

**Minutes of the Special Formal Session
of the
Oakland University Board of Trustees
July 7, 2015**

Present: Chair Mark E. Schlusssel; Vice Chair Richard L. DeVore (via teleconference); and Trustees Richard A. Flynn, Michael R. Kramer, Scott G. Kunselman, Ronald E. Robinson, Melissa Stolicker and W. David Tull

Also Present: President George W. Hynd; Senior Vice President James P. Lentini; Vice Presidents John W. Beaghan, Rochelle A. Black, Glenn McIntosh, John O. Young, Betty J. Youngblood; Interim Vice President Geoffrey C. Upward; Vice President and Secretary to the Board of Trustees Victor A. Zambardi; and Student Liaisons Elizabeth J. Iwanski and Annie M. Meinberg

A. Call to Order

Chair Mark E. Schlusssel called the meeting to order at 1:31 pm. in the Auditorium of Elliott Hall of Business and Information Technology.

B. Roll Call

Mr. Victor A. Zambardi, Vice President for Legal Affairs, General Counsel and Secretary to the Board of Trustees, conducted a roll call and all of the Board members were present, except Trustee Richard L. DeVore who joined the meeting via teleconference at 1:47 p.m.

C. Treasurer's Report

Mr. John W. Beaghan, Vice President for Finance and Administration, presented the Treasurer's Report as set forth in the agendum item.

Mr. Beaghan indicated that June 30, 2015 was the end of the University's FY15 fiscal year and the month of July will be spent closing the books followed by the books being audited by the Board's external auditors in July. The audited financial statements will be presented to the Audit Committee and then the full Board in October, 2015.

D. Consent Agenda for Consideration/Action

Consent Agenda

Minutes of the Board of Trustees Formal Session of June 8, 2015

Final Undergraduate School and Graduate School Reports – Winter 2015 – April 28, 2015 and June 1, 2015

RESOLVED, that the Board of Trustees approves granting the degrees more fully described in the Final Undergraduate School Report and the Final Graduate School Report, each dated April 28, 2015 and the Final Graduate School report for the Oakland University William Beaumont School of Medicine, dated June 1, 2015

(A copy of the Final Undergraduate School and Graduate School Reports – Winter 2015 – April 28, 2015 and June 1, 2015 is on file in the Board of Trustees Office.)

Engineering Center Contract Adjustments

RESOLVED, that the Board of Trustees approves to increase the contract with SmithGroup JJR by \$60,000, to a not-to-exceed total of \$3,492,950; and, be it further

RESOLVED, that the contract with Walbridge be increased by \$50,000 to a not-to-exceed total of \$3,323,803; and, be it further

RESOLVED, that the contract with Motor City Electric be increased by \$400,500 to a not-to-exceed total of \$4,404,061; and, be it further

RESOLVED, that the Board of Trustees authorizes the President, the Vice President for Finance and Administration, and their respective designees, to perform all acts and deeds and to execute and deliver all contracts, instruments and documents required by this resolution that are necessary, expedient and proper in connection with the Engineering Center Contract Adjustments (Project) and the ongoing administration of the Project; and, be it further

RESOLVED, that said contracts, instruments and documents shall be reviewed by and be in a form acceptable to the Vice President for Legal Affairs and General Counsel prior to execution, and be in compliance with the law and with University policies and regulations and conform to the legal standards of the Vice President for Legal Affairs and General Counsel.

Trustee W. David Tull, seconded by Trustee Michael R. Kramer, moved approval of the Consent Agenda and the motion was unanimously approved by those present.

E. New Items for Consideration/Action

Resolution Supporting that Only Formal Sessions of the Oakland University Board of Trustees Should be Open to the Public

RESOLVED, that the Board support the status quo as it best serves all concerned, and does not support any requirement that the Board cannot meet in private informal meetings; and, be it

FURTHER RESOLVED, that the Board will continue to faithfully discharge its obligation under the Michigan Constitution to make its formal sessions open to the public.

Trustee Robinson, after requesting that this item be removed from the Consent Agenda, offered the following statement for consideration:

Currently, Michigan's Constitution provides that university boards' formal meetings must be open to the public. Michigan House Joint Resolution O would eliminate the word "formal" so that all meetings of university boards would have to be open to the public. If Resolution O passes, Michigan's Open Meetings Act and the Freedom of Information Act would still make exceptions for pending legal issues and personnel matters to be held in private by the board.

Michigan's Open Meetings Act and Freedom of Information Act require every other legislative body to do their public business in public. One exception is Michigan's public university boards under the aforementioned constitutional provision. Only California and Minnesota university boards have such autonomous power. Forty-seven other states do not give such power to their university boards. Before the 1999 Supreme Court ruling turning on the Michigan Constitution's use of the word "formal," Michigan's university boards met in public.

Joint Resolution O is a sunshine law amendment and makes our public university boards accountable and transparent. Requiring boards to meet in public is good public policy. Public discussion, deliberation and debate is fundamental to our democratic process. Holding board meetings on public policy issues behind closed doors without public input and oversight does not improve board governance.

Our Michigan public universities are constitutionally autonomous giving our Michigan university boards great power over these major educational and economic resources. Our university boards mainly operate behind closed doors before they cast their vote in formal session. I recommend that this Oakland University's Board resolution be tabled and moved to the Board's Governance Committee for public discussion and recommendation under our Board committee structure.

Trustee Robinson moved to table the recommendation for the issue to be moved to the Board's Governance Committee, however, the motion did not receive support and therefore failed.

Chair Schlüssel indicated that this Board has worked valiantly to attempt to make sure that everything it does is totally and completely transparent in the way that's appropriate within the framework of the law under which the Board operates.

Trustee Flynn indicated that he supports the current meeting framework as the informal meetings are informational meetings that provide him with information he needs before he can discuss and debate any of these issues at a formal Board meeting.

After discussion, Trustee Tull, seconded by Trustee Melissa Stolicker, moved approval of the recommendation, and the motion was approved with six affirmative votes and one negative vote by Trustee Robinson.

General Fund Budget and Tuition Rates for FY2016

Dr. George W. Hynd, President, presented the General Fund Budget and Tuition Rates for FY2016 recommendation as set forth in the agenda item.

Dr. Hynd began the presentation by indicating it is a remarkable time for Oakland University and that the budget that he is presenting represents an opportunity to enhance the value of an Oakland degree in ways that honor the commitment we have to our students. Oakland's tuition has historically been underpriced, while the value of an Oakland degree has increased significantly. The first goal of Oakland's new strategic plan is to foster student success through a robust teaching and learning environment coupled with comprehensive student services. Oakland wants to invest in proven recruitment and retention initiatives, establish college learning communities, increase the number of academic advisors, increase funding to CORE and OUTAS programs, and other strategic initiatives over the next three to five years and this budget will help Oakland move forward on these goals. Oakland's retention rate has increased from 70-78% and there is a good opportunity to increase this to 80-82% over the next few years. There is a need to significantly increase financial aid, hire additional faculty and increase Oakland's resident student population.

The second goal of Oakland's strategic plan is to be recognized as a strong research and scholarly environment, focused on creative endeavors and the discovery, dissemination, and utilization of knowledge. He wants to establish an incentive stimulus program to develop self-sustaining centers of research excellence. Oakland will be increasing grant support services through the Office of Research Administration. Support will be increased for research labs and specialized teaching space.

The third goal of Oakland's strategic plan is to become a leader in servicing the needs and aspirations of our communities and region through expanded community relationships, institutional reputation and visibility, and engagement. This provides Oakland students with the opportunity to participate in internships, volunteer, and to work with members of the business and government communities to have experiences to prepare them for the job market.

Looking at past budgets, Oakland has under-invested in our educational infrastructure and support services. Historic under-investment by the State of Michigan has resulted in state support decreasing from 71% of base appropriations in 1972 to 18% in 2015. Oakland's base appropriations per full time student is \$2,830 which is last of the state universities. Historical factors have led to the newest state institutions, including Oakland, receiving proportionately less state support. If Oakland received the average base support, \$4,775, it would increase our budget by \$33M. Oakland has had the greatest increase in undergraduate enrollments of all of the state institutions over the past 10 years.

Oakland has contained its costs to the extent of almost \$49M in savings from 2003 to 2015. Oakland's current tuition is the sixth lowest in the state and \$728 below average. The average net tuition for a full-time undergraduate student was \$7,746 in FY2015 after taking into consideration financial aid. Oakland is the second lowest in expenditures per student, but the second highest in students per faculty ratio, which needs to be reduced by hiring more faculty. Oakland also has fewer staff members per students and the lowest building square footage per student which results in a shortage of classroom space. Total revenue per student at Oakland, when you combine tuition and fees plus appropriations per full-time student, is the third lowest of the state institutions.

As a result of these factors, Oakland wants to increase tuition to market rates as well as establish differential tuition rates for the School of Business Administration, School of Engineering and Computer Science, School of Health Sciences and School of Nursing. This would result in an across-the-board tuition increase of 8.48% and create market driven tuition differentials to four of our schools.

Oakland wants to plan for an Oakland Center renovation and possible expansion of Elliot Hall. Financial Aid will be increased by \$4.2M. Strategic plan initiatives will be funded. Horizon League transition costs will be funded as well as a one-time investment in IT upgrades including the SPSS statistical package and DegreeWorks. Eleven new faculty positions will be added as well as four academic advisors.

The differential tuition rate for the School of Business Administration will be \$20 per credit hour for lower level courses and \$30 per credit hour for 300 level courses and above. For the School of Health Sciences, the increase will be \$10 for lower level, and \$20 for upper level courses. The School of Nursing differential rate will be \$25 for lower level and \$35 for upper level courses. The total proposed budget is \$253,754,100.

RESOLVED, that the Board of Trustees approves the FY2016 General Fund Budget at an expenditure level of \$253,754,100 (see Attachment B for detail) and approved encumbrances and carry-forwards from the June 30, 2015 fund balance; and, be it further

RESOLVED, that the Board of Trustees approves the Schedule of Tuition Rates Effective Fall Semester 2015 (see Attachment C for detail); and, be it further

RESOLVED, that the Board of Trustees approves the spending of General Fund revenues generated from enrollment in excess of that budgeted to adequately cover the instructional, programmatic, and operating expenditures necessary to support higher than budgeted enrollment levels.

In response to a question from Trustee Robinson, Mr. Beaghan indicated that the differential tuition additions will result in an increase in tuition for those students in the four affected schools from 3.5 to 9.5% depending on which school and the level of courses they are in. He also indicated there will be an additional \$1M in financial aid to seniors in each of those four schools to keep their increase to the base 8.48% increase. Juniors will have increases from about 10% to 13%.

Trustee Flynn indicated that higher education should always be affordable and accessible. However, the state legislature has adopted a funding plan for higher education decades ago that was not based on a logical, objective formula. In order to keep up with the growing population of students, more resources are needed and he feels obligated to support the tuition increase as it will allow Oakland to provide needed educational opportunities to its students.

In response to a question from Trustee Kunselman, Dr. Hynd indicated that, in regard to any building infrastructure improvements or additions, the Board's Facility Committee and other campus committees will be utilized to identify the appropriate projects. Mr. Beaghan added that, per the Board's policy, for any major project over \$1M, Board approval is needed multiple times such as for the hiring of an architect, approval of the schematic design, and hiring a construction manager.

Trustee Kunselman commented that it is an important time in the history of the University to take a key step forward in improving quality. Funding has been challenged and this has been dealt with through growth.

After discussion, Trustee Tull, seconded by Trustee Kunselman, moved approval of the recommendation, and the motion was unanimously approved by those present.

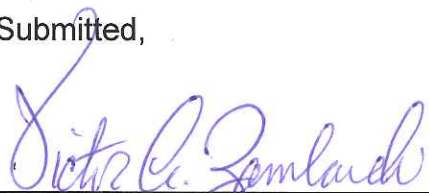
F. Other Items for Consideration/Action that May Come Before the Board

There were no other items for consideration/action presented to the Board.

G. Adjournment

Chair Schlüssel adjourned the meeting at 2:13 p.m.

Submitted,



Victor A. Zambardi
Secretary to the Board of Trustees

Approved,

Mark E. Schlüssel
Chair, Board of Trustees