

# Minutes, Budget Committee of Academic Senate

## Meeting of June 17, 2002 (as approved July 29, 2002)

*Present:* Michael McIntyre (chair), Stephen Calkins, Charles Elder, Diane Gebard\*, Marlyne Kilbey, Louis Romano, Charles Parrish, Vanessa Rose\*, William Slater.

*Absent with Notice:* Linea Rydstedt, Jeannette Poindexter, William Volz, James Woodyard\*.

*Absent w/o Notice:* Marc Cogan, Ravi Dhar, James Kaltenbach, Scott Ransom, Lucia Schuger.

*Guest* Seymour Wolfson, President of Academic Senate and Faculty Representative on the Budget Review Committee

\*Liaison

1. The meeting convened at 1:05 p.m. The minutes of the meeting of April 30, 2002, were approved without amendment.

2. *Announcements.* The chair announced, as he had at the last meeting of the committee, that he still had not received the list of chairs of the unit budget committees that the Provost's office has promised to provide. He also announced that the Administration has not consulted with the Budget Committee on the FY 2003 budget.

3. *Discussion of FY 2003 Budget.* The chair asked Charles Elder and Seymour Wolfson, the two faculty representatives on the Budget Review Committee (BRC), and Vanessa Rose to share with the committee whatever information they were at liberty to divulge about the progress of the budget. Professor Elder began by noting that the alleged shortfall in the budget, prior to revenue enhancements, is \$24 million. The Administration had set the alleged shortfall at around \$22 million in April; the increase of \$2 million is due to a revised estimate from Health Alliance Plan on the expected increases in medical insurance expenses. The alleged cost increases were broken down into the following categories:

1. Utilities	\$2.9 million
2. Withdrawal from Rainy Day Fund	\$1.2
3. Compensation and fringes	\$17
4. Other (mostly research incentives)	\$2.9
TOTAL	\$24 million

No information was provided to support items 1, 3, and 4. The committee had expressed its skepticism about the reliability of the estimated shortfall at its last meeting.

On the revenue side, it was estimated that proposed tuition increases, after offsets for financial aid, would bring in \$11.5 million. Any proposed tuition increase must be approved by the BOG. In addition, it is estimated there will be an additional \$3 million

from indirect cost recovery (IRC). There is also anticipated to be a reduction of \$2 million in investment income. The result is an estimated net revenue increase of \$12.5 million and an estimated net deficit of \$11.5 million.

To deal with the estimated deficit, the BRC looked at various possible cuts in expenditures. The following proposed cuts were mentioned:

1. Elimination of contingency reserve	\$0.8 million
2. Cancellation of matching funds for equipment	\$1.2
3. Reduction in subsidies (WDET, Megregor, and Parking)	\$0.25
<b>TOTAL</b>	<b>\$2.25 million</b>

According to these numbers, a deficit of \$9.25 would remain. No specific information was provided as to how the Administration intended to deal with this remaining deficit. Ms. Rose indicated that a cut in the academic side of the budget was one option. She indicated that the Provost had requested that he be given the authority to determine how any cuts on the academic side would be distributed among the colleges and other units if cuts are to be made. Professor Elder noted that the faculty representatives on the BRC had argued strongly against cuts on the academic side. No information was given about the specifics of any other proposed cuts. Ms. Rose also declined to give information on the magnitude of the proposed increases in tuition except to note that the increase in graduate tuition was likely to exceed the increase in undergraduate tuition. A question was asked as to whether any efforts had been made to review telephone costs. Ms. Rose indicated that she was not aware of any such review but would check into it for the committee.

One member expressed a concern that the tuition for undergraduate students would be increased without any increase in the quality of the services provided to those students. He suggested that there would be concern within the university if the undergraduate students were asked to contribute disproportionately to programs for graduate and professional students or for the research component of the university.

4. *Role of Budget Review Committee.* Various members of the committee discussed the role of the BRC in setting plans for the current budget. The faculty members of the BRC noted that it did not make a budget recommendation to the president, as contemplated when that committee was initially instituted. Instead, the BRC simply provided the president with a set of options, which apparently would be discussed by the president with various members of his cabinet. The understanding is that a tentative budget proposal will be brought to the BOG when it meets in executive session on June 19, 2002. Because the meeting will be in executive session, there would be no faculty input into the discussion of the final budget proposal. There is an expectation that the BRC would meet again after the BOG meeting.

The committee expressed concern about the failure of the Administration to consult with it in a meaningful way about the FY 2003 budget. It also discussed the diminished role of the BRC in setting budget priorities. The committee also expressed its concern that the

Provost might be making recommendations for cuts in academic programs without any consultation with faculty representatives. After some discussion, the chair announced a sense of the committee that the Policy Committee be asked to discuss with the Provost the desirability of consultation with faculty representatives if any budget cuts are recommended for academic units. The three members of the committee that sit on the Policy Committee agreed to bring that message to Policy at its meeting scheduled for June 18, 2002.

5. *Parking.* Professor Wolfson noted that the Administration will be proposing a major increase in parking fees. The Budget Committee discussed the report of the Parking Task Force at its meeting of March 18, 2002. It did not act on that report, however, because that report did not contain any specific budget proposals. It was the understanding of the committee that it would be consulted when the Administration had developed a concrete plan for altering parking fees. No such consultation has occurred.

6. *Budget Process.* The committee suggested that the BRC should be appointed in the early fall and engage in more systematic planning. One member noted that the university is not well organized to promote cost efficiencies. As an example, he noted that utilities are paid for centrally and consumed in the units. As a result, the units obtain no budget benefit from savings in utility costs, thereby reducing their incentive to reduce utility costs. Another member noted that the BRC is a new policy instrument and that it is not surprising that there are problems in getting it to function properly. It was suggested that an early appointment of the BRC might lead to a more rationale and consultative process.

7. *BOG Materials.* Ms. Rose reviewed briefly with the committee some of the items going to the Board of Governors at its meeting of June 19, 2002. The one item that provoked discussion was the budget for the University Public School. Some members questioned the wisdom of running such a school in light of various criticisms of it that have been made and its failure to achieve accreditation. Others suggested that the oversight given to the school is minimal and needs to be improved. It nominally reports to the Provost's Office. That office, however, does not provide a report on the effectiveness of the school in achieving its goals. The chair noted that the committee had requested last year that the information provided to the BOG on the performance of the public school be augmented. This year's report, however, is even less detailed than last year's report and provides none of the information needed to determine if the public school is improving.

Note: For informational purposes, the following is taken from the minutes of the meeting of the committee on May 8, 2001:

It was noted that the report [on the public school] accompanying the recommendation was sketchy, misleading, and difficult to understand. The committee had complained at its meeting on May 1, 2000, about the inadequacy of the report on progress of the WSU middle school. At the time, the committee adopted the following motion:

That future reports on the WSU public school to the Board of Governors include a comparison of its MEAP scores for each grade with the average state scores for those grades and the scores achieved at other charter schools operating in Detroit and the surrounding area. In addition, the future reports should include information on faculty attrition at the WSU public school, with appropriate

comparisons to other schools, and information on studies that may have been done on the effectiveness of the school.

The minutes of the May 1, 2000, meeting continued as follows:

The motion passed without opposition. Ms. Rose indicated that the report prepared by the school principal did include additional information that was not included in the abbreviated report submitted to the BOG. The chair indicated that he would raise issues about the WSU public school at the BOG's Budget and Finance Committee meeting.

The committee members discussed various problems with the WSU Middle School. The consensus view was that annual improvements in quality were required if the school is to achieve its goal of State accreditation. If improvements are to be made, annual monitoring of progress is important. After discussion, the committee passed the following motion without opposition:

That the Budget Office be requested to prepare a supplemental report for the Board of Governors in accord with the motion approved by the Budget Committee at its meeting of May 1, 2000.

The chair noted that the Budget Committee has repeatedly requested that the information needed to evaluate the public school be provided to the BOG and to the committee. That information has not been provided, leading to speculation that the public school is performing badly. Ms. Rose indicated that the report prepared by the principal of the school did include some additional information that was edited out of the report provided to the BOG. She indicated that she would e-mail the full report to members of the committee immediately after the meeting. So far, that report has not been received.

8. The meeting adjourned at 2:43 p.m.

By Michael J. McIntyre