

MINUTES OF THE SPECIAL MEETING
of the
MICHIGAN STATE UNIVERSITY
BOARD OF TRUSTEES
September 5, 1975

Present: Trustees Bruff, Carrigan, Huff, Krolikowski, Martin, Radcliffe, Stack, and Stevens; President Wharton, Executive Vice President and Secretary Breslin, Vice President Wilkinson, Provost Cantlon, Vice Presidents Muelder, Nonnamaker, Perrin, and Scott, Assistant to the President Ballard, and Attorney Carr.

The Board convened in the Board Room at 4:45 p.m., President Wharton presiding.

Report re State Budget Dir.'s intent to reduce 1975-76 general fund appropriation

President Wharton reported that the State Budget Director in a letter of August 26, 1975 has announced his intention to reduce 1975-76 general fund-general purpose appropriations for all purposes other than welfare grants by 1% in order "to establish a contingency fund to meet later revenue deficiencies."

Authorization for this action purportedly is granted in Section 70, Subsection (5) of Enrolled House Bill 4439, the annual appropriation bill making appropriations for general government purposes. No appropriation bill for other purposes, including the higher education bill, contains this language. Accordingly, Representatives Dominic Jacobetti and Gary Owen, respectively, Chairman of the House Appropriations Committee and Chairman of its Higher Education Subcommittee, have asked Attorney General Frank Kelley for his opinion on the constitutionality of the proposed action. These Representatives contend that in the absence of prior specific legislative approval, the proposed reductions would be unconstitutional for agencies whose appropriations were not made directly by Enrolled House Bill 4439.

Attorney General Kelley has yet to issue his opinion.

President Wharton also stated that it should be recognized that if the 1% reduction is implemented, the appropriation bills contain additional language which would permit subsequent reductions should circumstances require this to balance the overall state budget.

The budget guidelines approved by the Board on August 20 contemplated that the University Administration would return for formal approval a detailed balanced budget based on the fee increases also approved at that meeting. Should the Governor now reduce our state support by an additional 1%, the University budget would be thrown in the red by some \$886,000.

President Wharton described the recent developments in connection with the appropriation process and pointed out that with the most recent proposed reduction the total reduction from the original recommendation by the Governor would be about 4.3%. He stated that while the MSU share of the Governor's original Executive Budget was only 3% our share of the final reduction in legislative appropriation is about 6.2%, that the University in preparing the budget has already made program reductions of over \$3 million, and faces the prospect of some 2,900 unfunded students during the coming academic year or almost \$6 million. Under these circumstances an additional 1% reduction in the University's appropriation would mean an even greater fiscal stress.

Accordingly, the following recommendation for a temporary increase in student fees was proposed to meet this contingency.

\$1.00/cr.hour contingency fee surcharge for winter term and spring term 1976 approved

"There is established a \$1.00 per-credit-hour contingency fee surcharge for on-campus students for the winter term, 1976, and the spring term, 1976. This fee surcharge shall be levied only in the event that state government reduces the University's 1975-76 appropriation in order to establish a contingency fund to meet state revenue deficiencies. Any surcharge fee so collected shall be proportionately refunded to the students should the state subsequently refund to the University part or all of any such reduction in state appropriations."

RESOLVED that the above recommendation be approved.

Motion was made by Trustee Carrigan, seconded by Trustee Radcliffe, to adopt the above resolution.

Provost Cantlon informed the Trustees that the proposed 1% cut would have serious effects on the Cooperative Extension and Agricultural Experiment Station budgets, including the laying off of some County Extension Agents and the curtailment of some Experiment Station research projects.

President Wharton also reported that it is expected that fall enrollment will include 2,900 students who will not be funded in the appropriation bill and as a result the administration is giving serious consideration to the possibility of closing out new admissions in the 1976 winter and spring terms.

Trustee Bruff asked if it was necessary to take the proposed action at this time or if it could be taken any time prior to the winter term. President Wharton replied that (1) he feels there is a direct relationship between the proposed reduction and the ability of the University to provide effective educational services; (2) it is important that the students coming back to the University be aware as soon as possible of the possibility that there may be fee increases so that they may plan ahead in terms of the costs of their education; (3) if there are alternatives the Trustees wish to follow in the preparation of the budget, the administration needs to be alerted to them now in order to be prepared to submit the budget later this month.

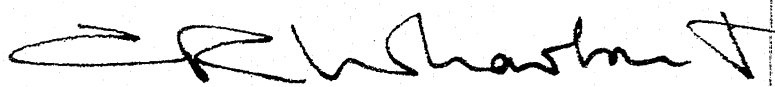
Minutes of the Board of Trustees Meeting, continued

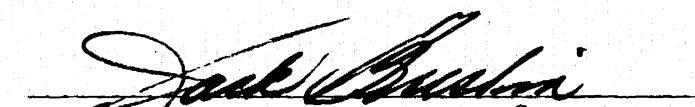
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Trustee Stack suggested that there might be ways in which savings could be made so that the proposed temporary surcharge could be avoided. An alternative, he stated, might be to go to the students, faculty, and staff, and discuss in some depth what the University's priorities should be. President Wharton pointed out that such an exercise in long-range planning was already underway following his announcement of such an approach in his State of the University address earlier this year.

Motion carried by a vote of 6 to 2, Trustees Bruff and Stack voting nay.

Adjourned.


President


Secretary