

Minutes, Budget Committee of Academic Senate

Meeting of January 14, 2008 (DRAFT, January 14, 2008)

Present: Michael McIntyre (chair), Donald DeGracia, Charles Elder, Richard Elling, Rob Kohrman*, Charles Parrish*, Frederic Pearson, Lou Romano, Robert Ross, Linea Rydstedt, Assia Shisheva, Lothar Spang, William Volz, and James Woodyard.

Absent with Notice: Winston Koo.

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

*Liaison

1. The meeting convened at 11:00 a.m. The minutes for the meeting of January 7, 2008, were approved without objection.
2. *Report by Chair.* The chair began the meeting by summarizing the differences between the administration's proposed allocations of permanent and one-time money and the proposals adopted unanimously by the Academic Senate at its meeting of January 9, 2008. He noted that the proposals differed in a number of respects.

First, the amounts of revenue available for distribution differed both for permanent funds and for one-time funds. The Administration's revenue estimate is \$1.8 million below the Senate estimate for permanent funds, due to a modest difference in the estimate of tuition revenue (\$300,000) and \$1.5 million difference in the estimate for investment income. With respect to one-time money, the Administration estimate is around \$2.7 million above the Senate estimate.

In estimating the amount of permanent money, the Administration is assuming that Investment Income will drop by 55% to \$4 million in FY 2008 from \$8.7 million in FY 2007, whereas the Senate is assuming a more modest drop of 37% to \$5.5 million in FY 2008. Both projections are extremely conservative. The chair suggested that the enrollment estimate can be refined once the final enrollment numbers for the Winter Term are available (the numbers are currently down from last year, although the Fall Term numbers were up). The Investment Income estimate can easily be refined when the Administration releases information on the amount of investment income earned to date.

Second, the Administration has not followed the Priority Resolution of the Board of Governors' (BOG) in its definition of the four priorities (Instruction, Academic Support, Research, and Administration) in assigning money to the various categories. For example, it improperly treats expenditures for the renovation of State Hall as an instructional expense. The result is that, in the opinion of the chair, the Administration has overstated the amounts it has allocated to Instruction.

Third, the Administration and the Senate do not agree on the amounts to be given to the various priorities. In brief, the Administration has reduced by a little under 50% the amounts allocated for faculty lines, graduate assistants, and academic support, from the Senate proposal of \$6.1 million to the Administration proposal of \$3.4 million. Moreover, it has increased by \$1.1 million the permanent money held for the new president's initiatives, in effect, reducing faculty lines by 11 to fund the new president's initiatives. At the same time, the Administration reduced by \$3.3 million the one-time money allocated for the new president's initiatives.

3. *Discussion of Priorities.* The committee members and the members of the Administration engaged in a spirited discussion of spending priorities. One member questioned the \$450,000 of permanent funding allocated to the College of Fine, Performing, and Communication Arts. The Administration representatives indicated that they had not come prepared to discuss that proposal in detail but would provide information to the Budget Committee shortly. Several members suggested that one-time money might be used for improvement in the facilities of the college. The Provost indicated that permanent money would be needed if personnel is hired, as contemplated in the proposal. She indicated that the item might be included with the allocation of permanent funding for academic staff.

Several members raised questions about the Administration's proposal to provide permanent money of \$2.8 million for the discretionary use of the new president. One member questioned the need for permanent money for that purpose. Another member noted that the Senate proposal allocates \$3.3 million of one-time money for the new president's discretionary fund, whereas the Administration does not allocate any one-time money for that purpose. The Budget Director replied that the Senate proposal does allocate \$1.7 million of permanent money for the new president's discretionary fund. One member suggested that the Senate proposal had picked its number as a residual, after the main needs for permanent money had been satisfied. In contrast, the Administration had obtained money for that purpose by cutting back on the amounts that the Senate had proposed for faculty lines and academic support staff.

The Provost indicated that the committee should be pleased that the Administration had made major changes in the allocation proposals it was working on in response to the recommendations of the Academic Senate. The chair replied that the initial proposals must have given little weight to the BOG's Priority Resolution. One member indicated that he was prepared to look on the bright side, suggesting that at least the Administration made some attempt to respond to the concerns expressed by the Academic Senate.

The chair noted that the Schools and Colleges had suffered cuts of \$3.9 million in the FY 2008 budget and that Academic Support had suffered cuts of \$3.8 million, for a total of \$7.7 million. The Administration's allocation proposals would return only \$3.4 million to those two categories. He suggested that the Administration's

proposals are not likely to assuage fears that the Administration had underestimated revenues and overestimated expenditures in the FY 2008 as a way to increase the funding for the Administration's priorities. In reply, Budget Director Kohrman noted that the FY 2008 budget provided for a reallocation of \$1.2 million to the Schools and Colleges. In his view, the amount of permanent money being allocated to Instruction was roughly equal to the amounts of the net cuts made to Instruction in the FY 2008 budget.

One member suggested that the School of Medical has many open faculty positions and that the real problem in filling those positions is the shortage of high-quality research space and start-up funds. He suggested that if the University expects to increase the number of faculty members getting large research grants, it will need to allocate more permanent funds for bonding for new research buildings and faculty start-ups.

At the close of the discussion of the Administration's budget allocation proposals, one member summarized the concerns of the committee that the Administration seems to place far less emphasis on Instruction than it does on buildings. He noted that the funds allocated for Instruction are simply inadequate to accommodate the needs of undergraduate students, given the surge in undergraduate enrollment.

4. *Renovation of 4th Floor of FAB.* At the request of President Seymour Wolfson, the chair asked Vice President Davis and other members of the Administration present if they had information about the proposed renovation of the president's quarters on the fourth floor of the Faculty and Administration Building (FAB). Mr. Davis acknowledged that there was a proposal for such renovation but that he did not have a budget estimate or any other details with him. He was asked by the chair to provide the committee with information on the proposed renovation as soon as possible.

5. *Parking Fee Increase.* One member asked about the Administration's plans for dealing with the objections made by the Policy Committee and students to the increase in parking fees. The member noted that the academic community has not received a good explanation for the increase, although the matter was raised at the last meeting of the BOG's Budget and Finance Committee. The chair noted that the FY 2008 budget stated that no increase in fees was anticipated and that it also provided for a considerable surplus.

6. *Adjournment.* The committee adjourned at 12:20 p.m.

Michael J. McIntyre