

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

July 11, 2007

President Simon called the meeting of the Board of Trustees to order at 12:35 p.m. in the Board Room.

Trustees present: Joel Ferguson, Melanie Foster, Dorothy V. Gonzales, Colleen McNamara, Donald W. Nugent (via telephone), Faylene Owen, George Perles and Scott Romney.

University officers present: President Simon, Provost Wilcox, Vice President Poston, Secretary Barber, Vice President and General Counsel Noto, Vice Presidents Denbow, Gray, June, Webster, and Senior Advisor and Director Granberry Russell. Faculty liaisons present: Kathleen Payne, Jim Potchen, and Dick Weber. Student liaisons present: Jarrod Morrice and Eric Hinojosa.

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

1. On a motion by Trustee Ferguson, supported by Trustee Foster, the **BOARD VOTED to approve** the agenda.
2. President's Report
 - A. MSU Budget Planning

President Simon said that the budget is the result of evidence and value based planning. MSU is working to preserve its status as one of the top 100 research universities in the world. This is not a budget built on aspirations, but one that will sustain the current status.

President Simon stated that the budget does not include short-term gimmicks. Non-recurring money must have been used as a bridge to the future, not simply a way to avoid the decisions that have to be made in order to sustain the integrity of the institution. Unfortunately, the State of Michigan continues to disinvest in the current generation of students. The dividends that this generation of students will produce for the State will be realized 10 to 40 years from now. In the past, the State of Michigan supported higher

education at one of the highest levels in the country, but is now only in the average group of states, and the downward slide continues.

3. Public Participation on Issues Germane to the Agenda.

A. Tuition Increase

Ms. Sandte Stanley said that she is an out-of-state student who funds her own education. She stated that it is hard for her to justify attending a school that has rising costs that are not matched by financial aid opportunities. When the Board decides to raise tuition, the burden is then placed on the students to find the resources to pay for increased costs.

Ms. Stanley said it would be unfortunate if students chose not attend MSU because of tuition costs. She asked the Trustees to be mindful of the population they serve when making decisions of this magnitude.

B. Tuition Increase

Mr. Leo Sell, President of the APA union at MSU and Vice Chair of the Coalition of Labor Organizations (CLO), spoke on behalf of both organizations. Mr. Sell indicated he was pleased with the open communication between the administration and labor organizations during the budget process. He appreciates the hard work that will result in preserving the quality and integrity of the educational experience at MSU. Mr. Sell thanked those involved in the process and indicated his full support for the proposed budget.

4. Trustee Nugent presented the Trustee Finance Committee Report and recommendations.

A. 2007-08 Budget Development and Implementation

It was recommended that the Board of Trustees adopt the guidelines for development of the 2007-08 budget. (Appendix A)

Trustee Nugent **moved to approve** the recommendation, with support from Trustee Ferguson.

Trustee Nugent said that tuition would rise 9.6 percent. The State appropriation is estimated at a 1.8 percent decrease, adversely affecting tuition costs. The total increase for undergraduate, in-state students is \$798. Financial aid will be increased 14.3 percent to help keep education available to those who can least afford it.

Trustee Nugent thanked everyone for their diligence and hard work on the budget.

Trustee Owen said that the decision to increase tuition is painful for everyone. Higher tuition costs are a real burden for students and their families, but she believes that the tuition increase is necessary. It is the right decision in order to maintain the quality of MSU, to compete for the best faculty, and to conduct the very best research. The decision places responsibility for this increase, and possible future increases, exactly where it should be on the State legislators who refuse to do what is right for the State of Michigan.

Trustee Owen stated that many politicians claim to want better education to advance the State's economy and benefit young people, while at the same time refusing to invest in higher education. What the legislators are doing, or refusing to do, is dead wrong. The dramatic reduction in support for higher education in the State of Michigan over the past 15 years demands that the Board speak out clearly so that member of the public can hold their elected legislators accountable.

Trustee Ferguson said Trustee Owen's use of the word 'legislator' is appropriate. If the Legislature had followed Governor Granholm's recommendation of a 2.5 percent increase for higher education, MSU tuition would be raised 6.4 percent instead of 9.6 percent. Trustee Ferguson urged the students and citizens of Michigan to put pressure on elected officials to put the future of the State of Michigan first and fund higher education.

President Simon clarified that if MSU receives additional money from the State of Michigan, the annualized tuition for Spring semester will be reduced.

Trustee Foster stated that financial aid will increase by 14.3 percent. This exceeds the tuition increase by nearly 5 percent and will help to address the needs of students who can least afford higher tuition.

Trustee McNamara stated that as a parent she is concerned about the increase, but is voting for it to preserve the quality of MSU. Unfortunately, the State of Michigan has moved away from supporting its colleges and universities. While this is a hard decision to make, the value of MSU must be maintained. Parents and students make great sacrifices to come to MSU, not to get the cheapest education, but the best education. It is the responsibility of the Board to make sure that happens.

Trustee Romney complimented the administration for its work on the budget. MSU has not reduced the amount of output it is providing, but has increased the efficiency of all operations on campus. MSU has one of the lowest ratios of employees to students in the Big Ten. Trustee Romney stated his support for the resolution and agrees that the State of Michigan has a responsibility to support its public universities.

Trustee Owen thanked the administration for its magnificent job in reducing costs wherever possible. She hopes the parents of all college students in the State of Michigan contact their legislators regarding the rising tuition costs.

Trustee Perles agreed that the administration has reduced costs and thanked Vice President Poston for his diligence.

President Simon said many members of Team MSU have made changes in their day-to-day work that may go unnoticed, but have a profound impact on quality and reducing costs.

Jarrold Morrice, Student Liaison, said that a tuition increase would be painful for students; however, the increase is appropriate. Legislators need to realize that students will continue to carry the burden of higher tuition costs if appropriations for public universities continue to decline. Mr. Morrice stated that he supported the increase in order to preserve the quality of MSU.

Dr. James Potchen, Faculty Liaison, thanked the administration for constructing a plan that could have long-term sustainability by allowing MSU to control its own destiny and not guess at the level of support from the State of Michigan. Dr. Potchen agreed with the budget recommendation.

President Simon said that if the State of Michigan increases funding to MSU, the students would benefit on an annualized tuition basis.

Eric Hinojosa, Student Liaison, indicated he was not happy to have tuition increasing, but appreciated the work of the administration and Board of Trustees to preserve the quality at MSU. Institutions of higher education will be the engines for change in the State of Michigan. It is incredibly important that people push their legislators to act in a way that is responsible for the State of Michigan.

THE BOARD VOTED to approve the recommendation.

B. Sale of Hulett Road Property

It was recommended that the Board of Trustees authorize the sale of its Hulett Road property (approximately 5.7 acres) to Mr. Randolph Markham for one million two hundred thousand dollars (\$1,200,000.00), upon such other terms and conditions as may be acceptable to the Vice President for Finance and Operations and Treasurer.

Trustee Nugent **moved to approve** the recommendation, with support from Trustee McNamara.

THE BOARD VOTED to approve the recommendation.

5. Trustee Comments

Trustee Ferguson said he was proud to be a member of the Board. The Board and administration put MSU first and have aggressively worked not to compromise quality. He stressed that all state universities should be placing themselves first instead of being held captive by a legislature that is not looking to the future, but only to the present. Legislators should take the tuition burden off Michigan families and put Michigan first. Trustee Ferguson said he was happy to be a part of the Board and administration leading that movement and thanked everyone for their hard work.

Trustee Romney stated that the Board was only interested in doing what is best for MSU. He thanked President Simon for her leadership and thanked faculty, staff, and students for their contributions in developing the budget. The cooperative effort will allow MSU to maintain its excellence.

Trustee Owen thanked the faculty and student liaisons for their insights and indicated it was a pleasure to work with them.

Trustee Nugent said the unanimous vote on the budget resolution by the Trustees represented the Board's commitment to doing what is right for MSU. He reminded everyone of the Ag Expo breakfast on July 17, 2007.

Trustee McNamara thanked everyone for their work on the budget and said she was proud to be part of Team MSU.

Trustee Perles congratulated the Board and administration on a job well done.

Trustee Foster thanked the administration for its work and the Board members for the unanimous vote on the budget resolution.

6. There was no Public Participation on Other Issues.

7. Request to Adjourn

On a motion by Trustee Ferguson, supported by Trustee Owen, **THE BOARD VOTED to adjourn** at 1:20 p.m.

Respectfully submitted,

Alison E. Barber, Ph.D.
Secretary of the Board of Trustees