

Minutes, Budget Committee of Academic Senate

Meeting of July 28, 2003 (Sept. 12, 2003 draft)

Present: Michael McIntyre (chair), Stephen Calkins, Marc Cogan, Charles Elder, Louis Romano*, Vanessa Rose*, Linea Rydstedt, William Slater, William Volz, James Woodyard.

Absent with Notice: Ravi Dhar, Diane Gebard*, Charles Parrish, Frances Trix.

Absent w/o Notice: Marlyne Kilbey, Lucia Schuger.

Invited Guests: Nancy Barrett, Meredith Gibbs (late with notice)

*Liaison

1. The meeting convened at 10:04 a.m.

2. *Announcements by the Chair.*

A. Seymour Wolfson, President of the Academic Senate, has appointed an ad hoc committee, drawn from members of the Budget Committee and Policy Committee, to propose changes in the budget procedures of the university. The members are: Professors Marc Cogan (chair), Charles Elder, Michael J. McIntyre, Charles Parrish, Louis Romano, and Seymour Wolfson. This committee met with the Provost on July 24, 2003. It is anticipated that this committee will consult extensively with the Budget Committee on any proposals it may make.

B. The Office of Research contacted the chair to try to develop a common budget form to be used in the review of centers and institutes. That office has developed a revised form for new centers. The chair prepared a draft memo, posted on the Budget Committee's website, explaining how the old form was to be filled. He asked for volunteers for a subcommittee to work with Research to prepare a new form that could be used in the Fall 2003 reviews. Professor James Woodyard volunteered to chair the subcommittee. The other members of the subcommittee are Professors McIntyre, Parrish, and Romano.

3. *University Budget.* Budget Director Rose provided the committee with an overview of the budget to be presented to BOG's Budget and Finance Committee on July 30, 2003. The chair noted that the committee had not been consulted on the formation of that budget and had not had sufficient time to review the relevant budget materials. He suggested that this meeting was an informational meeting rather than a consultative meeting.

Director Rose noted the following features of the proposed budget:

- The total FY 2004 budget amount is \$418.9 million, up \$7.9 million for FY 2003.

- The Administration attempted to insulate academic programs from budget cuts by avoiding the cutting of any faculty lines. Faculty support lines, however, were cut significantly.
- The percentage of the budget going to schools and colleges went down by a small amount from last year, continuing a long-term trend. According to the Administration's calculation, the reduction is from 49.3% in the 2003 FY Budget to 49.1% in the FY 2004 Budget. As calculated from the budget book, the decline is from 36.7% to 36.4%. These figures are adjusted to take account of the reorganization of the Office of the Provost and other organizational changes.

Some discussion followed. It was suggested that the calculation of the percentage of the budget going to schools and colleges be computed based on actual expenditures, in addition to the current calculation. That idea received support. One member noted that the calculation of the estimated percentage is the more important number in trying to preserve or increase faculty lines because departments generally cannot hire based on an allocation of in-year budget savings.

Some members asked about the estimated revenues from indirect cost recovery (ICR). Vice President Gibbs indicated that the estimate was based on information from Research and was not adjusted downward, as has often occurred in the past. Some members suggested that the estimate was still low because it failed to anticipate the normal growth in ICR revenues.

Several members expressed concern about the proposed reduction in the percentage of the IRC money going to principal investigators (PIs). The proposal is to cut back in the amounts going to the PI, the Department, and the College, with much of the reallocated funds going for improving the research facilities. The proposed percentage reduction for PIs was substantially greater than the other proposed reductions. In addition, it appears that none of the current share of the ICR going to the Administration would be reduced. Several members also complained about the lack of consultation. It was noted that the Administration had proposed, some two years ago, to finance an improvement in research facilities by changing the ICR formula. At that time, the Administration promised full consultation with the Senate. That consultation did not occur.

[Note: At the meeting of the BOG's Budget and Finance Committee, the lack of consultation was discussed. The Administration promised full consultation before any change in the formula goes into effect. During a break in the BOG meeting, Vice President John Oliver promised the Chair that he would send a memo within two weeks to all PIs, Departments, Deans, and other concerned individuals, making clear that the suggested formula change in the FY 2004 Budget was merely intended as an example of a possible change and that the percentage changes were still to be decided. The promised memo has not been sent.]

Provost Barrett indicated that the State has provided \$753,000 of one-time money to go for academic initiatives. She anticipates that it will be used for selective

enhancements. In addition, she anticipates that the Administration will budget \$1 million in FY 2005 on a permanent basis for faculty enhancements. She anticipates that this latter money can be used for faculty hiring.

Provost Barrett also indicated that three colleges will have a differential increase (\$50 per credit hour) in their tuition (Business, Engineering, and Nursing). These units will receive a significant percentage of the increased tuition in their budgets. The percentage is now estimated at 50%, although discussions on the matter are continuing. The provost indicated that the whole matter of differential tuition will be addressed in the coming year. One goal is to treat fairly those units that have had differential increases in the past without receive a share of the revenues.

Vice President Gibbs indicated that the real issue on the budget is the funds going for faculty lines. She anticipates that over time, the funds for faculty lines will be increased.

Several members expressed concern about the large amounts of money needed for repairs and renovations of the Maccabees Building. One member suggested that the business plan for the building is more of a selling document than an analytical document. It highlights possible benefits but has nearly useless numbers on revenues and no serious risk assessment. The Chair noted that the Maccabees Building is an elephant, in that the amounts involved are very large (over \$18 million), and that there is some legitimate concerns about the color of that elephant.

Some members raised a question about the letter sent by the Policy Committee endorsing a tuition increase of 11.5%. There was some discussion as to how the committee should respond and whether the Chair should endorse the proposal at the BOG's Budget and Finance Committee. The Chair indicated that the Budget Committee had not been consulted on the document and had no input on its content. Some members suggested reasons for the committee to support that recommendation. The Chair enumerated some reasons why an endorsement might be inappropriate. He indicated that he did not anticipate supporting or opposing that recommendation in his role as faculty representative at the BOG's Budget and Finance Committee unless he received instructions to support or oppose it from the committee. He invited interested members to present a motion to the committee, but no motion was made.

[Note: At the BOG's Budget and Finance Committee meeting, no motion was made to increase tuition by 11.5%, although the letter from Policy to President Reid was discussed. The committee voted 4-3 to adopt the Administration's proposal for a 9.9% tuition increase. The Chair voted with the majority.]

5. *Adjournment.* The committee adjourned at 11:50 a.m.