

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

### **Meeting of July 25, 2008 (as approved Sept, 23, 2008)**

*Present:* Michael McIntyre (chair), Donald DeGracia, Rob Kohrman\*, Winston Koo, Louis Romano, Linea Rydstedt, Lothar Spang, William Volz, James Woodyard.

*Absent with Notice:* Charles Elder, Richard Elling, Charles Parrish\*, Frederic Pearson, Robert Ross, Assia Shisheva.

*Invited guests:* Nancy Barrett, Provost; John L. Davis, Vice President for Finance & Facilities Management; and Seymour Wolfson, President of Academic Senate.

#### **\*Liaison**

1. The meeting convened at 11:03 a.m. The minutes for the meeting of June 16, 2008, were approved without objection.
2. *Report from Provost.* Provost Barrett presented a brief report on the context of the budget discussions now going on with members of the Board of Governors and the Administration
3. *Report from Chair.* The chair presented a summary of the spirited meeting of the BOG's Budget & Finance Committee on July 23, 2008. He suggested that some members of the board appeared to be unwilling to support the Administration's revised tuition increase proposal of 7.7% (or 6.6% for undergraduate and 8.6% for graduate students). He indicated that the committee had asked him to prepare a memo that pulled together prior suggestions for cutting the budget. That memo was completed yesterday evening and distributed to the Secretary to the BOG and the chair of the Budget and Finance Committee and to those invited to attend this meeting of the Budget Committee. The chair also noted that he had invited the student representative on the BOG's Budget and Finance Committee to attend this meeting but, apparently, he was unable to attend.
4. *Discussion of Budget Issues.* The committee engaged in a wide ranging discussion of the budget and of possible cuts from the Administration's proposed budget. The list of possible cuts set forth in the chair's memo were discussed in some detail. One member suggested that he supported the termination of the Institute for Manufacturing Research but felt that the savings should remain in the Research Division. Several members suggested that the faculty should not be endorsing the cutting of 4 of the faculty slots that were promised for next year. The chair noted that he was not endorsing any of the items on his lists; rather, he was listing items that could be considered for cuts.

The chair noted that he had not listed any cuts from the School of Medicine (SOM), due to his unfamiliarity with its budget situation. He invited those with greater knowledge of the SOM budget to suggest areas where cuts might be

considered. He noted that the SOM has continued to have a lot of faculty slots that have been funded but not filled. He also indicated that he had not included cuts in raises for members of the Administration, although such cuts had been on a prior list.

One member suggested that the BOG should not look just at areas where spending was going up in the current year but should look to see those areas of growth over a longer period. He noted that the academic side of the budget had lost approximately \$43 million over the past several years as a result of allocations away from the Schools and Colleges. He also suggested that the fee for the Fitness Center and registration fees might be looked at as a possible area for cuts. Another member objected, noting that obesity is a huge national problem and that the University ought to be doing more to encourage its students to get proper exercise. Budget Director Kohrman indicated that the Administration was not recommending any increase in funding for the Fitness Center and that there was an error in the budget book which has been corrected.

President Wolfson suggested that the Administration consider a freeze on certain projects of questionable value, such as the new security system on the 4th floor of FAB. He also suggested a freeze on new administrative positions.

Several members asked Budget Director Kohrman about the cuts that the Administration was considering in order to comply with a directive from the BOG's Budget and Finance Committee to present a list of possible expenditure cuts. Mr. Kohrman declined to offer any information on that topic but noted that the Administration would be working over the weekend to prepare a document for the BOG.

After discussion, a motion was made and seconded to forward the chair's memo and the email message from Prof. Woodyard to the Administration and the Policy Committee for their consideration. That motion carried without objection.

5. *Building and Maintenance Projects.* Vice President Davis presented his report on proposed building projects for the coming year and responded to questions from members of the committee. The report will be going to the BOG as an informational report.

6. *Endowment Fund Payout Rate.* The committee has recommended for some time that the payout rate on the endowment fund be restored to 5%. It has been reduced to 4.75% some years ago due to fears, not realized, of a low investment yield. Vice President Davis had promised the BOG that he would bring a proposal for adjusting the rate at its July meeting. In accordance with that promise, Mr. Davis informed the committee that he will be recommending that the payout rate of 5% be restored. He clarified that this payout rate is independent of the uses of the resulting revenue stream. He noted that the BOG had approved an Administrative proposal to devote .05% for funding of the Development Office.

7. *Funding for Development Office.* The chair reported that he and Budget Director Kohrman had reached a tentative agreement on the way the Development Office would be funded, in accord with the directive of the BOG's Budget and Finance Committee. Mr. Kohrman promised that the agreement would be memorialized in the FY 2009 Budget Book.

8. *Commendation of Chair.* The Provost noted that the chair will be stepping down from his position at the end of this academic year and warmly commended him for his service.

9. *Adjournment.* The committee adjourned at 12:22 p.m.

Michael J. McIntyre