JULY MEETING, 2001

The University of Michigan
Ann Arbor
Thursday, July 19, 2001

The Regents convened at 1:35 p.m. in the Regents' Room. Present were President Bollinger and Regents Brandon, Deitch, Maynard, McGowan, Newman, Taylor, and White. Also present were Vice President Feagin, Vice President Harper, Executive Vice President Kasdin, Vice President and General Counsel Krislov, Chancellor Little, Chancellor Mestas, Executive Vice President Omenn, Vice President Rudgers, Vice President and Secretary Tedesco, Vice President Ulaby, and Vice President Wilbanks. Regent Horning arrived at about 2:15 p.m.

President's Opening Remarks

President Bollinger called the meeting to order and reviewed the meeting schedule. He commented that the requested tuition increase represents a higher percentage increase than over the past few years, albeit still lower than most other state institutions. He observed that 15 years ago there was a great deal of public skepticism about the cost of higher education, but that this had dissipated with improvements in the educational and research opportunities for undergraduate students. He noted that his administration had pledged from the outset to keep tuition increases as low as possible, working in partnership with the state, and that this has turned out to be a sound working relationship.

President Bollinger commented that if the recommended tuition increase is approved, the average tuition for the past 5 years will have increased by 4 percent per year, in contrast with the 3.7 percent average annual increase of Michigan State University over the same period. This year's proposed tuition increase for the University of Michigan is also the second lowest in the Big Ten.

Executive Vice President Kasdin introduced Barbara Butterfield, associate vice president for human resources, noting that her efforts had been crucial to the recent successful implementation of the PeopleSoft human resources application.

Introductory Comments - 2001-2002 Revenue and Expenditure Operating Budgets

Executive Vice President Kasdin observed that the Auxiliary Activities budget for the Ann Arbor campus shows a budget deficit for the forthcoming year, but this has to do with the shifting of funds for accounting purposes and has no bearing on the state of the University's finances.

He observed that the University continues to have a very strong balance sheet and to be in excellent financial health. The three means by which this can be evaluated are to examine whether 1) the University is able to effectively track and manage financial performance; 2) the balance sheet is protected with respect to the relationship of current assets to current liabilities, the mix and quality of the assets, and the size and nature of the liabilities; and 3) the operating budget is consistent with maintaining the University's overall financial health.

With respect to financial performance, Executive Vice President Kasdin reported that the University had received an unqualified audit opinion with no management letter comments from the auditors. Nevertheless, he said that the University is continuing to focus on improvements in financial controls and compliance, and described as an example how the reimbursement process for travel and hosting has been simplified and improved. He noted that with the M-Pathways human resources implementation, the University has successfully completed total replacement of its management information systems, the infrastructure for financial, physical, human resources, and student business.

Executive Vice President Kasdin explained that the M-Pathways system allows the University to analyze its “supply chain”: how it procures goods and services. This analysis has enabled the University to identify opportunities for new strategic procurement initiatives, negotiate better pricing, monitor compliance with internal procurement policies, and lower transaction costs. He observed that partly due to comments made at Regents’ Meetings, the University has been very aggressive in its efforts to reduce costs and save money.

He noted that one of the University’s most visible and largest vendors is the company that supplies pharmaceutical benefits to employees. Determining how to more effectively manage prescription drug costs has been a major recent area of focus, and as a result of an inclusive process that included three faculty-staff task forces, three alternative proposals have been developed that could lead to a meaningful decrease in pharmaceutical costs to the University.

Regent Taylor commented that he was pleased with the focus on trying to control supply chain purchasing. Executive Vice President Kasdin noted that there is over 90% acceptance of prime vendor contracts throughout the University, and great efforts are being made to increase the number of these contracts.

Regent Newman asked whether these efforts apply to travel, because tremendous savings can be realized from centralizing travel. Executive Vice President Kasdin responded that the University has been holding discussions with major airline carriers to address this issue. Further discussion followed regarding the People Soft implementation.

Regarding the balance sheet, Executive Vice President Kasdin noted that the University has an excellent set of assets, including investments (60%) and physical properties (26%).

Another important asset, he pointed out, is the 30,100 faculty and staff employed by the three campuses. Salaries and benefits for these employees constitute 59% of the operating budget, 70% excluding the Hospitals and Health Centers. He reviewed some of the efforts that are being made to attract and retain people, including investing in both job-specific skills development and more general professional development courses for staff and improving the tuition support program for all employees.

Executive Vice President Kasdin next reiterated the University's commitment to renewal of the existing physical plant, noting that 1997 was the only year in which more was spent on new construction than on rehabilitation of the physical plant. He observed that the state's commitment to periodic capital outlays has been critical to the University's ability to continue to rehabilitate the physical plant.

He reviewed the various means being used to aggressively manage the University's balance sheet, including scrutinizing non-investment assets, improving collection and disbursement practices, and focusing on reducing the volume of accounts receivable.

Finally, he commented that the University has a diverse mix of liabilities and pointed out the strong credit rating, the consistent debt management policy, and the aggressive interest expense management procedures. In conclusion, he reported that the proposed budget will have a financial impact that is consistent with maintaining the University's overall financial health.

Ann Arbor Campus General Fund Operating Budget and Student Tuition and Fee Rates

Associate Provost Paul Courant noted that the Ann Arbor General Fund operating budget was developed by Provost Cantor and President Bollinger, with assistance from a number of staff in the Office of the Provost, the Office of the Executive Vice President and Chief Financial Officer, and the deans' offices. He commented on the University's long-standing partnership with the state, noting the inverse relationship between the amount of the state appropriations increase and the tuition and fees increase. Because the state appropriations increase for 2001-2002 is projected to be lower than it has been for some time, the recommended tuition increase is going to be higher.

Regent Newman asked why universities tend to increase tuition rather than engage in belt-tightening in the face of a slowing state economy. Associate Provost Courant observed that the budget does incorporate a good deal of belt-tightening, even given the tuition increase. He also noted that the higher education sector works differently from other sectors of the economy in that demands placed on higher education are not reduced during these periods. In fact, during downturns in the economy, people tend to return to school in higher numbers than when the economy is growing.

Associate Provost Courant displayed a chart of the 2001-02 tuition and fee increases at all Big Ten Universities, which indicated that the University of Michigan had the lowest increase except for Northwestern University, a private institution. Regent Newman commented that it would be helpful to have the actual dollar amounts of the increases, in addition to the percentages; this was subsequently provided. Associate Provost Courant also displayed a chart of the 2001-02 percentage increases for the other Michigan public institutions; the University of Michigan had the lowest percentage increase of these institutions. He pointed out that the across-the-board higher increases than in the recent past for all of these institutions indicates that they are all facing similar challenges financially and are responding in a similar manner by raising tuition much more sharply than they have in recent years.

He pointed out that for 2001-2002, tuition plus state appropriation revenues make up 87 percent of the General Fund; the remainder is largely derived from indirect cost recovery.

Tuition and state appropriation, he noted, "are derived from the payers whose welfare we care about most"--the taxpayers and the students and families who pay the tuition. Therefore it is important to be as careful as possible in the use of these resources.

Associate Provost Courant observed that in his opinion as an economics professor, inflation is not a good normative index of how much expenditures should grow. Expenditures and industries in the economy grow at the rate of growth of income, which includes both inflation and real increased output. He believes that the growth of income is an especially appropriate benchmark for higher education, as it contributes to this growth in two ways: through the training of the skilled labor force that produces economic growth and higher standards of living, and through the research that changes what can be done in the world, which in turns produces economic growth. As the world becomes more complicated and its history lengthens, he said, the University must keep pace, which requires real growth, not just growth that is sufficient to match a price index. In summary, the University's mission requires that it must do more than simply keep pace with costs.

He commented that the five budgets developed under the Bollinger administration are materially lower as a group than the budgets for the five preceding years. This illustrates important aspects of stewardship on the part of the board and the administration, as the innovations and improvements that have occurred during this time have been accomplished during a period of markedly slower growth in real flexible resources than during any comparably successful period in the institution's history. This represents continual attention to reducing costs and reallocating resources, and it also indicates the way in which growth in both philanthropy and sponsored research make a critical difference in the University's ability to carry out its mission.

Associate Provost Courant described the special challenges which affect the 2001-2002 budget. These are increased prices for natural gas; staff benefits, especially prescription drug prices; and administrative information and management systems. He noted that the University plans to address the prescription drug issue in the coming year.

Regarding natural gas prices, Executive Vice President Kasdin noted that we are currently in a period of dramatic volatility in the price of natural gas, and as a result of that the University has chosen to hedge its natural gas exposure for the coming year. The new administrative information and management systems have allowed the University to make vast improvements in academic advising, online course selection and registration, and a host of other areas that will improve students' University experience.

Associate Provost Courant pointed to four areas in which the University needs to maintain momentum: the Life Sciences Initiative; improving the undergraduate experience through a variety of programs; enhancements in information technology; and maintaining excellence in research and scholarship. He described some of the projects underway in each of these areas.

Associate Provost Courant observed that the process for building the budget involves the same considerations every year; namely, determining the additional costs that will be required to retain faculty and staff, cover benefits increases, increase financial aid to cover tuition increases, cover library acquisition cost increases, meet the year's special challenges, cover inflation on the rest of the expenditures, and fund any new initiatives. He noted that the fact that tuition and state appropriation are insufficient to cover the additional costs illustrates that the new initiatives are actually being funded by cost reduction, reallocation, and similar measures. As examples of cost reduction, he noted that the local telephone contract has been renegotiated; a new purchasing arrangement has been developed for electricity; the increased use of web applications will save money in the admissions office; procurement improvements have been achieved as detailed earlier by Executive Vice President Kasdin; and faculty and staff have been relocated to areas of greatest demand.

Finally, he displayed the recommended General Fund budget for FY2002, which totals $1,042,800,000. He pointed out that for the fifth year in a row, the growth in academic programs will be greater than that for administrative expenditures.

Associate Provost Courant concluded that the budget consolidates the implementation of a powerful vision of the modern research university and the roles it can play in the education of undergraduates, the development of knowledge, service to society, and the interactions among those activities. The return on the investment in a college education, he noted, is at the highest level ever, and the best universities, including the University of Michigan, return the greatest value, both economically and more generally.

A three minute break followed, after which the meeting continued at 3:05 p.m.

Dearborn Campus General Fund Operating Budget and Student Tuition and Fee Rates

Chancellor Little observed that the University of Michigan-Dearborn is an exceptional value for the people of the state, in that it provides a high quality education for 8,500 students at a cost of just over $69 million.

He described the values behind the budget and the process by which the budget was developed, noting that a campus-wide budget committee had been established which was charged with reviewing and commenting on budget issues throughout the process. He emphasized that the Dearborn campus administration is very concerned with accessibility and maintaining the cost of its education at an affordable level. The proposed budget allows for the addition of new faculty to address enrollment growth, areas of strong student interest, and new programmatic areas.

Chancellor Little commented that the Dearborn campus is even more dependent on state appropriation and tuition than the Ann Arbor campus, leading to a recommended tuition and fee increase for resident undergraduate lower division students of 9.4 percent.

Flint Campus General Fund Operating Budget and Student Tuition and Fee Rates

Chancellor Mestas noted that the Flint campus has a very open budget process, with all of the information being made available to the entire campus at every phase. The basic principle on which the budget is based is "to provide affordable access to excellent education." As the budget is comprised of one-half state appropriation and one-half tuition and fees, the state appropriation is a key element. Based on an anticipated state appropriation increase of only 1.5 percent, therefore, the proposed resident undergraduate tuition and fee increase is 10.5 percent. Although this percentage is the highest of the University's three campuses, he noted, the dollar amount of the increase is the lowest.

Chancellor Mestas pointed out that the University of Michigan-Flint is currently the fourth least expensive public higher education institution in the state, and it will retain this status for the coming fiscal year. He noted that as is the case for the other campuses, financial aid will be adjusted to incorporate the tuition increase, and if the final state appropriation is over 1.5 percent, the tuition increase will be adjusted accordingly. He observed that the expenses driving the budget on the Flint campus are the same as those on the other campuses, including increased costs for energy and technological improvements. In conclusion, he said that "dollar for dollar, the UM-Flint is the best educational deal in Michigan."

2001-02 Fee Assessments for Michigan Student Assembly (MSA), Student Legal Services (SLS), and School/College Governments

Vice President Harper reported that the fee assessment recommendations of $5.69 per student per term for Michigan Student Assembly, $5.50 per student per term for Student Legal Services, and $1.50 per student per term for school and college governments are unchanged from last year.

2001-02 University Health Service Fee

Vice President Harper observed that an increase of 6.0 percent ($6.70 per student, per term) is being requested for the University Health Service fee. This figure will fund expected increases in the costs of utilities, the costs of hiring additional clinical and nonclinical staff to cover an increase in utilization, and increases in public health and preventive services.

Proposed FY 2002 University of Michigan Hospitals and Health Centers Operating Budget

Executive Vice President Omenn introduced Larry Warren, executive director of the Hospitals and Health Centers; Tom Biggs, chief financial officer; and Kathleen Moore, chief budget officer. He reported that both hospital admissions and clinic visits increased significantly over the previous year. He noted that recruitment of several categories of clinical staff, including nurses and pharmacists, is a consistent need and a high priority so as to be able to meet the increased demand for services.

Executive Vice President Omenn reported that the fiscal year 2001 was completed with an $11.6 million positive operating margin, despite having received lower reimbursements than expected. The proposal for FY 2002 projects a significant increase in revenue, attributable both to increased volume and improved reimbursement rates. Extensive efforts are also being made to control costs. An operating margin of 2 percent is projected.

Regent White commented that she felt it was important to emphasize how important it is that the Hospitals and Health System budget is in the black, and it is a tribute to the work of the HHS leadership that this is the case.

FY 2002 University of Michigan Department of Athletics Operating Budgets

Mr. Bill Martin, Donald R. Shepherd Director of Intercollegiate Athletics, presented the Athletic Department operating budget. He noted that the FY00-01 budget had projected an operating deficit of $5.0 million, but the actual deficit only amounted to about $2.0 million. More than two-thirds of the positive variance was attributable to revenue increases in the form of licensing and annual giving, and the balance was from reducing expenses.

Mr. Martin noted that the fiscal year 2002 budget projects a budget surplus of $1.1 million, with revenues of $50,598,000 and expenses of $49,467,000. He reviewed the various aspects of projected revenues and expenses, the details of which are included in the Regents Communication.

Comparing the University of Michigan's revenues to the average of those of the Big Ten shows that almost half of the University's revenues come from gate admissions, as opposed to 37 percent for the Big Ten. The University is much stronger in sponsorship revenues than the Big Ten average; however in contrast to the other Big Ten schools, it receives no institutional support. The University of Michigan also lags behind the other Big Ten institutions in annual donations.

Mr. Martin reported that in the FY 2002 budget, football ticket revenue at Michigan represents 85 percent and men's basketball 8 percent of the total, compared to 72 percent and 20 percent, respectively, for the Big Ten. He also compared the University of Michigan's expenses with those of the Big Ten, with the major difference being a higher cost for financial aid at

Michigan. He noted that the University of Michigan Athletic Department has a relatively modest amount of debt.

Mr. Martin reviewed the ten-year history of capital expenditures, noting that with a few exceptions, only modest amounts have been invested in facilities. The major challenges faced by the department are rebuilding the athletic campus and maintaining an annual stable budget.

Mr. Martin addressed the issue of football ticket distribution, noting that the fundamental issue is one of fairness, and that no decisions have been made yet. Regarding the athletic department's production facility, he commented that discussions are underway as to how to best utilize this facility.

Mr. Martin noted that a consultant had been hired to look at all of the Athletic Department's facilities, including the football stadium, where issues include possible expansion of the stadium and rebuilding of the press box. The interior of Crisler Arena is also being evaluated, as the facility has never been renovated and the lighting, seating, locker rooms, and other features are inadequate. He noted that the seating arrangements have been changed for the upcoming basketball season to create a more exciting environment.

Regent Newman suggested that consideration be given to improved marketing and merchandising efforts within the football, basketball, and hockey venues. Regent Brandon congratulated Mr. Martin and his colleagues for achieving a significant positive variance in the 2001 budget and a projected positive margin for the 2002 budget. Mr. Martin noted that the president and executive officers have been very supportive of the department's efforts.

Public Comments

The Regents heard comments from the following individuals on the topics indicated: Stephen L. Chen, medical resident, on residency classification guidelines; Audrey L. Jackson, alumna, on affirmative action; and Sandra Hansen, citizen, representing the Dexter Area Historical Society, on Gordon Hall.

Regent Taylor requested further information about residency classification guidelines.

The meeting recessed at 4:15 p.m.

July 20, 2001

The Regents convened at 9:55 a.m. in the Regents' Room. Present were President Bollinger and Regents Brandon, Deitch, Horning, Maynard, McGowan, Newman, Taylor, and White. Also present were Vice President Feagin, Vice President Harper, Executive Vice President Kasdin, Vice President and General Counsel Krislov, Chancellor Little, Chancellor Mestas, Executive Vice President Omenn, Vice President Rudgers, Vice President and Secretary Tedesco, Vice President Ulaby, and Vice President Wilbanks.

President Bollinger called the meeting to order and recognized Executive Vice President Omenn. Executive Vice President Omenn introduced five University of Michigan graduate students who are members of "Team DAX", who are bicycling across the country to raise awareness about diabetes. A round of applause followed.

President's Opening Remarks

President Bollinger announced that the University of Michigan entry in the American Solar Challenge race, M-Pulse, is currently in first place in the competition. He also noted that Regent White has been selected to serve as a White House Fellow for the 2001-02 class and reported on the recent discovery by Assistant Professor Jon-Kar Zubieta of variability in the pain-response system. He reported the recent deaths of a University student; Heinz Prechter, a generous friend of the University; and several emeritus professors.

Consent Agenda

Minutes. Vice President Tedesco submitted for approval the minutes of the June 21-22, 2001 meeting.

Reports. Executive Vice President Kasdin submitted reports of Investment, Plant Extension, Human Resources and Affirmative Action, and the Regents Report on Noncompetitive Purchases over $5,000 from Single Sources.

Litigation Report. Vice President Krislov submitted the Litigation Report.

Research Report. Vice President Ulaby submitted the Report of Projects Established for June 2001, noting that expenditures to date for this year are up about 9 percent.

University of Michigan Health System. Executive Vice President Omenn did not have any additional information to report.

Division of Student Affairs. Vice President Harper called attention to the recommended appointment of Frank Cianciola as senior associate vice president for student affairs.

University of Michigan-Dearborn. Chancellor Little announced the publication of the book, *Before Motown: A History of Jazz in Detroit*, co-authored by Lars Bjorn, professor of sociology on the Dearborn campus. He also reported on the publication in a prestigious journal of research done by a Dearborn student while he was an undergraduate, and called attention to the important role the Henry Ford Estate plays on the campus and in the community.

UM-Flint. Chancellor Mestas called attention to the recommendation for establishment of a doctor of physical therapy program on the Flint Campus, noting that it will be the first doctorate offered on that campus. He observed that the Flint physical therapy program is recognized as one of the finest in the nation, and that the director, Paulette Cibulski, was present.

Michigan Student Assembly. There was no report from the Michigan Student Assembly.

Voluntary Support. Vice President Feagin noted that the report of voluntary support for June 2001 and for July 1, 2000-June 30, 2001 would be submitted at the September meeting.

Personnel Actions/Personnel Reports. President Bollinger submitted the Personnel Actions and Personnel Reports. He noted that the effective date for the appointment of John LiPuma was incorrectly stated as September 1, 2000. The correct date is September 1, 2001.

Retirement Memoirs. Vice President Tedesco submitted for adoption 7 retirement memoirs.

Memorials. No deaths of active faculty members were reported this month.

Degrees. President Bollinger submitted for approval the August 2001 Doctoral Degree List, the final degree lists for the May and June 2001 commencements, and changes to previously approved degree lists.

Approval of Consent Agenda. On a motion by Regent Horning, seconded by Regent Maynard, the Regents unanimously approved the Consent Agenda.

State Auditor General Report and Response - Selected State Universities' Reporting of Enrollment and Other Higher Educational Institutional Data Inventory (HEIDI) Data - For Fiscal Year 1999-2000

On a motion by Regent McGowan, seconded by Regent Horning, the Regents unanimously accepted the report of and the response to the State Auditor General Report - Selected State Universities' Reporting of Enrollment and Other Higher Educational Institutional Data Inventory (HEIDI) data.

Sale of Tax Exempt Commercial Paper to Finance University's Projects

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously authorized an increase of up to $16.6 million, to $120.8 million, in the amount outstanding of the tax exempt commercial paper supported by a pledge of General Revenues for financing of the Horace H. Rackham School of Graduate Studies Building Renovation Project.

Catherine Street Parking Structure

On s motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved the Catherine Street Parking Structure Horizontal Expansion Project and authorized commissioning Walker Parking Consultants for its design.

Executive Vice President Kasdin reported that the University and the City of Ann Arbor have successfully completed the Forest Avenue Parking Structure that had been previously approved by the Regents.

University of Michigan-Dearborn, University Mall Renovation

On a motion by Regent White, seconded by Regent Maynard, the Regents authorized issuing the University of Michigan-Dearborn University Mall Renovation Project for bids and awarding construction contracts, providing that bids are within the approved budget.

Perry Printing Site Acquisition

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved acceptance of a gift from the C.S. Mott Foundation to purchase the Perry Printing Site and two contiguous vacant lots in Flint, Michigan, as described in the Regents Communication.

Purchasing Contract with Michigan Aerospace Corporation

On a motion by Regent Brandon, seconded by Regent Horning, the Regents unanimously approved a purchasing contract for purchase of a modular concrete building with a control system from the Michigan Aerospace Corporation. Because Lennard A. Fisk and Paul Hays are both University of Michigan employees and principal owners of the Michigan Aerospace Corporation, this contract falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the contract are the Regents of the University of Michigan and its Atmospheric, Oceanic and Space Sciences Department in the College of Engineering and Michigan Aerospace Corporation.
2. The product provided is a modular concrete building with a control system at a price of $110,067.
3. The pecuniary interest arises from the fact that Lennard A. Fisk and Paul Hays, University of Michigan employees, are principal owners of Michigan Aerospace Corporation.

Purchasing Contract with Monoky & Associates

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved a contract for the purchase of textbooks from Monoky & Associates. Because John F. Monoky is a University employee and is also principal consultant of Monoky & Associates, this contract falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the contract are the Regents of the University of Michigan and its Business School's Executive Education Center and Monoky & Associates.
2. The product provided is textbooks, purchased during the time period beginning July 1, 2001 and ending June 30, 2002, at a total cost not to exceed $15,000.
3. The pecuniary interest arises from the fact that John F. Monoky, University of Michigan employee, is principal consultant of Monoky & Associates.

Subcontract Agreement between the University of Michigan and the Great Lakes Commission

On a motion by Regent Maynard, seconded by Regent Newman, the Regents unanimously approved a subcontract agreement between the University of Michigan and the Great Lakes Commission, to support collaborative activities at the Great Lakes Commission by Michael Donahue and Steve Thorpe. Because Michael Donahue is the president and chief executive officer of the Great Lakes Commission and is also an adjunct assistant professor at the University of Michigan, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the University of Michigan and the Great Lakes Commission.
2. Agreement terms: The Department of Commerce-NOAA award is for $102,344 with matching funds of $55,874 through September 30, 2000, and anticipates a second year of funding in the amount of $103,285. The subcontract to the Great Lakes Commission is in the amount of $20,000 per year. The terms of the proposed subcontract agreement are acceptable and conform to University policy.
3. Michael Donahue has no pecuniary interest in the agreement.

Subcontract Agreement between the University of Michigan and Michigan Critical Care Consultants, Inc.

On a motion by Regent Brandon, seconded by Regent White, the Regents unanimously approved a subcontract agreement between the University of Michigan and Michigan Critical Care Consultants for funding of a research project for which Professor Robert Bartlett is principal investigator. Because Professor Bartlett is also a part owner of Michigan Critical Care Consultants Inc., this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the University of Michigan and Michigan Critical Care Consultants, Inc.
2. Terms of the agreement are acceptable and conform to University policy. The period of performance for the project is two years at a total cost of $70,000.

3. Professor Bartlett's pecuniary interest arises from his part ownership of Michigan Critical Care Consultants.

Subcontract Agreement between the University of Michigan and Ohio University

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved a subcontract agreement between the University of Michigan and Ohio University involving collaboration with Dr. Gholam-Abbas Nazri at Ohio University. Because Dr. Nazri is also an adjunct professor at the University of Michigan, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the University of Michigan and Ohio University.
2. Terms of the agreement: Under the project a total subcontract of approximately $92,000 is anticipated to cover the period May 1, 2001 through April 20, 2002. The University's standard subcontract provisions will apply.
3. Dr. Nazri has no pecuniary interest in the agreement.

Subcontract Agreement between the University of Michigan and Powerix Technologies LLC

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved a subcontract agreement between the University of Michigan and Powerix Technologies LLC pursuant to a project for which Professors Werner Dahm and Jun Ni are principal investigator and co-principal investigator, respectively. Because Werner Dahm and Jun Ni are also co-owners and board members of Powerix Technologies LLC, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the University of Michigan and Powerix Technologies LLC.
2. Agreement terms: Under the project a subcontract of approximately $692,209 is anticipated to cover the period June 1, 2001 through May 30, 2004. The University's standard subcontract provisions will apply.

3. Professor Dahm's and Professor Ni's pecuniary interest arises from their status as co-owners and board members of Powerix Technologies LLC..

Michigan Student Assembly Financial Report

The Regents received the annual financial report of the Michigan Student Assembly for December 31, 2000 and December 31, 1999.

Michigan Health Corporation (MHC) Annual Business Plan

On a motion by Regent Horning, seconded by Regent White, the Regents unanimously approved the Michigan Health Corporation FY2002 Annual Business Plan and budget.

Michigan Health Corporation (MHC) Bylaws

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved an amendment to the MHC Bylaws to provide that a director may select a designee to serve on the board of directors of the MHC in his or her position.

Authorization for a Center and Five Programs in the College of Literature, Science, and the Arts to become Tenure Homes

Regent Newman, seconded by Regent Horning, the Regents unanimously approved the following units to have the ability to appoint tenured faculty and serve as tenure homes: Center for Afroamerican and African Studies; Program in American Culture; Program in Comparative Literature; Program in Film and Video Studies; Program on Organizational Studies; and Women's Studies Program.

Media Studies. Regent Newman inquired whether consideration was being given to reconstituting the Journalism Department. President Bollinger responded that this discipline is being considered in the context of a review of the whole area of communication studies and the information revolution. He commented that this is a complicated issue, although he believes that it is unthinkable that a great research university would not have a significant focus on media in the broadest sense. How this will be done has not yet been decided, but he stated that he is very positive and enthusiastic about the general concept of expanding the area of media studies.

Doctor of Physical Therapy Degree (DPT) at the University of Michigan Flint

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved establishment of the Doctor of Physical Therapy Program in the School of Health Professions and Studies at the University of Michigan-Flint, replacing the existing Master of Physical Therapy (MPT) degree following a transition period.

2001-2002 Revenue and Expenditure Operating Budgets

On a motion by Regent Taylor, seconded by Regent Deitch, the Regents approved the 2001-2002 Revenue and Expenditure Operating Budgets on a vote of 7 to 1, with Regent Newman opposed.

Proposed Ann Arbor FY 2001-02 General Fund Operating Budget

On a motion by Regent McGowan, seconded by Regent Horning, the Regents approved the proposed Ann Arbor FY 2002 General Fund Operating Budget on a vote of 7 to 1, with Regent Newman opposed.

Proposed Ann Arbor FY 2001-02 Student Tuition and Fee Rates

On a motion by Regent Maynard, seconded by Regent Deitch, the Regents approved the proposed Ann Arbor FY 2001-02 student tuition and fee rates as described in the Regents Communication on a vote of 7 to 1, with Regent Newman opposed.

Proposed Dearborn Campus FY 2001-02 General Fund Operating Budget

On a motion by Regent Taylor, seconded by Regent White, the Regents approved the proposed Dearborn Campus FY 2001-02 General Fund Operating Budget on a vote of 7 to 1, with Regent Newman opposed.

Proposed Dearborn Campus FY 2001-02 Student Tuition and Fee Rates

On a motion by Regent Deitch, seconded by Regent McGowan, the Regents approved the proposed Dearborn Campus student tuition and fee rates as described in the Regents Communication on a vote of 7 to 1, with Regent Newman opposed.

Proposed Flint Campus FY 2001-02 General Fund Operating Budget

On a motion by Regent White, seconded by Regent Deitch, the Regents approved the proposed Flint Campus FY 2001-02 General Fund Operating Budget on a vote of 7 to 1, with Regent Newman opposed.

Proposed Flint Campus FY 2001-02 Student Tuition and Fee Rates

On a motion by Regent Deitch, seconded by Regent McGowan, the Regents approved the proposed Flint Campus FY 2001-02 Student Tuition and fee rates as described in the Regents Communication on a vote of 7 to 1, with Regent Newman opposed.

2001-2002 Fee Assessments for Michigan Student Assembly (MSA), Student Legal Services (SLS), and School/College Governments

On a motion by Regent McGowan, seconded by Regent White, the Regents unanimously approved the 2001-2002 fee assessments of $5.69 per student per term for MSA, $5.50 per student per term for Student Legal Services, and $1.50 per student per term for school and college governments. These fees represent no changes from the rates charged in 2000-2001.

2001-02 University Health Service Fee

On a motion by Regent Deitch, seconded by Regent Newman, the Regents unanimously approved a 6.0 percent increase ($6.70) per student per term for the University Health Service fee.

Proposed FY 2002 University of Michigan Hospitals and Health Centers Operating Budget

On a motion by Regent Deitch, seconded by Regent White, the Regents unanimously approved the proposed FY 2002 University of Michigan Hospitals and Health Centers Operating Budget, as described in the Regents Communication.

There being no further business, the meeting was adjourned at 10:45 a.m. The next meeting is scheduled for September 20-21, 2001.