

## **Minutes, Budget Committee of Academic Senate**

### **Meeting of November 12, 2001 (Nov. 12, 2001 draft)**

*Present:* Michael McIntyre (chair), Stephen Calkins, Ravi Dhar, Charles Parrish\*, Jeannette Poindexter, Louis Romano, Vanessa Rose\*, William Slater, Lucia Schuger. William Volz.

*Absent with Notice:* Marc Cogan, John Ofenstein, Scott Ransom, Linea Rydstedt, James Woodyard\*.

*Absent w/o Notice:* Charles Elder, James Kaltenbach

\*Liaison

1. The meeting convened at 3:10 p.m. The minutes of the meeting of July 23, 2001, were approved without amendments.

2. *BOG Materials.* The first item on the agenda was a discussion of the various Administration submissions to be presented to the Board of Governors (BOG) on November 14, 2001. The meeting will be held at the Oakland Center. The materials for that meeting have traditionally been provided to the Academic Senate in what is commonly called the BOG Book. This year, the plan is for the materials to be posted on the University's web site. See <http://boq.wayne.edu/november14-2001.html>. This first attempt at electronic distribution has not been a complete success. The materials were not posted on the web site until 11:00 a.m. of Monday, November 12, 2001, leaving little time for the Secretary of the Academic Senate to make and distribute copies. Most members received the materials at the meeting. The Budget Director had received the materials only shortly before the meeting. It was noted that the speedy new form of communications had resulted in a significant delay in the distribution of materials. Such delay obviously can have an adverse effect on the ability of the members of the committee to provide input on matters being brought to the BOG. According to long-established tradition, the BOG materials should be made available no later than noon of the Friday before the Wednesday meeting. In principle, the use of the web site for distribution should accelerate distribution, but only if those preparing the materials do not use the new distribution system as an excuse to postpone completion of their work.

Ms. Rose reviewed for the committee the two items going to the BOG that had originated in her office, namely the two contingency reserve reports. She also discussed briefly the proposal for leasing temporary power generators. This leasing arrangement is obviously short term and does not solve the university's significant exposure from power outages.

No one had reviewed the Capital Outlay Plan in sufficient detail to have much to say about it, due to the lateness of its distribution. There was some concern that the State Hall renovation project seems to have slipped from top priority to third priority, apparently due to concerns about how to deal with certain dislocations during the renovation period. It was suggested that these management concerns should not be given such great weight, given

the risk that a drop from top priority to third priority might mean that the project would not be funded at all.

Questions were raised about the uses to which the Provost's \$1 million plus discretionary fund, approved in the FY 2002 budget, might be put. It was suggested that some of that money might be used to convert lecturer lines to tenure track lines, in accordance with the recommendations of the 2N Committee on Part-Time Faculty and Lecturers (Nov. 20, 2000). It was suggested that the committee's liaison to the Policy Committee might ask the Provost at the Policy Committee about the contemplated uses of that fund for the current year.

One item on the BOG agenda was the approval of a partnership arrangement for the construction of a parking facility near the new building, now under construction, for the College of Pharmacy and Health Sciences. Details about the arrangement were sketchy. There were concerns expressed about the use of tax-exempt bonds in what appeared to be a commercial venture for the proposed partnership. There were also concerns about the ultimate ownership of the property. The committee concluded that it could not offer useful advice on the proposal, given the late arrival of the document recommending it and the lack of details in that document.

It was noted that the "Purchasing Exceptions" report, detailing expenditures of over \$20,000 that were made without competitive bidding, appeared for the most part to be rather routine. One item of note, however, was the purchase for \$600,000 of medical equipment from Siemens Medical Systems, Inc. It would seem that an item of this magnitude might warrant some greater explanation than was offered.

A question was raised about the proposal to provide a tuition reduction to members of the Michigan National Guard and United States Armed Forces. Ms. Rose indicated that she had not been asked to prepare a cost estimate, and no estimate is provided in the BOG materials. Some members suggested that giving a tuition reduction for certain worthy recipients might create a precedent for giving tuition reductions to other potentially worthy recipients. It was also suggested that the tuition reduction for the difference between the Wayne tuition and the tuition scholarship funded by the Michigan National Guard and United States Armed Forces created an incentive for those agencies to continue to underfund their scholarship programs. Several other Michigan universities provide this tuition reduction, but the other research universities do not.

Questions were also raised about the Annual Report on Long-Term Investment Program (For the Endowment Funds). The report shows that endowment is down by nearly \$18 million from FY 2001 to FY 2002. Much of the decline is due to the drop in the value of the portfolio, but over \$5 million reflects what is labeled "Withdrawals for Operations." Ms. Rose was unable to provide any information on the nature of that item. It was suggested that an endowment fund generally is not used to finance operations, so a withdrawal for operations raises some concern. Ms. Rose promised to look into the matter and to report back to the committee.

3. *Dynamic Portion of Budget Model.* The committee discussed the progress, or lack thereof, that had been made in implementing the new budget model. The new model was proposed in the Final Report of the Budget Formula Working Group (December, 1999), available on the committee web site at: <http://www.law.wayne.edu/mcintyre/budget/>. Several long-time members of this committee were members of that Working Group, including the Chair, Prof. Parrish, and Ms. Rose. The concern expressed was that the historical component of the budget model had been implemented, but that the important dynamic component had not been implemented. It was noted that a major function of a budget model is to implement the priorities of the university; that function is not fulfilled by a budget model that bases spending only on past allocations of funds. It was also noted that the committee should not encourage excessive competition among colleges or units — that it is not conducive to collegial relationships if an ethos developed that any units gain was resented by other units. The Chair noted that the Working Group, in its discussions of the new budget model, was concerned about avoiding that type of competition. The idea was to have reasonable criteria and to have the Budget Review Committee sort out priorities as fairly as possible. What was sought to be avoided was having one or two administrators making the major budget decisions without timely input from various elements of the university, including this committee.

Ms. Rose suggested that the Provost has been looking at what has been done at the University of Florida to implement a dynamic component of the budget. He has also been reviewing what was done at Arizona State, his former institution. It was also suggested that a committee of deans, which had attempted to formulate criteria for measuring success of various colleges and units, may be again looking at the issue. After some discussion, it was decided that the Chair should invite the Provost to meet with the committee to discuss the dynamic component of the budget. Ms. Rose agreed that she would look into the matter and provide the committee with whatever additional information she could obtain.

4. *Cooperation With Unit Budget Committees.* The committee discussed in general terms some ways that it might attempt to influence the budget process so that the committee's priorities might be given greater attention by the formulators of the budget. In particular, it was noted that the committee has been proposing, without notable success, to reverse the decline in the percentage of the budget going to academic programs. The Chair suggested that the modest increase in the percentage of funds going to academic programs in the FY 2002 budget was due in part to the AAUP-AFT contract with the university, which mandated certain raises, and to some adjustment in the budget of College of Lifelong Learning. Ms. Rose offered to get details on the CLL adjustment.

The Chair suggested that the committee might attempt to work with the various unit budget committees that each department is required to elect under Article 31 (attached) of the AAUP-AFT contract with the university. Some members noted that some of the unit committees were not functioning and that some did not have a chair. Under Robert's Rules, a committee that does not have a chair is empowered to elect one. It was noted that a chair, with the power to call meetings, etc., is essential if a unit budget committee is to function effectively. It was also noted that a relationship with the unit committees might get unit needs, as perceived by the faculty and academic staff, some greater attention in

the budget process. This greater attention could be useful for the unit budget committee and for this committee.

Various members noted that working with the unit budget committees would not be easy and that further discussion at a later meeting would be helpful. The Chair was asked to take some initial steps in finding out which units had in fact elected a budget committee. One suggestion was that the committee might want to approach the unit budget committees through the various deans. It was also suggested that the consultation would work best if the various unit committees formed a college-wide budget committee, perhaps made up of the chairs of the unit committees. The college-wide committee would consult with the dean of the college on budget matters. Such consultation is not required under the AAUP-AFT contract but might be welcomed by many deans.

It was suggested that formal consultation requiring reports, etc., was unlikely to be effective. The real goal should be for this committee to get useful information about the real needs of the units, especially with relation to needs for additional faculty, and for the unit budget committees to get a better perspective on the university budget process.

5. *Future Meetings.* The Chair noted that some members of the committee had unavoidable conflicts with the Monday at 3:00 p.m. meeting time. He suggested that at least some meetings might be held on Fridays. After some discussion, it appeared that Friday at 1:00 p.m. would work for most of those present. One member noted that a meeting on Friday to review materials going to the BOG would not work if the BOG materials continued to be delivered late. Ms. Rose agreed to look into the matter of late delivery on behalf of the committee. BOG meetings are currently scheduled as follows:

January 30, 2002  
March 20, 2002  
May 1, 2002  
June 19, 2002  
July 24, 2002 (presentation of FY 2003 budget)

It is anticipated that the committee will meet on Mondays at 3:00 p.m. or Fridays at 1:00 p.m. prior to the meetings listed above. Additional meetings, probably in the Friday slot, will be scheduled as necessary. The meeting times probably will be rotated to reduce the likelihood that any member would be fully excluded from attending meetings because of a schedule conflict.

6. The meeting adjourned at 4:25 p.m.

By Michael J. McIntyre

**Appendix: Excerpt from 1999-2002 Contract between AAUP-AFT and University**

**Article XXXI  
Budget Advisory Committees**

Upon a majority vote of the faculty and academic staff holding tenure or employment security status of the departments in the Schools/Colleges of Business Administration; Education; Engineering; Fine, Performing, and Communication Arts; Liberal Arts; Science; Urban, Labor and Metropolitan Affairs; and Medicine; and in the divisions in the College of Lifelong Learning; and in the College of Pharmacy and Allied Health Professions; and the Schools/Colleges of Law; Nursing; and Social Work, a committee will be elected, and upon a majority vote of the librarians holding tenure or employment security status in the Library and of the archivists holding tenure or employment security status in the Archives a committee will be elected, with which the chairperson/dean/director will consult concerning the general budgetary priorities of the unit. This committee also shall advise the unit head on general travel policies and priorities.

The units may vote to designate existing committees to perform this function.

At the request of the budget advisory committee, the chairperson/dean/director will make available on a quarterly basis any accounting reports that may be needed to enable the budget advisory committee to provide consultation to the unit administrator about unit budgetary priorities.