.9%; however, this increase is important to improve faculty salaries. He said that the Extension Service and the Agricultural Experiment Station are the worst hit because of actual reductions in appropriations. Trustee Romney noted that Federal appropriations for the Extension Service have been flat for several years.

Trustee Romney asked how a repeal of the Tuition Tax Credit could be a tax increase since no student in the State ever receives the benefit of it. He said that the credit is misleading because no one uses it, and that money should be appropriated to the universities. Mr. Romney added that while MSU has been keeping its tuition increases at the rate of inflation, financial aid has actually increased over the rate of inflation, and has increased 11% over the amount of tuition increases. The 11% increase stays in the financial aid budget. He said that the administration has done an excellent job with the proposed budget, and he supports it.

Trustee Porteous said that, because he voted against the tuition increase at the Board's previous meeting, he would also be voting against the budget at this meeting. He said that it is unfortunate that MSU has not recently received the recognition it deserves for leadership in tuition restraint for many years. He said that it is disappointing that MSU has been lumped in with other universities without recognizing that this University has kept tuition low for so long. Mr. Porteous noted that it is vitally important to have a policy such as the Tuition Guarantee to help keep the focus on containing costs and stretching tax & tuition dollars as far as possible. He added that the Extension Service and the Agricultural Experiment Station are doubly hit because they don't have the benefit of tuition dollars.

Mr. Porteous said he understands that many Board members feel the tuition increase is necessary for faculty salary increases and program enhancements. But as tough as this budget cycle has been, he noted, the next budget could be tougher, and in the future the University may have to decide if it can afford all of its wonderful programs. He emphasized that many State departments got increases of less than 1.5% this year, and some departments' budgets were cut.

Trustee Gonzales said that she supports all the work that has gone into building this budget. She said that she also appreciates the support of faculty

and staff. Ms. Gonzales said that she has talked with many families and other constituents, and has come to the conclusion now that she cannot support the budget based on a tuition increase of 8.9%. She emphasized that families are worried what tuition will be like next year if the University is willing to raise tuition by 8.9% this year. Many students, she said, work two or three jobs to get through school. She noted the importance of understanding the issues of the working-class families who struggle to get their kids through school.

Trustee McNamara said that she would reluctantly vote Yes. She said that since she has been on the Board, the administration has been obsessive about keeping tuition down. She said that in this situation, she would have to trust the administration's recommendation because it seems that everything has been done to keep tuition and costs down with this budget. Ms. McNamara added that the Legislature did not do the difficult and correct thing for higher education. Because insufficient funds were appropriated for the University, the Board would have to make the difficult decision and vote Yes on the budget.

Trustee Ferguson said that he voted reluctantly on the tuition increase at the Board's previous meeting. The time to take the gloves off and talk about concern for students, Mr. Ferguson said, was at the last meeting when the tuition increase was approved. He said that the budget vote is perfunctory because tuition has already been set. The time to grandstand, fight, and make speeches was two weeks ago, he stressed. He said that he would vote Yes on the budget.

On a motion by Mr. Nugent, supported by Ms. Cook, **THE BOARD VOTED to approve** the 2001-02 Operating Budgets. A Roll Call vote was conducted by Secretary Pogel. Trustees Gonzales, Porteous and Weiss voted No.

4. An Executive Session was not requested.
5. On a motion by Mr. Nugent, supported by Ms. McNamara, the Board voted to adjourn at 10:00 a.m.

Respectfully submitted,

Nancy H. Pogel, Ph.D.
Secretary of the Board of Trustees