

Memo

Wayne State University Budget Committee

To: Budget Committee

From: Michael J. McIntyre

Subject: Agenda Items, Meeting of September 19

Date: September 16, 2005

1. *Meeting Schedule for the Year.* I'd like to set up times for our meetings for the year or, at a minimum, for this semester. We may need to add a special meeting now and again, but at least we should be the main meetings set. Here is the BOG schedule (all Wednesdays):

September 21, 2005
November 30, 2005
January 25, 2006
March 8, 2006
April 26, 2006
June 21, 2006
July 26, 2006

We will need to have a meeting on the Friday or Monday, or Tuesday before each meeting, other than the July meeting, when we have more flexibility. We had three people who could not make a meeting this coming week at 11 a.m., but it is not clear if they have a permanent problem or only one for this one meeting. We cannot meet on Monday afternoons before 3:30 p.m. because of a conflict with Policy. So, if we meet on Mondays, it is Monday morning, up to 1:30 p.m.

We also can meet on Fridays — I have no conflicts on Fridays, but that is a time when a lot of us do not regularly come into the office. We might also consider Tuesdays, but that timing is not so good for BOG meetings, as we cannot refer anything to Policy before the BOG meeting. I have no conflicts on Tuesdays this semester and am free Tuesday mornings next semester.

2. *Formation of Committee for Budget Form.* The budget forms we use for formation and renewal of the charters of centers and institutes have been criticized. I think there are some problems we ought to fix. Jim Woodyard worked on this matter a couple of years ago, and I thought we were near a resolution, but there was some communication problems with the OVPR and nothing happened. My plan this year is to form a committee, with one member from our committee, one from the OVPR, and one center director. Gloria Heppner and I would serve as ex officio members. Gloria has agreed to this. I want to get reactions from the committee.

3. *Recommendation on Spending of State Appropriation in Excess of Budgeted Amount.* From the talk given by President Reid to the Academic Senate, it appears that the State is about to approve an appropriation for Wayne that will be around \$2 million in excess of the amount shown in the FY 2006 budget. Of course, the amount is still low and below prior appropriations. Still, the \$2 million is not yet budgeted. There will be a line for that money, and I think the academic side should get in that line. Indeed, given that the academic side took another relative cut this year, I think we should be at the front of the line. I am suggesting, therefore, that the committee make a recommendation to the Policy Committee on this issue. I anticipate that we will be told that there is no "extra" money because the enrollment numbers are below target. I don't think that matters. The fact is that the amount is not budgeted and ought to be, and we should make our views known on how it should be budgeted.

4. *Plans for Year.* I think we should discuss what our pro-active agenda should be for the year. We may not get all of the agenda fixed now, but at least we should get a start on it. Here are a few tentative suggestions:

a. *Consultation with College Budget Committees.* I think we should try to have at least one meeting a year with representatives from the budget committees formed in the colleges under Article 31 of the CBA. One advantage of such a meeting is that it would stimulate some department chairs to get the department committees functioning. Such a meeting might give us some insights on what are viewed as the major budget issues around the University.

b. *Advancement.* We have as left over business from last year a new look at the decision to cut the payout rate on endowment funds from 5% to 4.25%. This change is once again a cut in the budgets of the schools and colleges. See agenda item below.

c. *Schools and Colleges Budgets.* As we all know, the share of the University budget going to the schools and colleges keeps declining. We need to know why this is happening. It seems likely that there are some areas of the university that are soaking up a disproportionate share of all new money. The Provost has agreed to work with the committee on this matter.

d. *Devolution of Fringes.* Under the prior administration, the budget amounts for the fringe benefits of faculty and staff were moved from the budgets of the schools and colleges to a central account. That change does not make a lot of sense from the perspective of sensible budget control. The Provost has been changing that situation prospectively, so that new positions have the fringes budgeted in the college where the employee resides. So now we have the complication of a dual system, which is also a bad budget practice. The obvious answer, or so it seems to me, is to move the fringe benefit money to the schools and colleges and then make them responsible for fringes. But there are clearly some transition issues and perhaps other issues. The Provost has agreed to work with the committee to study the matter if we have an interest in it.

e. *Revision of Budget Form.* See item #2, above.

5. *Consultation with Provost.* The committee complained last year about the lack of meaningful consultation with the Provost on budget matters. In the view of many members, the interaction with the provost was mostly just informational reporting, not genuine consultation. I met recently with the Provost, and she fully agrees that consultation last year was inadequate. She is prepared to do much more this year. She is willing to attend meetings at our invitation. She is also willing to meet with the chair or with subgroups on the committee on matters of mutual interest. I think we should discuss how best to take advantage of the Provost's willingness to consult with us.

6. BOG Matters (click link below for materials)

<http://www.bog.wayne.edu/meetings/2005-06/09/>

a. *Auxiliary Budget.* There are some eye-opening changes in amounts for various functions in that budget. So far, I've taken only a very quick look at it.

b. *Demolition Derby.* Three building are to be destroyed that were formerly occupied by departments that have moved to the Maccabees White Elephant.

c. *Health Center.* A plan we previously saw has been adopted to have a health clinic for dorm students. There is an item for fixing up a portion of DeRoy for that purpose.

d. *\$180 Million in Bonds.* A really major bond proposal is being brought to the BOG.

e. *Purchasing Exception Report.* The usual report on non-bid purchases. It deserves some scrutiny.

7. *Advancement Issues.* I am not up to speed on this issue, as much of the discussion took place when I was in the Netherlands. Many of us have objected to the cut in the endowment distribution rate from 5% to 4.25% and the capture of endowment money for operating expenses of the endowment office. We also have major concerns about the success, or lack thereof, of the various fund-raising efforts. I've asked for a report, broken down by college, of the fund-raising success of the Advancement Office over the past two years. I think we need to discuss how we want to proceed with these issues.