

MINUTES OF THE SPECIAL MEETING
of the
FINANCE COMMITTEE
June 15, 1966

Present: Messrs. Harlan, Hartman, Huff, Merriman, Nisbet, Smith, Stevens, White; President Hannah, Vice President May and Secretary Breslin

Absent: No one

The President opened the meeting at 7:00 p.m. suggesting that the Trustees establish an agenda for this evening's meeting to consist of three items:

- (a) Consideration of an increase in student fees.
- (b) Report on teacher certification and the training of teachers by Dean John Ivey and Dr. Leland Dean of the College of Education.
- (c) Consideration of the recommended salary schedules to become effective July 1, 1966.

Agenda for
Special Meeting
of Finance
Committee

This tentative agenda was agreed to.

1. The President presented a communication from the Michigan Higher Education Assistance Authority which was a form notice sent to all Michigan colleges and universities notifying them that the Authority would require any and all fee changes that are to be considered by the Authority in determining the amount of scholarships for the 1966-67 college year granted to students by the Authority, to be received by the Authority not later than June 15.

Discussion of
increase in
fees

The President then indicated that Vice President May had talked with Ira Polley, State Superintendent of Public Instruction, and John W. Porter of the Michigan Higher Education Assistance Authority, requesting an extension of one day to permit the Trustees to act on the proposed fee increase at the Trustees' meeting scheduled for tomorrow, June 16. This request was denied with a statement that if the Trustees acted before midnight, June 15, and a notice to that effect was included in a telegram filed before midnight today, June 15, it would be received by the Authority.

It was agreed that under these circumstances there was no acceptable alternative but for the Trustees to consider and act upon this item this evening. The following item was included in the agenda previously distributed:

It is recommended that the Board authorize a fee schedule to become effective fall term 1966 as outlined in the following communication from Mr. May:

Since it now appears that the Legislature will not increase the appropriation over the \$44,180,272 contained in Senate Bill 1235, it is necessary to recommend that the Trustees approve the fee increase discussed at the May meeting of the Board. To produce the income necessary to balance the proposed budget for 1966-67, fees for Michigan residents will need to be increased \$10 per term and for non-residents \$50 per term.

Shown below is the recommended fee schedule which needs to become effective for the fall term of 1966:

<u>Number of Credits</u>	<u>Residents</u>	<u>Non-Residents</u>
1-3	\$36	\$118
4-6	57	172
7-9	82	234
10 or more	118	340

The above schedule has been increased at each level by \$10 for Michigan residents and by \$50 for non-residents. In addition, we have eliminated the 10-11 credit level and recommend that full fees be charged all students carrying 10 or more credits.

In 1964 the Trustees approved a fee of \$13 per credit for off-campus courses. Because of higher cost of travel and other expenses, it is recommended that this fee be increased from \$13 to \$15 per credit.

Graduate students who have completed all course work, paid their doctoral thesis fees, and still need to use campus facilities to complete their graduate programs, are required to register for 0 credits and pay a fee of \$26 per term. This fee was based on the regular 3-credit fee of \$26. It is recommended that the fee now be increased to \$36 for the special 0-credit graduate enrollments.

Doctoral candidates who have completed course work are required to register and pay for 12 units of thesis research as part of the requirements for the degree. It is recommended that the fee for each unit be increased from \$25 to \$30.

I have given serious thought to the fee proposal of Mr. Stevens and Mr. White. It seems to me that it would be most difficult to administer and that it would be impossible to accurately estimate fee income for budget purposes. It would be my suggestion that we protect Michigan students from lower income families by providing an automatic scholarship of \$10 per term,

Special Finance Committee Meeting Minutes, continued:

1. Fee changes, continued:

if the parents of the students submit a copy of their latest federal income tax return showing taxable income of less than \$6,000. This would eliminate the hardship of the proposed fee increase for most families.

After discussion, it was moved by Mr. Nisbet, seconded by Dr. Smith, to approve the fee changes as recommended.

After further discussion, an amendment was proposed to divide the issue by voting separately on the recommended fee increase for out-of-state students and for resident students.

Mr. Nisbet and Dr. Smith agreed to withdraw the original motion.

Motion A

On motion by Mr. Nisbet, seconded by Mr. Stevens, it was unanimously voted that the fee for non-resident students be increased effective fall term 1966 by \$50 per term for full-time students, from \$290 per term to \$340 per term, or from \$870 per academic year to \$1020 per academic year at Michigan State University and an equivalent increase in fee at Oakland University from \$435 to \$510 per semester effective fall of 1966.

Motion B

Mr. Nisbet moved, seconded by Dr. Smith, to approve the recommendation that the fee for Michigan residents be increased by \$10 per term for full-time students from \$108 per term to \$118 per term, or from \$324 per academic year to \$354 per academic year at Michigan State University; and an increase in fees at Oakland University from \$162 to \$177 per semester.

The vote was 4 for and 4 against, with Messrs. Harlan, Hartman, Stevens, and White voting "no."

Motion C

Mr. White moved, seconded by Mr. Stevens, that the fee for resident students on an academic year basis be set at 30% of the Federal income tax paid by the student's parents or \$1020 per year whichever is smaller -- with the understanding that, if this fee increase for Michigan State University produces more than \$10,300,000 in annual fees from resident students, the amount in excess of this sum should be used for financing projects and programs such as Project Ethyl. The vote was 3 for and 5 against. The motion lost. Messrs. Stevens, White, and Harlan voted for the motion.

Motion D

Mr. Harlan stated that inasmuch as it is evident that a fee increase for in-state students is required to make possible a balanced budget for 1966-67, he moved seconded by Mr. Merriman, that the vote on the Nisbet-Smith motion be reconsidered. This was agreed to by a majority vote.

Motion E

Mr. Harlan moved, seconded by Mr. Huff, that the fee increase for resident students be increased as recommended effective fall term 1966 to \$118 per term or \$354 per academic year at Michigan State University and to increase the fee at Oakland University from \$162 to \$177 per semester. The vote was 5 for and 3 against, with Messrs. Hartman, Stevens, and White voting "no."

Motion F

Mr. Merriman moved, seconded by Dr. Smith, that the following changes in fees be approved effective fall term 1966:

In 1964 the Trustees approved a fee of \$13 per credit for off-campus courses. Because of higher cost of travel and other expenses, it is recommended that this fee be increased from \$13 to \$15 per credit.

Graduate students who have completed all course work, paid their doctoral thesis fees, and still need to use campus facilities to complete their graduate programs, are required to register for 0 credits and pay a fee of \$26 per term. This fee was based on the regular 3-credit fee of \$26. It is recommended that the fee now be increased to \$36 for the special 0-credit graduate enrollments.

Doctoral candidates who have completed course work are required to register and pay for 12 units of thesis research as part of the requirements for the degree. It is recommended that the fee for each unit be increased from \$25 to \$30.

Motion carried 7 to 1.

At this point it was agreed that Mr. Breslin should advise the Michigan Higher Education Assistance Authority by telegram of the approval of these fees. Mr. Breslin and Mr. May left the meeting to send the telegram.

Motion G

Mr. Huff moved, seconded by Mr. Harlan, that this University make a major study of the economic resources of students and of their families, looking toward the end of relating the fee structure to ability to pay at this and other tax-supported universities. It is requested that a tentative plan for this study be reported to the Trustees for discussion at an early date. The vote was 4 for and 3 against, with Mr. White not voting. Those voting "no" were Messrs Merriman, Nisbet and Smith.

Out-of-state
fee increased
by \$50 per
term at MSU
and Oakland U.

Fees for
resident
students
inc. at MSU
and Oakland U.

Fees for
off-campus
courses
increased

Inc. in cer-
tain fees for
Graduate
students

Michigan High-
er Assistance
Authority
notified by
wire of inc.
in fees

Special Finance Committee Meeting Minutes, continued

2. Dean Ivey and Dr. Lee Dean appeared before the Board to discuss teacher certification procedures and various programs of teacher training in the College of Education.
3. Consideration of salary increases for Michigan State University faculty and administrative-professional employees, and for Oakland University faculty and administrative-professional employees, to be effective July 1, 1966, and to be included in the budget for 1966-67. Detailed recommended salaries had been previously distributed to the Trustees for their consideration.

Discussion of teacher cert. procedures

Approval salary budget for 1966-67

(a) On motion by Mr. Harlan, seconded by Mr. Merriman, it was voted to approve the salary increases as recommended to be effective July 1, 1966. Carried by a vote of 6 to 2, with Mr. Huff and Mr. White voting "no."

(b) The Board then went into executive session with the President to consider salaries for Vice President May and Secretary Breslin. At the executive session the President encouraged a free discussion of the salary schedule already approved. Questions were raised by some Trustees about certain specific salaries and about long-range salary policies. There seemed to be a general feeling that after salaries reach a certain level further increases should be considered as token of approval and appreciation and that there should be some accepted top level of salaries in all categories.

President to set salaries for Messrs. Breslin and May

After discussion, Mr. Harlan stated that the Trustees must rely upon the judgment of the President and other administrators in setting salaries and that he therefore moved, seconded by Dr. Smith, that the President be requested:

All salaries to be reviewed by Pres. and other administrators

- 1) to review all salaries in the list previously approved where the increase is 10% or more of the current salary; where the increase is \$1,000 per year or more, and where the current salary is \$20,000 or more; and
- 2) that he be authorized to make such changes as he thinks warranted, with such changes to be reported to the Trustees; and
- 3) that he establish the salaries for Vice President May and Secretary Breslin subject to review by the Trustees at the July meeting.

Carried.

4. At an executive session of the Board, called by Mr. Huff, the following action was taken.

President Hannah's TIAA retirement contribution from Univ inc. to \$15,000 yr

On motion by Mr. Nisbet, seconded by Mr. Harlan, it was unanimously voted to increase the University's contribution to President Hannah's TIAA retirement program from \$10,000 to \$15,000 per year effective July 1, 1966.

The meeting adjourned at 11:15 p.m.

MINUTES OF THE MEETING
of the
FINANCE COMMITTEE
June 16, 1966

The Finance Committee convened at 7:00 a.m. at Kellogg Center.

The following members were present: Messrs. Harlan, Hartman, Huff, Merriman, Nisbet, Smith, Stevens, White; President Hannah, Treasurer May and Secretary Breslin

Absent: No one

1. Scudder, Stevens and Clark and Mr. Earl Cress recommend the following investment items:

Retirement Fund

<u>Amount</u>	<u>Security</u>	<u>Approx. Price</u>	<u>Principal</u>	<u>Income</u>	<u>Yield</u>	<u>Investment recommendations</u>
Recommend purchasing:						
\$100,000	Phillips Petroleum Convertible 4½s-2/15/87	107	\$117,700	\$4,675	3.8%	
Or, if not available at above price limit:						
\$120,000	Virginia Electric & Power 3 5/8s-5/1/86	97	116,400	4,350	3.9%	
400 shs.	Hartford Fire Insurance (Holding 1,200) \$1.40	67	26,800	560	2.1%	
300 shs.	National Cash Register (Holding 1,260) 1.20	83	24,900	360	1.4%	
	Total including Phillips Petroleum		\$169,400	\$5,595	3.3%*	
	Total including Virginia Electric & Power		\$168,100	\$5,270	3.1%*	

*Current yield