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tuition restraint. If those incentives are taken off the funding table, WMU could lose 9 percent of its state funding over two years.

Lansing's involvement

In January, Granholm promised to rebate some of the money taken by executive order from Michigan's colleges and universities if they agreed to limit tuition and fee increases to the rate of inflation.

Over the summer, the WMU board of trustees approved an undergraduate tuition increase of 2.4 percent. However, the board also authorized a package of new fees designed to fill funding gaps caused by declining state base appropriations. One of those new fees is a \$500 records initiation fee, assessed against all incoming students during the first semester of their enrollment.

According to Greg Bird, communications director of the State Budget Office, all Michigan colleges and universities were required to submit their tuition and fee increases to the state by the beginning of July. The state is still reviewing the proposals.

"One fee that has been talked about quite frequently, particularly at your institution, is the new \$500 fee, and that's one that we are looking at to determine whether or not it coincides with the spirit of what the governor had proposed," Bird said. "It certainly, at the outset, does not seem to coincide with the spirit of keeping tuition costs affordable and accessible to college students. So that's an item we're looking at."

Conflicting terms

Dan Hurley, director of university relations and administrative services of the President's Council, State Universities of Michigan, said that universities looked to targeted fees as a way of enhancing their revenue without increasing the tuition-and-fee total reported to Lansing.

"From a policy standpoint, statewide, it is my understanding that the way fees have traditionally been counted is that if they affect 50 percent or more of the undergraduate resident population — the student enrollment. And where there has been some contention is has been with regard to the governor's proposed tuition restraint pledge for next fiscal year's budget, and that's where there has been some apparent contradictions, and that some of the fees at Western ... are targeting less than 50 percent."

Greg Rosine, vice president of legislative affairs at WMU, believes the university's approach was the best option given the state of the law at the time and legislative mandates to the universities.

"We followed the letter of the law, then people get upset and say, 'Oh, that's not what we meant,'" Rosine said. "Well, damn it, then write the law right. Take better care of what they do, if they're writing law. We followed the letter of the law on campus. They passed Senate Bill 798 that we can't use Social Security numbers as student identifiers anymore ... so WMU needs a new enterprise-wide information system. How are you going to finance it? OK, let's have a \$500 records initiation fee. We're following the state law."

Legislative scrutiny

Partly because several Michigan colleges and universities adopted innovative fee structures to meet their budgetary needs, lawmakers in Lansing revisited the way fees are calculated for appropriations purposes.

Sandra Caul, member of the Michigan House of Representatives and chairwoman of the subcommittee for higher education appropriations, believes that each player in the appropriation process looked at fees in a different way.

"There was controversy because not everybody was on the same wavelength regarding the interpretation of fees," she said. "So I think that's what started to create some dialogue as to the definition of the fees and trying to determine definition versus assumptions. The Senate looked at it one way; the House another, the governor's office in another."

The creative fees adopted by various universities may have taken lawmakers by surprise. "It was explained to us that the intent was that all tuition, all fees would be held at 2.4 percent, and they didn't really feel that there was any more need for any more interpretation," Caul said, referring to the governor's office.

Impact on WMU

If the amendment to SB 1067 passes, WMU must count the records initiation fee as part of its overall tuition-and-fee package. If it exceeds the 2.4 percent threshold that happens, the university will need to secure the benefits necessary to secure the threshold of the governor's tuition-restraint pledge. That would translate to about a 9 percent reduction in funding over two years, a total estimated to be between \$10 million and \$15 million, based on the

budget approved over the summer by the board of trustees.

However, WMU officials could rescind the \$500 fee and rebate it to those who have already paid. Enrollment totals for the Fall 2004 semester have not yet been finalized. However, there were 5,529 main-campus freshmen in 2003, so the rebate could total \$2.8 million — not counting new transfer students or graduate students.

The records initiation fee was a significant source of funding for the new student information system, which was required to become compliant with state laws. WMU officials are not commenting on their contingency plans, though. Matt Kurz, WMU associate vice president for University Relations, said the university is exploring several options, although he declined to discuss specifics, and Rosine said he is still working with legislators and hopes to negotiate a resolution that does not adversely impact WMU's financial health.

Long-term implications
The discussions over fee definitions in Lansing may be a taste of battles to come.

"I think the whole system of all 15 universities and the governor and the legislature will seriously have to think about how they finance higher education, and they haven't done that — not in a comprehensive way," Rosine said.

The debate over the House amendment is one part of the legislative response. "To be fair to the students and to the universities and to the process, we have to be sure that we're treating all people in the same manner and that they're all falling under the same definitions

and interpretation of a particular word like fee," Caul said.

Nevertheless, universities claim to be feeling the pinch of state reduced appropriations, and are searching for alternative methods of funding that preserve the quality and intention of state-supported higher education even as they encourage Lansing to rethink its funding model.

"We have been, over the last two years, the easy place for people to cut the budget," Rosine said. "\$25 million over the last two years at WMU; a 15 percent cut

in the higher education system in Michigan. How do you operate that, while at the same time being told that we want more college graduates and that today's jobs and the future of our economy requires a thinking workforce?"

"On one hand, they're saying how important we are to the future, but fail to make an investment. There's no free lunch here for them on this issue. Somehow, they've got to take a comprehensive look at how they finance higher education, and they haven't done that."

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