

Minutes, Budget Committee of the Academic Senate

Meeting of December 1, 2008

Present: Donald DeGracia, Charles Elder, Thomas Killion, Rob Kohrman (Liaison, Office of Budget, Planning and Analysis), Winston Koo, Richard Needleman (Liaison, AAUP-AFT), Charles Parrish, Frederic Pearson, Louis Romano, Lothar Spang, William Volz (chair), James Woodyard

Invited guests: Nancy Barrett, Provost & Senior Vice President for Academic Affairs; John L. Davis, Vice President for Finance & Facilities Management .

Absent With Notice: Muhammad Amjad, Thomas Killion, Charles Parrish, Vishwanath Sardesai, Assia Shisheva.

1. The meeting was convened at 10:30 p.m. The minutes for the meeting of October 27, 2008 were approved. Mr. Pearson asked that the minutes note the Committee's desire to call the Dean of the Graduate School to a future meeting to discuss graduate enrollment.
2. Report from the Chair: The chair briefly reviewed the Policy Committee approval of the Budget Committee's memo on "Priorities and Targets for Potential Cuts in FY 2009 Expenditures – 10/27/2008" that was discussed at the Board of Governors meeting two days later. Mr. Kohrman would provide an update on the FY 2009 General Fund Budget Cuts.
3. Mr. Kohrman then shared a preliminary outline of proposed budget cuts for fiscal year 2009. He noted that President Noren was continuing to explore alternatives for the budget reductions, but felt that enrollment decline mandated a \$8 million cut. The outlined cuts included a \$1 million reduction in indirect cost recovery taken, not from the overhead allocated to the school/department/researcher, but from that portion directed to the university, \$1 million realized from savings from fringes, \$0.5 million in realized savings in utilities, a \$2.5 million reduction in authorized but unfilled academic and non-academic positions, a \$1 million reduction in summer school revenues "returned" to operating budgets (60% goes to schools-40% to OVPR/provost/president), a \$1 million reduction in differential tuition "returned" to the schools (through an increase of the "hold-back" from 15% to 25%), and \$1 million reduction in the allocation to the Medical School for increasing M.D. enrollment by 120 students (30 additional non-resident students each year for four years-this generates \$4.4 million).
4. The Committee briefly reviewed the agenda for 12/03/08 BOG meeting.
 - A . Members commented on the \$843,000 conversion of classroom space for a simulation lab to create a hospital environment for nursing students and \$381,490 for an endocrinology research lab in Elliman Building.

B. There were questions on the FY2010 Capital Outlay Request and Five-Year Capital Outlay Plan that Vice President Davis had presented to the Budget Committee at its last meeting. There appeared to be little likelihood of a substantial appropriation for the university in the State of Michigan Capital Outlay budget.

C. The Michigan Universities Self-Insurance Corporation (MUSIC) informational report was briefly discussed in the context of insurance for violent acts on campus.

D. There was support for the substantial weight given an individual researcher's scientific judgment in allowing non-bid purchasing exceptions.

5. The meeting was adjourned at noon.

William H. Volz